

BASE PROSPECTUS

AKTIA BANK PLC

(incorporated with limited liability in Finland)

€4,000,000,000

Euro Medium Term Note and Covered Bond Programme

Under this €4,000,000,000 Euro Medium Term Note and Covered Bond Programme (the **Programme**), Aktia Bank plc (the **Issuer**) may from time to time issue Euro medium term notes (the **Notes**) and mortgage-backed notes issued in accordance with the CBA (as defined below) (the **Covered Bonds**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes and Covered Bonds from time to time outstanding under the Programme will not exceed €4,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

Notes may be issued (i) on an unsubordinated basis with the ranking described in Condition 2.1 of the "*Terms and Conditions of the Notes*" below (**Senior Preferred Notes**), (ii) on an unsubordinated basis as senior non-preferred Notes with the ranking described in Condition 2.2 of the "*Terms and Conditions of the Notes*" below (**Senior Non-Preferred Notes**) or (iii) on a subordinated basis with the ranking described in Condition 2.3 of the "*Terms and Conditions of the Notes*" below (**Subordinated Notes**), as specified in the applicable Final Terms (as defined below).

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

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

This Base Prospectus has been approved as a base prospectus by the *Commission de Surveillance de Secteur Financier* (the **CSSF**), as competent authority under Regulation (EU) 2017/1129, as amended (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 or the Covered Bonds. Investors should make their own assessment as to the suitability of investing in the Notes or the Covered Bonds.

By approving this Base Prospectus, in accordance with Article 20 of the Prospectus Regulation, the CSSF does not engage in respect of the economic or financial appropriateness of the operation or the quality and solvency of the Issuer. Application has been made to the Luxembourg Stock Exchange for Notes and Covered Bonds 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 and Covered Bonds being **listed** (and all related references) shall mean that such Notes and Covered Bonds 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 (up to and including 23 July 2021) in relation to Notes and Covered Bonds which are to be admitted to trading on a regulated market in the European Economic Area (the **EEA**). For these purposes, reference(s) to the EEA include(s) 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.

Notice of the aggregate nominal amount of Notes and Covered Bonds, interest (if any) payable in respect of Notes and Covered Bonds, the issue price of Notes and Covered Bonds and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*" and "*Terms and Conditions of the Covered Bonds*") of Notes and Covered Bonds will 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 and Covered Bonds to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Programme provides that Notes and Covered Bonds 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 unlisted Covered Bonds and/or Notes and Covered Bonds not admitted to trading on any market. The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with such unlisted Notes or Covered Bonds.

As at the date of this Base Prospectus, the Issuer has been assigned a long-term/short-term borrowing rating of A1/P-1 by Moody's Investors Service Ltd. (**Moody's**) and a counterparty credit rating of A-/A-2 by S&P Global Ratings Europe Limited (**S&P**).

The Covered Bonds issued under the Programme are expected to be rated Aaa by Moody's. According to Moody's Global Long-Term rating scale, obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk. Notes and Covered Bonds issued under the Programme may however also be unrated. Where a Tranche of Notes or Covered Bonds is rated, such rating will be disclosed in the Final Terms.

Moody's is established in the United Kingdom and S&P is established in the European Union. Each of Moody's and S&P is registered under the 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 on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. A security rating is

<http://www.oblible.com>

not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

ARRANGER

J.P. Morgan

DEALERS

BNP PARIBAS
Crédit Agricole CIB
Natixis
Nykredit Bank A/S

BofA Securities
Landesbank Baden-Württemberg
Nordea
J.P. Morgan

UniCredit Bank

The date of this Base Prospectus is 23 July 2020.

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of all Notes and Covered Bonds issued under the Programme for the purposes of Article 8 of the Prospectus Regulation. Prospectus Regulation means Regulation (EU) 2017/1129, as amended.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes and Covered Bonds 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 deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated 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*" below), 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.

Save for the Issuer, no other party has 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 the Covered Bonds 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 or Covered Bonds (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 or Covered Bonds should purchase any Notes or Covered Bonds. Each investor contemplating purchasing any Notes or Covered Bonds 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 or Covered Bonds 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 or Covered Bonds.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes or Covered Bonds 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 or Covered Bonds of any information coming to their attention. Investors should review, *inter alia*, the most

recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Notes or Covered Bonds.

Amounts payable on Floating Rate Notes, Fixed Reset Notes and Floating Rate Covered Bonds may, if so specified in the applicable Final Terms, be calculated by reference to one of LIBOR, EURIBOR, STIBOR, NIBOR, CHF LIBOR, GBP LIBOR or USD LIBOR (BBA). As at the date of this Base Prospectus, ICE Benchmark Administration Limited (as administrator of LIBOR, CHF LIBOR, GBP LIBOR and USD LIBOR (BBA)) and European Money Markets Institute (as administrator of EURIBOR) 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 NIBOR are not included in ESMA's register of administrators under Article 36 of 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) and Norske Finansielle Referanser AS (as administrator of NIBOR), is currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

IMPORTANT – EEA AND UK RETAIL INVESTORS

If the Final Terms in respect of any Notes or Covered Bonds includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Notes or Covered Bonds 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 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 Covered Bonds 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 Covered Bonds or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE AND TARGET MARKET

The Final Terms in respect of any Notes or Covered Bonds may include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes or Covered Bonds and which channels for distribution of the Notes or Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Notes or Covered Bonds (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 or Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the MiFID Product Governance Rules), any Dealer subscribing for any Notes or Covered Bonds is a manufacturer in respect of such Notes or Covered Bonds, 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.

SINGAPORE: SECTION 309B(1)(C) NOTIFICATION

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has, unless otherwise specified in the applicable Final Terms, determined the classification of all Notes and Covered Bonds to be issued under

the Programme as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MSA Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES AND COVERED BONDS GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes or Covered Bonds 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 and Covered Bonds 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 or Covered Bonds 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 Covered Bonds or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes or Covered Bonds 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 or Covered Bonds 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 or Covered Bonds. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes or Covered Bonds in the United States, the European Economic Area (including, for these purposes, the United Kingdom, Belgium and Finland), Japan, Singapore and Switzerland; see "*Subscription and Sale*".

The Notes or Covered Bonds may not be a suitable investment for all investors. Each potential investor in the Notes or Covered Bonds 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 or Covered Bonds, the merits and risks of investing in the Notes or Covered Bonds 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 or Covered Bonds and the impact the Notes or Covered Bonds 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 or Covered Bonds, including Notes or Covered Bonds where the currency for principal or interest payments is different from the potential investor's currency;**
- (iv) understands thoroughly the terms of the Notes or Covered Bonds 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 and Covered Bonds are legal investments for it, (2) Notes and Covered Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes and Covered Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes and Covered Bonds under any applicable risk-based capital or similar rules.

The Notes and Covered Bonds 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 and Covered Bonds 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*").

PRESENTATION OF INFORMATION

In this Base Prospectus, all references to:

- *U.S. dollars, U.S.\$ and \$* refer to United States dollars;
- *Sterling and £* refer to pounds sterling; and
- *euro and €* refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

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STABILISATION

In connection with the issue of any Tranche of Notes or Covered Bonds, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or Covered Bonds or effect transactions with a view to supporting the market price of the Notes or Covered Bonds 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 or Covered Bonds 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 or Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Notes or Covered Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes or Covered Bonds, the applicable Final Terms. Words and expressions defined in "Form of the Notes" and "Form of the Covered Bonds", "Terms and Conditions of the Notes" and "Terms and Conditions of the Covered Bonds" shall have the same meanings in this Overview.

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

Issuer:	Aktia Bank plc
Issuer Legal Entity Identifier (LEI):	743700GC62JLHFBUND16
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes and Covered Bonds issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes and Covered Bonds issued under the Programme and risks relating to the structure of a particular Series of Notes and Covered Bonds issued under the programme. All of these are set out under " <i>Risk Factors</i> ".
Description:	Euro Medium Term Note and Covered Bond Programme
Arranger:	J.P. Morgan Securities plc
Dealers:	BNP Paribas BofA Securities Europe SA Crédit Agricole Corporate and Investment Bank J.P. Morgan Securities plc Landesbank Baden-Württemberg Natixis Nordea Bank Abp Nykredit Bank A/S UniCredit Bank AG and any other Dealers appointed in accordance with the Programme Agreement.

Certain Restrictions:	Each issue of Notes or Covered Bonds 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 " <i>Subscription and Sale</i> ") including the following restrictions applicable at the date of this Base Prospectus.
	Notes and Covered Bonds having a maturity of less than one year
	Notes and Covered Bonds 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 (FSMA) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see " <i>Subscription and Sale</i> ".
Issuing and Principal Paying Agent:	Citibank, N.A., London Branch
Programme Size:	Up to €4,000,000,000 (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 or Covered Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, Notes and Covered Bonds may be denominated in euro, Sterling, U.S. dollars, yen and any other currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Notes and Covered Bonds 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 Obligation for Covered Bonds:	The applicable Final Terms may also provide that the Issuer's obligations to pay the Final Redemption Amount of the applicable Series of Covered Bonds on their Maturity Date shall be deferred until the Extended Final Maturity Date (as set out in the applicable Final Terms (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 (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 Covered Bonds 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.

Issue Price:

Notes and Covered Bonds 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. The Issue Price will be set out in the applicable Final Terms.

Form of Notes and Covered Bonds:

The Notes and Covered Bonds will be issued in bearer form as described in "*Form of the Notes*" and "*Form of the Covered Bonds*" respectively.

Fixed Rate Notes and Fixed Rate Covered Bonds:

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.

Fixed Reset Notes:

The interest rate on Fixed Reset Notes will reset on each Reset Date by reference to (i) the relevant Reset Margin and (ii) the relevant Mid-Swap Rate or Reference Bond rate, as applicable.

Floating Rate Notes and Floating Rate Covered Bonds:

Floating Rate Notes and Floating Rate Covered Bonds 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 the reference rate set out in the applicable Final Terms.

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 and Floating Rate Covered Bonds.

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

Interest on Floating Rate Notes and Floating Rate Covered Bonds 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 and Zero Coupon Covered Bonds: Zero Coupon Notes and Zero Coupon Covered Bonds will be offered and sold at a discount to their nominal amount and will not bear interest.

Benchmark Discontinuation: In the case of Floating Rate Notes (where Screen Rate Determination is specified in the applicable Final Terms as being the manner in which the Rate of Interest is to be determined), Fixed Reset Notes or Floating Rate Covered Bonds (where Screen Rate Determination is specified in the applicable Final Terms as being the manner in which the Rate of Interest is to be determined), if a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser (as defined in Condition 4.5 of the "*Terms and Conditions of the Notes*" and Condition 4.3 of the "*Terms and Conditions of the Covered Bonds*"), as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread, if any, and any Benchmark Amendments, as further described in Condition 4.5 of the "*Terms and Conditions of the Notes*" and Condition 4.3 of the "*Terms and Conditions of the Covered Bonds*".

Redemption: The applicable Final Terms will indicate either that the relevant Notes or Covered Bonds cannot be redeemed prior to their stated maturity (other than for taxation reasons or, in the case of the Notes, following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, 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.

Early redemption of the Senior Preferred Notes specified in the applicable Final Terms as being Senior Preferred MREL Eligible Notes, the Senior Non-Preferred Notes and the Subordinated Notes will only be permitted to the extent specified in the Terms and Conditions of the Notes (and, if relevant, the applicable Final Terms) (including for taxation reasons or (in the case of Senior Preferred MREL Eligible Notes or Senior Non-Preferred Notes) upon the occurrence of an MREL Disqualification Event or (in the case of Subordinated Notes) upon the occurrence of a Capital Event). No such early redemption or purchase of Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes may be made without the prior consent of (i) in the case of Senior Preferred MREL Eligible Notes or Senior Non-Preferred Notes, the Relevant Resolution Authority (as defined in Condition 17.4 or (ii) in the case of Subordinated Notes, the Relevant Regulator (as defined in Condition 6.5), in each case if such approval is then required. In certain circumstances, as an alternative to exercising any right to redeem Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes in advance of their scheduled maturity, the Issuer may be entitled to substitute or vary the terms of such Notes so that they remain, or become, Compliant

Instruments, as provided in Condition 6.12.

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 and Covered Bonds: The Notes and Covered Bonds 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 or Covered Bond 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 or Covered Bond 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 would otherwise require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Notes or Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency).

Taxation: All payments in respect of the Notes and Covered Bonds will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction, subject as provided in Condition 7. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.

In the case of Senior Non-Preferred Notes and Subordinated Notes, and notwithstanding the foregoing, the obligation to pay additional amounts by the Issuer will be limited to payments of interest only.

Negative Pledge: The terms of the Notes and Covered Bonds will not contain a negative pledge provision.

Cross Default: The terms of the Senior Preferred Notes other than Senior Preferred MREL Eligible Notes will contain a cross default provision as further described in Condition 9.

The terms of the Senior Preferred MREL Eligible Notes, the terms of the Senior Non-Preferred Notes and the terms of the Subordinated Notes will not contain a cross default provision.

The terms of the Covered Bonds will not contain a cross default provision or any other events of default.

Status of the Notes: *Senior Preferred Notes*

The Senior Preferred Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will

rank *pari passu* without any preference among themselves and (save for certain obligations required to be preferred by law) at least equally with all other unsecured obligations of the Issuer, from time to time outstanding.

Senior Preferred Notes may be Senior Preferred MREL Eligible Notes if so specified in the applicable Final Terms.

Senior Non-Preferred Notes

The Senior Non-Preferred Notes will constitute direct, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves. In the event of the winding up, insolvency or bankruptcy of the Issuer, the claims of the Noteholders against the Issuer in respect of Senior Non-Preferred Notes shall rank as described in Condition 2.2 of the "*Terms and Conditions of the Notes*" in relation to the claims of other creditors.

Subordinated Notes

The Subordinated Notes will constitute direct and unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves. In the event of the winding up, insolvency or bankruptcy of the Issuer, the claims of the Noteholders against the Issuer in respect of the Subordinated Notes will be subordinated as described in Condition 2.2 of the "*Terms and Conditions of the Notes*".

Status of the Covered Bonds:

The Covered Bonds will be issued as mortgage-backed notes (*katettu joukkolaina*) and will constitute direct, unconditional and unsubordinated obligations of the Issuer and will rank *pari passu* among themselves. The Covered Bonds will be covered in accordance with the Finnish Covered Bond Act (*Laki kiinnitysluottopankkitoiminnasta 688/2010, as amended*) (the **CBA**) and will rank *pari passu* with all other obligations of the Issuer in respect of mortgage-backed notes covered in accordance with the CBA (including pursuant to sections 25 and 26 of the CBA).

Overcollateralisation:

For so long as the Covered Bonds are outstanding, and, unless (i) the Issuer has been assigned a long-term obligation rating ("Bank Deposit" or similar rating) of A2 or higher by Moody's; and (ii) Moody's has confirmed in writing to the Issuer that the disapplication of Condition 2.2 ("*Minimum Overcollateralisation Level*") would not, in and of itself, result in Moody's reducing, removing, suspending or placing on credit watch any Moody's credit rating then assigned to the Covered Bonds (and provided such confirmation has not been revoked by Moody's), Condition 2.2 shall apply to the Notes, and accordingly the total amount of the qualifying cover assets pool maintained by the Issuer in accordance with the terms of the CBA will not at any time be less than the Minimum Overcollateralisation Level, see Condition 2.2 of the "*Terms and Conditions of the Covered Bonds*".

Rating:	Series of Notes or Covered Bonds issued under the Programme may be rated or unrated. Where a Series of Notes or Covered Bonds is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Approval, Listing and Admission to Trading:	<p>Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made for Notes and Covered Bonds issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange.</p> <p>Notes and Covered Bonds 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 and Covered Bonds which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The applicable Final Terms will state whether or not the relevant Notes and Covered Bonds are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.</p>
Governing Law:	The Notes and Covered Bonds and any non-contractual obligations arising out of or in connection with the Notes and Covered Bonds will be governed by, and construed in accordance with, English law, except (i) in the case of Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes, for the provisions contained in Condition 2 of the Terms and Conditions of the Notes (and any non-contractual obligations arising out of or in connection with such provisions); and (ii) for the provisions relating to coverage of the Covered Bonds pursuant to the CBA (and any non-contractual obligations arising out of or in connection with such provisions), each of which will be governed by, and construed in accordance with, Finnish law.
Loss Absorption:	Notes may be written down or converted to CET1 instruments. See " <i>Risk Factors - The Council of the European Union has adopted a bank recovery and resolution directive which is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any action under the directive could materially affect the value of any Notes</i> " and " <i>Risk Factors - Loss absorption at the point of non-viability of the Issuer</i> ". By acquiring any Note, each Noteholder shall be deemed to acknowledge, accept and consent to the application or exercise of such Finnish statutory loss absorption powers in respect of their Notes or any liability thereunder, as provided in Condition 17.4, and shall be bound by the effect of any such application or

exercise.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes and Covered Bonds in the United States, the European Economic Area (the **EEA**) (including, for these purposes, the United Kingdom, Belgium and Finland), Japan, Singapore and Switzerland and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes and Covered Bonds; see "*Subscription and Sale*".

United States Selling Restrictions:

Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.

RISK FACTORS

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

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

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

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

Risk factors associated with the Group's operations

Strategic risks

There is no guarantee that (i) the strategies of the Issuer and its subsidiaries (the **Group**) will be sufficiently competitive or (ii) that strategies will meet customer needs and expectations in the future as competition increases and the availability of products and services grows on the international markets or otherwise be successful. It is also possible that the Group may not be able to put its strategies into practice and succeed in integrating the different services from its various business areas, thus creating synergy effects between them. If the Group is not able to realise or adapt successful strategies, this could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

The Group's credit risks and increased risk of loan losses

The Group is exposed to the risk of borrowers or other counterparties in financial agreements being unable to meet their obligations in accordance with agreed terms and conditions and to the risk that the collateral provided proves to be insufficient, in which case the Group can suffer loan losses. Under certain circumstances, there is also a risk that customers or counterparties may exceed or abuse agreed loan facilities.

The largest source of the Group's credit risks is lending to the public. As at 31 March 2020, approximately 74.4 per cent. of such lending was to Finnish households. However, credit risks could also occur in relation to other receivables such as bonds, short-term debt securities or derivative contracts.

Any future write-downs in the Group's loan portfolio attributed to loan losses may ultimately be due to many factors, such as the general economic situation, higher interest rates, negative changes in the credit rating of customers or counterparties, customers' servicing of loans and ability to pay, a reduction in property values, structural and technological changes in different sectors and external factors such as rules laid down in legislation and relevant regulations.

The assessment and pricing of credit risks, the real value and realisation times for collateral, the granting of lending powers and the following up of loan decisions are associated with uncertainty, which means that any value impairments realised in the loan portfolio could weaken the profitability of the Group's business

operations and its financial position. There are no guarantees that any provisions made will be sufficient to cover the amount of loan losses as they occur.

Increased loan losses caused by a realisation of the credit risks set out above could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Concentration of credit risks

As at 31 March 2020, approximately 74.4 per cent. of the Issuer's loan portfolio constituted loans to Finnish households, mainly secured by residential property. The Issuer's level of credit risk is therefore sensitive to changes in domestic employment and house prices. In addition, the Issuer has a high loan concentration position in some areas, such as the greater Helsinki area, which generates a certain geographical concentration risk.

As at 31 March 2020, lending to corporate customers accounted for approximately 12.9 per cent. of the Group's total loan portfolio. As construction and real estate financing forms a substantial part of the Group's total corporate loan portfolio, exposures in this area represent a concentration risk.

If debtors in those segments where loans are concentrated were not able to meet their obligations, this could have an even larger adverse effect on the Group's business operations, its performance or its financial position, than would be the case in the event of payment difficulties or a decrease in property values elsewhere in the economy.

Growth in the Group's loan stock

The Issuer has adopted a growth strategy which is intended to increase its loan stock. Strong growth in the Group's loan stock can have negative effects, since the growth in the loan stock may subsequently lead to bigger loan losses if the Group's customers are unable to meet their obligations. If the Group is not successful in increasing the loan stock's mean margin, its interest income will not necessarily be sufficient to cover increased financing costs.

The Issuer's growth strategy also comprises lending to corporate customers. Lending to corporate customers usually involves a larger risk of repayment failures.

If the quality of the loan stock cannot be maintained, this could lead to the Group suffering loan losses, which may have an adverse effect on the Issuer's business operations, its performance or its financial position.

Dependence on funding on favourable terms

The Group's loan portfolio has, on average, a longer maturity than the Group's funding base. Failure to refinance the loan portfolio on sufficiently favourable terms may have an adverse effect on the Issuer's business operations, its performance or its financial position.

Risks associated with the value of the liquidity reserve

In order to ensure its liquidity, the Group endeavours to maintain a liquidity reserve comprising cash and cash equivalents and investments in liquid securities.

The value of the liquidity reserve is mainly affected by a realisation of interest rate and credit risks and by changes in investors' demands for returns. The liquidity reserve includes fixed-rate investments, which are exposed to changes in interest rates and credit spreads. A general increase in interest rates reduces the value of fixed-rate investments. The disposal of investments before their maturity, when interest rates are high, can cause losses. A fall in interest rates usually has a negative impact on returns from any future reinvestment of fixed-rate instruments. The value of the liquidity reserve is also affected by higher demands for returns

among investors (spread risk), as this leads to a general fall in price for those financial assets that are included in the liquidity reserve.

Changes in the value of the liquidity reserve can affect the Group's ability to make use of the reserve as a source of liquidity and any changes in the fair value of the liquidity reserve and the credit rating of assets can limit the Group's ability to utilise the reserve for central bank financing. Moreover, any changes in the collateral requirements for financing imposed by the central bank can limit the Group's ability to use the liquidity reserve as security, triggering further collateral requirements, which may hamper the Group's access to central bank financing.

Changes in the liquidity reserve caused by a realisation of the risks set out above could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Changes in capital adequacy

The Group must comply with the regulations and requirements in force concerning capital adequacy (own funds in relation to risk-weighted assets). Capital adequacy can decrease as a result of loan and other losses or a lower credit rating of the Group's counterparties in financial transactions. Weakened capital adequacy can hamper the Group's access to financing and increase the cost of financing.

An increased capital requirement can also occur due to the opinion in the market as to sufficient capitalisation levels and the opinion of credit rating agencies that may rate the Group and/or its financing instruments.

If the Group is unable to meet the requirements imposed in terms of capital adequacy, this could lead to the Group having to attempt to raise more equity or make it more difficult for the Group to achieve its growth targets or strategic objectives.

Changes in capital adequacy caused by a realisation of the risks set out above could have a significant adverse effect on the Issuer's business operations, its performance or its financial position. See also "*Risks related to Notes and Covered Bonds generally – Capital Adequacy Regulatory Framework*".

Risks associated with managing derivative positions

In order to reduce the volatility in net interest income, the Group limits structural interest rate risk (which occurs as a result of imbalance between interest rate ties and the re-pricing of assets and liabilities), primarily through hedging derivative instruments. The Group seeks to limit most of the counterparty risk that occurs in derivative contracts through mutual pledging agreements.

There is, however, no guarantee that the Group will succeed in correctly estimating the risk that occurs in relation to derivative contracts, which may mean that the security arrangements entered into between the Group and its counterparties to hedge against counterparty risk are insufficient. Errors can also occur in relation to valuation of transactions and the managing of collateral arrangements, which can lead to the outcome of the arrangement being different than intended. If these risks are realised, this could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Reduction in assets under management

The Group's total assets under management amounted to EUR 10,371 million as at 31 March 2020. Customer assets under management comprise managed and brokered mutual funds as well as managed capital in the subsidiaries Aktia Asset Management Ltd and Aktia Fund Management Company Ltd. If asset resources managed by the Group in mutual investment funds or through the provision of asset management services were to decrease significantly as a result of the prevailing market situation, if developments in the value of asset management investments were to be unsatisfactory, or if the success of the Group's asset management services in the investment business weakened, there is a risk that existing customers will decide

to reduce their investments or transfer their assets to another service provider, and that the Group would not be able to attract new customers or further assets from existing customers. In turn, this would lead to a reduction in management fees received from asset management and would impair the basic conditions for developing the asset management business further. As a result, a fall in value or weak investment success in the asset management business can have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Operational risks

Operational risks and any losses attributed to these can occur as a result of shortcomings in the way of internal processes function, fraud, human error, shortcomings in the careful documentation of transactions, failure to observe the requirements and rules for the Group's operations, equipment errors or malfunctions in the Group's internal systems or in the systems used by the Group's suppliers or cooperation partners or in other external systems, interrupted access to systems and services that the Group's suppliers or cooperation partners maintain and offer and as a result of natural disasters. If these operational risks are realised, this could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Information security risks

The Group's operations rely on the correct and secure processing and communication of large amounts of information, which often is of a confidential nature. As part of its business operations, the Group keeps personal and banking details that it receives from its customers and which are covered in Finland by certain data protection rules and rules that apply to banking secrecy. Significant costs may be incurred if information security risks, meaning the risk that information is illegally accessed, or distorted, are realised. Costs are also incurred by the Group in protecting itself against breaches of data protection rules and in solving problems that have been caused as a result of such breaches. Such problem solving can cause interruptions or delays in the Group's customer service, which can damage the Group's reputation, discourage customers from using the Group's services or cause customers to bring claims for compensation against the Group. Any of these situations could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Possible interruptions to the Group's business operations

The Group's business operations may be interrupted as a result of sudden and unforeseen events or vandalism, such as denial-of-service attacks against the bank's Internet service, interruptions in the electricity supply and data communication systems, or fire and water damage. This may lead to interruptions in business operations that could have an adverse effect on the Issuer's business operations, its performance or its financial position.

Legal risks

Banking activities are largely dependable on contractual relationships. Agreements may however turn out to be invalid or they may be interpreted and implemented in a way which is unintended and unfavourable to the Group. Customers and counterparties to agreements that the Group has entered into may impose demands on the Group that can lead to disputes and legal action. Such demands may, for example, concern the Group's liability towards customers with regard to the sale of unsuitable products, with regard to incorrect advice or managing customers' securities portfolios. If the Group is deemed to have neglected its duties, it may be liable to pay damages. Any legal action can also have a negative impact on the Group's reputation. If these legal risks are realised, this could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Shortcomings in the scope of the Group's insurance cover

The Group is covered by conventional property and liability insurance for its business operations, to an extent that in the Group's view is in keeping with standard practice in the sector. It is, however, possible that this insurance will not provide adequate cover in all situations. It is also possible that the insurance companies involved will reject claims for compensation submitted by the Group, either in part or in full, or that they will not be able to meet their obligations under the insurance policies in place.

If the Group suffers losses and does not receive sufficient insurance compensation, this could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Risks associated with possible company or portfolio acquisitions

It is possible that the Group will acquire or merge with companies or acquire business portfolios in the future, in order to expand its business operations, for example, or to have new resources at its disposal. Growth which is built on company or portfolio acquisitions is associated with certain risks, such as assessing the feasibility of planned investments and the integration of the business operations and new employees acquired. If the Group does not succeed in implementing such measures, future company or portfolio acquisitions may have an adverse effect on the Issuer's business operations, its performance or its financial position.

Skilled management and personnel

For the Group to remain competitive and to pursue its strategies, it must recruit and retain competent and skilled employees in all of its business areas. Some of the necessary skills are provided by key individuals, who are very important in terms of maintaining and improving the Group's ability to compete. If the Group does not succeed in recruiting skilled personnel and in retaining key individuals, this could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Labour disputes

Lockouts, strikes and other labour disputes within the Group or in sectors associated with the Group's business operations can have an adverse effect on the Group's business operations. Parties in the labour market will not necessarily reach consensus with regard to satisfactory terms and conditions of new collective agreements when the existing collective agreements expire. Existing collective agreements that apply to the Group's employees will not necessarily prevent strikes or lockouts. The traditional Finnish bank businesses are subject to continuous streamlining and modernisation, which also may increase the risk for labour disputes. Furthermore, labour disputes in companies with links to the Group's business operations can have an indirect impact on the Group's business operations. Labour disputes can thus have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

The Group's brand and reputation

When competing for customers, the Group relies, among other things, on its brand and its reputation. A good reputation is important in the banking sector because rumours and speculation about solvency and the ability to obtain liquidity affect financial institutions in particular. Future decisions concerning the Group's operations and its range of products and services can have a negative impact on the Group's brand and reputation, as could disputes in which the Group was involved, as well as external factors that affect the whole sector and that are beyond the Group's control.

Any damage to the Group's reputation and brand or any negative opinion among consumers concerning the Group's products and services, or market speculation concerning the Issuer, could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Inadequate risk management – general

The main aim of risk management is to ensure that risks are identified and assessed correctly and that the capital base is sufficient in relation to the risks that could affect the Issuer's business operations, its performance or its financial position.

The Group's Risk Control unit is responsible for monitoring risk management processes and providing methods for identifying, quantifying, analysing and reporting risk and for capital assessment and allocation. Some of the measures taken by the Group to manage risks in its business operations include entering into hedging transactions to manage market risks, imposing credit limits and entering into covenants to manage counterparty risks in the lending business, in parallel with securing loans against collateral. In order to measure and limit some of these risks, different stress and correlation models are used. There is, however, no guarantee that risks will be identified correctly or that the processes and methods aimed at managing risk will be sufficient. Even if the Group staff follows the processes and methods established for managing risk, this can still prove to be insufficient. This or other failures in risk management could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Inadequate risk management – life insurance activities

Life insurance activities are based on carrying and managing the risk of an unexpectedly high number of reported claims and the financial risks connected to the mismatch between the life insurance business assets and liabilities. Fluctuations in the financial result of life insurance activities can mainly be traced back to market risks in the investments and to the interest rate risk attached to the technical provision. In the case of unit-linked insurances, the policy owner carries the market risk attached to the investments that cover the insurance, while as regards interest-linked life insurances, the risk of a decrease in the market value of the assets and of an insufficient yield in relation to the technical provision requirement lies with the insurance company.

The insurance risk associated with the life insurance business is partly managed through reinsurance, the coverage of which may turn out not to be sufficient. Reinsurance also involves a risk that the reinsurer isn't able to meet its obligations.

If any of the risks set out above are realised, this could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Risk factors associated with the Group's operating environment

Weak general economic and financial market conditions may lead to a decrease in earnings, an increase in loan losses and higher refinancing costs

The financial results of the Group are affected by many factors, the most important of which are the general economic situation, fluctuations in interest rates, prices of financial assets and the competitive situation.

Negative development in the economic conditions in Europe and Finland related to, for example, the global pandemic situation and in the conditions in the financial markets may reduce the demand for banking services and lead to a reduced net interest income from the banking business as well as reduced commissions from the asset management and real estate brokerage businesses. Weak demand and unemployment may also lead to difficulties for the Group's customers in meeting their payment obligations, thereby causing increased disruptions in repayments of loans, write-downs and loan losses. A rise in the level of interest rates may have the same effect. The market value of financial assets held by the Group may also be affected. Furthermore, investors' demand for returns may increase, thus increasing the Group's refinancing costs and hampering the Group's refinancing options.

Risks associated with the current conditions in the financial markets and global economic conditions

Market conditions have been, and are likely to continue to be, affected by concerns over the effects of the recent outbreak of COVID-19. The global economy has been and is expected to continue to be adversely affected to a significant extent by COVID-19 and the pandemic will have a significant impact also on the Finnish economy. In April 2020, the Ministry of Finance estimated that the Finnish economy will contract by 5.5 per cent. in 2020. Given the evolving nature of the pandemic, it is difficult to predict the long-term impact it will have on the Finnish economy. The on-going effects of coronavirus and the measures undertaken to contain its spread could have a material adverse effect on the Groups business, financial condition and results of operations.

The United Kingdom's decision to leave the European Union in January 2020 may have negative effects on the Finnish and European economy and on the financial markets in Europe. The UK is currently in a transition period to negotiate its future relationship with the EU, this will last until 31st December 2020 unless otherwise extended. Until the negotiation process and transition period is completed, it is difficult to anticipate the potential impact on the Group's business, financial condition and results of operations.

Finnish economy is very dependent on exports. An increased protectionism in the global trade could damage Finnish foreign trade and have negative consequences on the economic growth in markets where the Issuer is active.

If any of the risks set out above are realised, this could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Liquidity, refinancing and raising capital

The Issuer's business is reliant on the Group's ability to finance its current operations at reasonable terms and meet its obligations as these arise.

Access to and the cost of financing acquired by the Group through the money and capital markets are affected, among other things, by general interest rate levels, the situation in the financial markets, the credit rating of the Finnish state, uncertainty concerning the liquidity of market participants and changes in their credit rating, operational problems that affect third parties or a downturn in the performance of market parties and the Group's own capital adequacy and credit rating.

The Issuer relies on account deposits from customers in order to service some of its liquidity needs. The current share of deposit portfolio of the total funding portfolio is 54 per cent. The volume of such liquidity is, however, dependent on factors that are beyond the Issuer's control, such as changes in household savings ratios and the propensity to save by making bank deposits. The Issuer's liquidity position may also be affected negatively by large unexpected outflows of deposits.

If the risks set out above are realised, this could lead to a deterioration in the Issuer's liquidity and make it more difficult for the Issuer to access refinancing and to comply with the liquidity requirements set out in applicable laws. This could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Market value of assets

The Issuer's business is reliant on the value of financial assets, for example shares, interest-bearing assets and real estate.

The banking business activities that the Issuer performs are particularly exposed to the risk of changes in the value of interest-bearing assets, caused by fluctuations in interest rates or increased issuer risk. In the Issuer's subsidiary Aktia Life Insurance Ltd's business activities, the risk of changes in the value of real estate or shares caused by a fall in the market prices of real estate assets or shares is relevant.

If the market risks set out above are realised, this may lead to unfavourable changes in asset values which, in turn, may have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Changes in interest rates

Changes in interest rates, yield curves and credit margins may affect the results of operations and financial condition of the Issuer. Interest rate risk arises when interest rate fixing periods or interest rate bases for assets and liabilities are mismatched. Changes in interest rates can affect the Group as such changes can have a disproportionate or unexpected impact on the return on interest-bearing assets or the cost of interest-bearing liabilities, or otherwise have a negative effect on the Group's financing costs.

The Group may endeavour to protect itself against interest rate risk by entering into interest rate derivative contracts for hedging purposes. Through its hedging activities, the Group aims to ensure that its performance is not exposed to market risks that are excessive in relation to its risk-bearing capacity. There is, however, no guarantee that the hedging measures in question will be sufficient to safeguard the Group from the negative consequences of interest rate changes.

Even if the Group employs risk management strategies to manage the interest rate risk that it is exposed to, and even if some changes in interest rates can be favourable to the Group, it is difficult to anticipate changes in the market situation and to predict the impact that these changes could have.

If any of the interest rate risks set out above were realised as a result of changes in interest rates, this could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

System risks

The financial system and capital markets in Finland and in Europe are closely linked to the global markets and to one another. Due to lending, trade, clearing and other interactions between companies that provide financial services, financial hardship or other difficulties experienced by Finnish and overseas banks or other companies that provide financial services can therefore lead to liquidity problems, losses, payment problems and other disruptions for other companies in the financial sector, among them the Issuer and its subsidiaries. If this type of risk, known as system risk, is realised, the Group may incur loan losses or may need to implement write-downs, or it may hamper the Group's ability to raise finance, which can have a significant adverse effect on the Issuer's business operations, its performance and its financial position.

The competitive situation in the Group's business areas

In the market for financial services, where the Group operates, fierce competition prevails. Both established players and newcomers compete in the market. The Group competes in various business areas with both Finnish and overseas players. This fierce competition is expected to continue in all of the Group's business areas.

The competitiveness of players in the market depends on many factors such as their credit ratings, financial position, reputation, their range of products and services, and customer and business relationships. If the Group is unable to meet the demand for competitiveness, it could lose market share or suffer losses in some or all business areas. The presence of competition can impose increasing pressure on the prices of the Group's products and services, which, in turn, can hamper the Group's ability to maintain or improve its profitability. If the Group is unable to manage or adapt to any changes in the competitive situation this could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Risks associated with regulation

Regulation and oversight of the Group's business operations

The Group's business operations are subject to a large number of laws and regulations concerning banking operations and financial services, which means that the Group may be subject to intervention from the regulatory authorities. In recent years, the regulation of banking operations and the financial sector in general has undergone extensive changes in Finland, in the European Union and internationally. As a result of the global financial crisis in 2008 and 2009 and the Eurozone debt crisis, as well as the government intervention that has taken place around the world, extensive and detailed new regulation of the financial sector has been implemented and intensified supervision can be expected. These changes can have an impact on capital and liquidity requirements for banking operations, for example, and can lead to further costs and obligations for the Group. Changes may also be imposed on rules governing how the Group runs its business. New regulation may force the Group to reduce its level of risk, its volume of business and the lending ratio in some operations. New regulation also generally increases the administrative burden, resulting in increased costs and lower profitability.

As part of its business operations, the Group manages large amounts of personal data. The European Union's recent data protection reform will impose more detailed regulations for the handling of personal data and will also increase the potential sanction amounts for any breaches of the regulations.

Breach of competition laws can also result in severe monetary sanctions.

The stock exchange listing of shares and bonds issued by the Group brings with it increased regulation and oversight of its business operations, such as increased requirements concerning the obligation to provide regular and on-going information.

Measures taken by the authorities or unfavourable decisions in disputes with the authorities could also result in fines or restrictions and limits being imposed on the Group's business operations and give cause to negative publicity.

If any of the risks set out above were realised, this could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

The Issuer will have to participate in the financing of the banking sector's common deposit guarantee schemes and resolution funds

The Issuer must participate in the financing of the Finnish banks' common deposit guarantee scheme, which will cover the depositors' claims if a Finnish bank becomes insolvent. The Issuer must also participate in the funding of a common resolution mechanism, which can be used to support banks within the EU facing economic distress. Via these obligations another bank's insolvency may impose costs on the Issuer even though the Issuer has not been involved in business with such bank.

The obligation to participate in the funding of these schemes may have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Changes in tax legislation and tax increases

The Group is exposed to tax risks associated with changes in tax rates or tax legislation or the incorrect interpretation of the rules and regulations in force. If tax risks are realised, this could lead to an increase in taxes or penalties which, in turn, could cause financial losses and thus have an adverse effect on the Issuer's business operations, its performance or its financial position.

Risks associated with abuse of the financial system

In global terms, the risk that banks may become the subject of or be exploited for the purposes of money laundering or the financing of terrorism has increased. The risk of future incidents involving money laundering or financing of terrorism is always in the background for financial institutions. Any breach of the rules that aim to prevent the illegal exploitation of the financial system or even the suspicion of such infringements could have grave legal consequences for the Group and its reputation, which, in turn, could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Changes in accounting principles, standards and methods

The International Accounting Standards Board (**IASB**) is continuously revising the standards for financial accounting/reporting that govern the Group's accounting activities. Any changes in this respect can be difficult to predict and can have a considerable impact on how the Group accounts for and reports its financial position and its performance. In some cases, the Group may be required to apply new and revised standards retroactively, causing previously prepared financial information to be restated.

Accounting principles and methods are fundamental to how the Group accounts for and reports its financial position and performance. The Group's executive management has to exercise its judgment when interpreting and applying many of these accounting principles and methods to ensure that the Group complies with International Financial Reporting Standards (**IFRS**). The Group's general accounting assumptions relate to the future and key uncertainty factors in connection with balance date estimations, and depend on factors such as fair value estimations, the write-down of financial assets, the write-down of loans and other receivables, impairment of tangible and intangible assets, and assumptions made in actuarial calculations.

The reporting of insurance contracts is regulated in IFRS 4 and will in the future be replaced by the new standard IFRS 17. The insurance standard IFRS 17 was published on 18 May 2017. In June 2019 propositions on changes in the standard were published and, according to these, the adjusted standard will be implemented as of 1 January 2022. The standard is expected to be approved by the EU during 2021 and the compulsory implementation within EU will be 1 January 2022 at the earliest. The Group aims at implementing IFRS 17 when the standard becomes compulsory within EU.

The IASB revises and amends the standards that impact financial statements and, when the IASB implements changes to the accounting/reporting standards that govern the Group's reporting activities which the Group would be required to adopt, this would potentially have a significant effect on the Group's reported financial position and performance. Due to the uncertainty surrounding the Group's estimates and the calculations that apply to these issues, the Group cannot guarantee that it will not be forced to change its accounting estimates in the future or to revalue financial statements prepared previously. If the Group should be forced to make changes to its accounting principles, and report financial information that differs from the information that would otherwise be reported, this could have a significant adverse effect on the Issuer's reported performance or its financial position.

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

Risks related to the structure of a particular issue of Notes or Covered Bonds

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

Risks applicable to all Notes and/or Covered Bonds

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

An optional redemption feature is likely to limit the market value of Notes or Covered Bonds. During any period when the Issuer may elect to redeem Notes or Covered Bonds or the market anticipates that the Issuer may be or become entitled to redeem the Notes or Covered Bonds, the market value of those Notes or Covered Bonds 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 choose to redeem Notes or Covered Bonds when its cost of borrowing is lower than the interest rate on the Notes or Covered Bonds. 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 or Covered Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If Notes or Covered Bonds are converted from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes or Covered Bonds concerned.

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

The interest rate on Fixed Reset Notes will reset on each Reset Date, which can be expected to affect interest payments on an investment in Fixed Reset Notes and could affect the market value of Fixed Reset Notes.

Fixed Reset Notes will initially bear interest at the Initial Interest Rate until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of (i) the applicable Mid-Swap Rate or Reference Bond Rate, as applicable, and (ii) the Reset Margin, as determined by the Agent on the relevant Reset Determination Date (each such interest rate, a **Subsequent Reset Rate**). The Subsequent Reset Rate for any Reset Period could be less than the Initial Interest Rate or the Subsequent Reset Rate for prior Reset Periods and could affect the market value of an investment in the Fixed Reset Notes.

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

The market values of securities issued at a substantial discount (such as Zero Coupon Notes and Zero Coupon Covered Bonds) or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

The regulation and reform of "benchmarks" may adversely affect the value of Floating Rate Notes, Fixed Reset Notes or Floating Rate Covered Bonds linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks" (which may include, in the case of Floating Rate Notes or Floating Rate Covered Bonds, a Reference Rate or, in the case of Fixed Reset Notes, a Mid-Swap Floating Leg Benchmark Rate) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear

entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes or Covered Bonds linked to or referencing such a "benchmark".

The Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU (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 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 Floating Rate Notes, Fixed Reset Notes or Floating Rate Covered Bonds 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. Such factors, and the additional factors described under "*Discontinuation of benchmark rates*" below, may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes or Covered Bonds linked to or referencing a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Floating Rate Notes, Fixed Reset Notes or Floating Rate Covered Bonds linked to or referencing a "benchmark".

Discontinuation of benchmark rates

The sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The UK Financial Conduct Authority (the **FCA**) has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

It is not possible to predict whether, and to what extent, LIBOR, EURIBOR and other benchmark rates (including STIBOR and NIBOR) will continue to be supported going forwards. This may cause any such benchmark rate to perform differently than it has done in the past and may have other consequences which cannot be predicted.

The conditions of Notes which are (i) Fixed Reset Notes or (ii) Floating Rate Notes where "Screen Rate Determination" is specified in the Final Terms as the manner in which the rate of interest is to be determined, and the conditions of Covered Bonds which are Floating Rate Covered Bonds where "Screen Rate Determination" is specified in the Final Terms as the manner in which the rate of interest is to be determined,

provide for certain fallback arrangements in the event that a published benchmark rate, such as LIBOR, EURIBOR, STIBOR or NIBOR, becomes unavailable or a Benchmark Event (as defined in the relevant conditions) otherwise occurs in relation to any such benchmark rate. Such fallback arrangements require the Issuer to use its reasonable endeavours to appoint and consult with an Independent Adviser (as defined in the relevant conditions), as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate or an Alternative Rate (each as defined in the relevant conditions), and, if a Successor Rate or an Alternative Rate (as the case may be) is so determined, an Adjustment Spread (as defined in the relevant conditions), if any, and any amendments to the conditions of the Notes or, as applicable, the Covered Bonds may be necessary to ensure the proper operation of the Successor Rate or Alternative Rate and/or any such applicable Adjustment Spread (in each case without the consent of the Noteholders, Covered Bondholders or Couponholders). If the Issuer is unable to appoint an Independent Adviser, it may still determine (i) a Successor Rate or Alternative Rate; and (ii) in either case, an Adjustment Spread (if any) and any Benchmark Amendments itself (acting in good faith and in a commercially reasonable manner).

The use of a Successor Rate or Alternative Rate (including with the application of any Adjustment Spread) will still result in any Notes or Covered Bonds referencing an original benchmark rate performing differently (which may include payment of a lower rate of interest) than they would if the Original Reference Rate were to continue to apply in its current form. In addition, investors should note that the Issuer will have discretion to determine any Adjustment Spread in the circumstances described in the relevant conditions; however there is no guarantee that an Adjustment Spread will be determined or applied, and even if an Adjustment Spread is determined and applied it may not be effective in reducing or eliminating any economic prejudice to investors arising out of the replacement of the original benchmark rate with the Successor Rate or the Alternative Rate (as the case may be). 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, Covered Bondholder or Couponholder, any such adjustment will be favourable to each Noteholder, Covered Bondholder or Couponholder. If no Adjustment Spread is determined or applied, a Successor Rate or Alternative Rate may nonetheless be used in the determination of any relevant Rate of Interest (or the relevant component part thereof).

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

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Rate is determined, the ultimate fallback for determining the rate of interest for a particular Interest Period or (in the case of Fixed Reset Notes) Reset Period may result in the rate of interest for the last preceding Interest Period or Reset Period (as applicable) being used. This may result in the effective application of a fixed rate for Floating Rate Notes, Fixed Reset Notes of Floating Rate Covered Bonds (as applicable) based on the rate which was last observed on the relevant screen page for the purposes of determining the rate of interest in respect of an Interest Period or a Reset Period (as applicable). 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 or Covered Bonds. 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, Fixed Reset Notes of Floating Rate Covered Bonds or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes, Fixed Reset Notes or Floating Rate Covered Bonds.

In addition, in the case of Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes, potential investors should also note that no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, and no other amendments to the relevant conditions will be made to

effect the Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to:

- (A) prejudice the qualification of the Notes as (I) in the case of Subordinated Notes, Tier 2 Capital (as defined in Condition 6.5 of the "*Terms and Conditions of the Notes*"); or (II) in the case of Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes, eligible liabilities (or any equivalent or successor term) for the purposes of Applicable Banking Regulations (as defined in Condition 6.5 of the "*Terms and Conditions of the Notes*"); and/or
- (B) in the case of Senior Preferred MREL Eligible Notes or Senior Non-Preferred Notes, result in the Relevant Resolution Authority treating the next Interest Payment Date or Reset Date, as applicable, as the effective maturity of the Notes, rather than the relevant Maturity Date.

In all such circumstances, the ultimate fallback for determining the rate of interest (which is described above) will apply.

Risks related to Notes and Covered Bonds generally

Set out below is a description of material risks relating to the Notes and Covered Bonds generally:

The conditions of the Notes and Covered Bonds contain provisions which may permit their modification without the consent of all investors.

The conditions of the Notes and the conditions of the Covered Bonds each contain provisions for calling meetings of Noteholders or Covered Bondholders 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 or Covered Bondholders including Noteholders or Covered Bondholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give consent electronically, and including those Noteholders or Covered Bondholders who voted in a manner contrary to the majority.

The conditions of the Notes and the conditions of the Covered Bonds also provide that the Agent and the Issuer may, without the consent of the Noteholders, Covered Bondholders or Couponholders, agree to any modification of the Notes, the Covered Bonds, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

In addition, the Issuer may, without the consent of the Noteholders, the Covered Bondholders or the Couponholders, amend the Conditions to give effect to any Benchmark Amendments in the circumstances and as otherwise set out in Condition 4.5 of the conditions of the Notes of Condition 4.3 of the conditions of the Covered Bonds, as applicable.

Any such modification shall be binding on the Noteholders, Covered Bondholders and the Couponholders.

Where the Issuer encounters, or is likely to encounter, financial difficulties that are affecting, or will or may affect, its ability to carry on business as a going concern, it may propose a Restructuring Plan (a **Plan**) with its creditors under Part 26A of the Companies Act 2006 to eliminate, reduce, prevent or mitigate the effect of any of those financial difficulties. Providing that one class of creditors (who would receive a payment, or have a genuine economic interest in the Issuer) has approved the Plan, and in the view of the English courts any dissenting class(es) who did not approve the Plan are no worse off under the Plan than they would be in the event of the "relevant alternative" (such as, broadly, liquidation or administration), then the English court can sanction the Plan where it would be a proper exercise of its discretion. A sanctioned Plan is binding on all creditors and members regardless of whether they approved it and may, therefore, adversely affect the rights of Noteholders, Covered Bondholders and Couponholders and the price or value of their investment in

the Notes or the Covered Bonds where it has the effect of modifying or disapplying certain terms of the Notes or the Covered Bonds.

The value of the Notes could be adversely affected by a change in English (or, in respect of the provisions relating to coverage of the Covered Bonds, Finnish) law or administrative practice.

The conditions of the Notes and the conditions of the Covered Bonds are based on English law (or, (i) in the case of Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes, in respect of provisions contained in Condition 2 of the Terms and Conditions of the Notes; and (ii) in the case of Covered Bonds, in respect of provisions relating to coverage of the Covered Bonds and Coupons pursuant to the CBA, Finnish law) in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or Finnish law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes or Covered Bonds affected by it.

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

In relation to any issue of Notes and Covered Bonds 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 and Covered Bonds may be traded in amounts in excess of the minimum Specified Denominations 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 or definitive Covered Bond in respect of such holding (should definitive Notes and definitive Covered Bonds be printed) and would need to purchase a nominal amount of Notes and Covered Bonds at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

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

Capital Adequacy Regulatory Framework

The Capital Requirements Directive (2013/36/EU; the **CRD IV**) and the Capital Requirements Regulation (575/2013; the **CRR**), which are intended to implement the main Basel III reforms in the European Union, replaced the European Capital Requirements Directive (comprising Directives 2006/48/EC and 2006/49/EC; the **Previous CRD**) in 2013. The CRR has been directly applicable in the European Union since 1 January 2014 and with full implementation of the changes in minimum capital requirements introduced by the regulation on 1 January 2019. Amongst other things, the CRD IV and the CRR enhanced requirements for the quality and quantity of Tier 1 capital as well as a number of technical changes in calculation rules compared to the Previous CRD regime.

The Finnish Act on Credit Institutions (*Laki luottolaitostoiminnasta, 610/2014*, as amended from time to time), as currently in effect, comprises implementations of the CRD IV and the CRR. The Finnish Financial Supervisory Authority (the **FSA**) may also issue regulations and guidelines relating to the CRD IV and the CRR.

The FSA has granted the Issuer permission to apply the internal ratings-based approach (**IRBA**) to retail and equity exposures, representing a total of 54 per cent. of the Group's credit risk exposure. Aktia Bank continues the work on migration to internal models for exposure to corporates and credit institutions.

The CRR and the CRD IV and the national implementations, as well as any possible forthcoming development in these and any possible revision of the Issuer's IRBA permit, will have an effect on the financial performance of the Issuer and on the pricing of Notes and Covered Bonds issued under the Programme.

In addition, on 23 November 2016, the European Commission announced a further package of reforms to the prudential and resolution frameworks for EU banks and credit institutions, including amendments to the CRR, CRD IV and the BRRD (as defined below) (the **EU Banking Reforms**). The EU Banking Reforms contain a broad range of measures designed to increase the resilience of EU institutions and enhance financial stability, including (amongst other things): binding leverage ratio requirements; binding net stable funding ratio requirements; developments of the large exposures framework; changes to the calculation of market risk and counterparty credit risk; refinement of 'pillar 2' individual capital requirements, including a distinction between pillar 2 'requirements' and 'guidance' and their interaction with the combined buffer requirements; and further development of the recovery and resolution framework for failing banks and investment firms (including with regards to requirements for maintaining certain levels of instruments designed to absorb losses and the interaction between these resources and the combined buffer requirements).

The legislative amendments implementing the EU Banking Reforms were published in the Official Journal of the European Union on 7 June 2019. The amended versions of the CRR, CRD IV and BRRD entered into force on 27 June 2019 (that is, 20 days after publication in the Official Journal of the European Union), with certain provisions applying from 27 June 2019 and other provisions gradually being phased in and/or being subject to national implementation.

On 28 April 2020, the European Commission published a proposal for targeted amendments to the CRR intended to maximise the capacity of credit institutions to lend and to absorb losses related to the Covid-19 pandemic. The proposed amendments were published in the Official Journal of the European Union on 26 June 2020 and entered into force on 27 June 2020. The amendments include, amongst other things: an extension of the current transitional arrangements under the CRR for mitigating the impact of IFRS 9 provisions on regulatory capital; and bringing forward the application of certain amendments to the CRR under the EU Banking Reforms intended to encourage banks to lend to SMEs and support infrastructure investments.

At the date of this Base Prospectus it is still uncertain whether and if so, to what extent, the amended versions of the CRR and the CRD IV will impose additional capital, liquidity and/or leverage requirements on the Issuer.

The impact which the reforms described above, or any further reforms in the future which impose additional capital requirements on the Issuer generally or require the Issuer to hold increased capital against certain exposures, may have an impact on the growth and operations of the Issuer's business, which may in turn affect the Issuer's capacity to make payments in respect of Notes and Covered Bonds.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

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

Notes and Covered Bonds may have no established trading market when issued, and one may never develop. If a market for the Notes and Covered Bonds does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes or Covered Bonds 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 and Covered Bonds 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 and Covered Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities.

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

The Issuer will pay principal and interest on the Notes and Covered Bonds 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 and Covered Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and Covered Bonds and (3) the Investor's Currency-equivalent market value of the Notes and Covered Bonds.

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

The value of Fixed Rate Notes and Fixed Rate Covered Bonds may be adversely affected by movements in market interest rates.

Investment in Fixed Rate Notes or Fixed Rate Covered Bonds involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes and Fixed Rate Covered Bonds, this will adversely affect the value of the Fixed Rate Notes or Fixed Rate Covered Bonds.

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

One or more independent credit rating agencies may assign credit ratings to the Issuer, the Notes or the Covered Bonds. 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 and Covered Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

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

In general, European (including 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 whilst the registration application is pending. 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). If the status of the rating agency rating the Notes or Covered Bonds changes, European (including United Kingdom) regulated investors may no longer be able to use the rating for regulatory purposes and the Notes or Covered Bonds may have a different regulatory treatment. This may result in European (including United Kingdom) regulated investors selling the Notes or Covered Bonds which may impact the value of the Notes or Covered Bonds and any secondary market.

Change in credit ratings

There is no guarantee that the Issuer or its key subsidiaries will be able to maintain their credit rating or any possible credit rating of financial instruments that they have issued. An adverse change in the credit rating may have a negative impact on the value of the Notes and Covered Bonds. Different series of Notes and Covered Bonds may be assigned different ratings and a rating of an earlier issue is not necessarily an indication of the rating of a subsequent issue of the same kind of securities.

Additional risks related to Notes only

No recourse to assets registered as collateral for covered notes

A certain portion of the Issuer's assets will be registered in a cover pool and form collateral for covered notes. In the event of the Issuer's insolvency, the holders of covered notes will have a preferential right over the assets registered in the cover pool and the amount of assets out of which payments to other debtors, among them the holders of Notes, may be made, will decrease correspondingly.

Finland has implemented the bank recovery and resolution directive and the national legislation enables a range of actions to be taken in relation to credit institutions, investment firms, certain financial institutions and certain holding companies (each a relevant entity) considered to be at risk of failing. The taking of any action under such national legislation could materially affect the value of any Notes.

On 2 July 2014, Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the **Bank Recovery and Resolution Directive** or **BRRD**) entered into force. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing relevant entity so as to ensure the continuity of the relevant entity's critical financial and economic functions, while minimising the impact of a relevant entity's failure on the economy and financial system.

The BRRD provides that it will be applied by Member States from 1 January 2015, except for the general bail-in tool (see below) which applies from 1 January 2016. The BRRD was implemented in Finland with effect as of 1 January 2015 by the Act on Procedure for the Resolution of Credit Institutions and Investment Firms (*Laki luottolaitosten ja sijoituspalveluyritysten kriisinratkaisusta*, 1194/2014) (the **Bank Resolution Act**).

Chapter 7, Section 2 of the Bank Resolution Act contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) a relevant entity is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such relevant entity within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) bail-in - which gives resolution authorities the power to write down certain claims of

unsecured creditors of a failing relevant entity and to convert certain unsecured debt claims (including Notes and Covered Bonds) to shares and other instruments of ownership (the **general bail-in tool**), which instruments could also be subject to any cancellation, transfer or dilution; (ii) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (iii) bridge institution - which enables resolution authorities to transfer all or part of the business of the relevant entity to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); and (iv) asset separation - which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only). Relevant claims for the purposes of the bail-in tool would include the claims of the holders in respect of any Notes issued under the Programme, although in the case of Covered Bonds, this would only be the case if and to the extent that the amounts payable in respect of the Covered Bonds exceeded the value of the cover pool collateral against which payment of those amounts is secured.

In addition to the general bail-in tool, Chapter 6, Section 1 of the Bank Resolution Act provides for relevant authorities to have the further power, before any other resolution action is taken, to permanently write-down or convert into equity relevant capital instruments (such as the Subordinated Notes) at the point of non-viability (see the risk factor "*Loss absorption at the point of non-viability of the Issuer*" below for further information).

According to Chapter 4, Section 1 of the Bank Resolution Act, a relevant entity will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

The powers set out in the Bank Resolution Act will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Holders of Notes and Covered Bonds may be subject to write-down or conversion into equity on any application of the general bail-in tool (subject, in the case of Covered Bonds, to the limitation outlined above), or (in the case of Subordinated Notes) non-viability loss absorption, which may result in such holders losing some or all of their investment. The exercise of any power under the Bank Resolution Act or any suggestion of such exercise could, therefore, materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes or Covered Bonds and/or the ability of the Issuer to satisfy its obligations under any Notes or Covered Bonds.

Loss absorption at the point of non-viability of the Issuer.

Investors in Subordinated Notes are also subject to the risk that the Subordinated Notes may be required to absorb losses as a result of statutory powers conferred on resolution and competent authorities in Finland before the conditions for resolution are met. As noted above (under the risk factor "*Finland has implemented the bank recovery and resolution directive and the national legislation enables a range of actions to be taken in relation to credit institutions, investment firms, certain financial institutions and certain holding companies (each a relevant entity) considered to be at risk of failing. The taking of any action under such national legislation could materially affect the value of any Notes*"), the powers provided to resolution and competent authorities in the Bank Resolution Act include write-down/conversion powers to ensure that relevant capital instruments (such as the Subordinated Notes) fully absorb losses at the point of non-viability of the issuing firm or group in order to allow it to continue as a going concern subject to appropriate restructuring. As a result, the Bank Resolution Act contemplates that resolution authorities may require the permanent write-down of such capital instruments (which write-down may be in full) or the conversion of them into common equity tier 1 (**CET1**) instruments at the point of non-viability (which CET1 instruments may also be subject to any subsequent application of the general bail-in tool described above) and before any other bail-in or resolution tool can be used. Measures ultimately adopted in this area may apply to any capital instruments currently in issue, including Subordinated Notes issued under the Programme.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the Bank Resolution Act is the point at which one or more of the following circumstances apply: (a) the determination has been made by the relevant authority that the conditions for resolution (such as the 'failure condition', the 'no alternative condition' and the 'public interest condition' described under “*Finland has implemented the bank recovery and resolution directive and the national legislation enables a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing.. The taking of any action under such national legislation could materially affect the value of any Notes.*”) above have been met, before any resolution action is taken; (b) the relevant authority determines that unless the write-down/conversion power is exercised in relation to the relevant capital instruments, the firm or group "will no longer be viable" (as described in Chapter 6, Section 1 of the Bank Resolution Act) and/or (c) extraordinary public financial support is required by the firm or group.

The application of any non-viability loss absorption measure may result in holders of Subordinated Notes losing some or all of their investment. Any such conversion to equity or write-off of all or part of an investor's principal (including accrued but unpaid interest) shall not constitute an event of default and holders of Subordinated Notes will have no further claims in respect of any amount so converted or written off. The exercise of any such power may be inherently unpredictable and may depend on a number of factors which may be outside the Issuer's control. Any such exercise, or any suggestion that the Subordinated Notes could become subject to such exercise, could, therefore, materially adversely affect the value of the Subordinated Notes.

Criteria for determining the minimum requirement for own funds and eligible liabilities under the Bank Resolution Act.

Going forward, the Bank Resolution Act also impacts on how large a buffer of loss-absorbing instruments a firm will need, in addition to the capital requirements set out in CRD IV and CRR. To ensure that firms always have sufficient loss-absorbing capacity, the Bank Resolution Act requires firms to maintain at all times a sufficient aggregate amount of own funds (as defined in Article 4(1)(118) of CRR) and other 'eligible liabilities' (namely, liabilities and other instruments that do not qualify as Tier 1 or Tier 2 capital and that are designed to be bailed-in using the bail-in tool or otherwise available to absorb losses of the institution after capital and before other liabilities). This is known as the minimum requirement for own funds and eligible liabilities (**MREL**). Each firm must meet an individual MREL requirement, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities (which, in Finland, is the Financial Stability Authority) on a case by case basis in accordance with Chapter 8, Section 7 of the Bank Resolution Act. The MREL requirement applies to all credit institutions (and certain investment firms), not just to those identified as being of a particular size or of systemic importance.

In determining a firm's MREL, the resolution authority must have regard to certain criteria specified in the Bank Resolution Act and the MREL requirement for that firm will be comprised of a number of key elements, including the required loss absorbing capacity of the firm, and the level of recapitalisation needed to implement the preferred resolution strategy identified during the resolution planning process. Other factors to be taken into consideration by resolution authorities (the Financial Stability Authority in Finland) when setting the MREL requirement include: the extent to which a firm has liabilities in issue which are excluded from contributing to loss absorption or recapitalisation; the risk profile of the firm; the systemic importance of the firm; and the contribution to any resolution that may be made by deposit guarantee schemes and resolution financing arrangements.

Items eligible for inclusion in MREL will include a firm's own funds (within the meaning of CRD IV and CRR), along with “eligible liabilities”, meaning liabilities which, *inter alia*, are issued and fully paid up, have a remaining maturity of at least one year (or do not give the investor a right to repayment within one year), and do not arise from derivatives. The Bank Resolution Act's provisions relating to MREL are set out in Chapter 8, Section 7 of the Bank Resolution Act, in line with the Article 45 of the BRRD. In November 2016 the European Commission proposed amendments to the CRR, CRD IV and the BRRD (the **November 2016 Proposals**) which included amended criteria for “eligible liabilities” in a proposed new Article 72(b)(2) of CRR. On 7 June 2019 Directive 2019/879/EU (**BRRD II**), among other things amending the BRRD as

regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms, and Regulation 2019/876/EU (**CRR II**), among other things amending the CRR as regards requirements for own funds and eligible liabilities, were published. BRRD II focuses on the implementation of total loss absorbing capacity (**TLAC**) into EU legislation and the integration of the TLAC requirement with MREL rules to avoid duplication. While the TLAC requirement will not apply to the Issuer, the MREL implementation by the Financial Stability Authority will need to be amended in line with BRRD II.

The November 2016 Proposals also resulted in the adoption of Directive 2017/2399/EU (the **Insolvency Hierarchy Directive**), which amended the BRRD to facilitate the creation of a new asset class of “non-preferred” senior debt that ranks in insolvency in priority to own funds instruments and subordinated instruments that do not qualify as own funds instruments, but below other senior liabilities. The Insolvency Hierarchy Directive has been implemented as a matter of Finnish law primarily through the introduction of updates to the Finnish Act on Credit Institutions that took effect as of 15 November 2018.

There can be no assurance that the Issuer would be able to raise MREL in the required timeframe or at sustainable prices, which could impact the price of any securities (including any Notes) issued by the Issuer and could have a material adverse impact on the Issuer's business and results of operations and/or on the price of securities (including any Notes) issued by the Issuer.

Additional risks related to Covered Bonds only

Competitive threats

Lower cost for new housing loans on the market may increase prepayments of the loans in the Issuer's loan portfolio, which in its turn may lead to an increasing dependence on supplementary collateral. The CBA and the terms and conditions of the Covered Bonds set out certain low-risk criteria for supplementary collateral. Such low-risk supplementary collateral may not yield a similar interest as the housing loans. In addition, the CBA and the Covered Bonds set limits for the maximum total amount of supplementary collateral. If these limits may be exceeded, the Issuer will need to purchase housing loans, which fulfil the eligibility criteria set out in the CBA and in the Covered Bonds.

Liquidity post-bankruptcy

If the Issuer is placed into liquidation or bankruptcy, the Issuer's bankruptcy administrator may (upon the demand or with the consent of the supervisor appointed by the FSA raise liquidity through the sale of collateral in order to fulfil the obligations relating to the Covered Bonds or take out liquidity loans and enter into other agreements for the purpose of securing liquidity (see "*Covered Bond Act – Management of cover pool assets during the liquidation or bankruptcy of the issuer*"). However, there can be no assurance as to the actual ability of the bankruptcy estate to raise post-bankruptcy liquidity, which may result in a failure by the Issuer to make full and timely payments to holders of the Covered Bonds and existing derivative counterparties.

No market for collateral after an insolvency

There is no assurance as to whether there will be a trading market for the collateral in the qualifying cover assets pool or an eligible transferee to take over the obligations relating to the Covered Bonds and the corresponding collateral after an insolvency of the Issuer.

Ability of Attorney to declare Covered Bonds due and payable

If the Issuer is placed in liquidation or declared bankrupt, and the requirements for the total amount of collateral of the Covered Bonds in sections 16 and 17 of the CBA cannot be fulfilled, an attorney appointed by the FSA may demand that the Issuer's bankruptcy administrator declare the Covered Bonds due and payable and sell the assets placed as collateral for the Covered Bonds. Holders of Covered Bonds should be

aware therefore that their Covered Bonds may be declared forthwith due and payable prior to their Maturity Date.

Reliance on Swap Providers

To provide a hedge against possible variances in the rates of interest receivable on the mortgage loans and other assets from time to time held by the Issuer (which may, for instance, include variable rates of interest, discounted rates of interest, fixed rates of interest or rates of interest which track a base rate) and the interest rate(s) under the Covered Bonds, the Issuer may from time to time enter into Interest Rate Swap Agreements (see "*Interest Rate Swaps*").

If any swap counterparty defaults on its obligations to make payments of amounts in the relevant currency under the relevant Interest Rate Swap Agreement, the Issuer will be exposed to changes in the relevant rates of interest. Unless one or more replacement Interest Rate Swap Agreements are entered into, the Issuer may not have sufficient funds to make payments under the Covered Bonds.

Failure to meet cover pool requirements

Under the CBA, as long as any Covered Bonds are outstanding, the Issuer must comply with certain matching requirements with respect to the cover pool and the Covered Bonds. If the cover pool does not fulfil the requirements, the Finnish Financial Supervision Authority may revoke the Issuer's license for mortgage bank operations. If the Issuer is placed in liquidation or declared bankrupt and subsequently the requirements for the total amount of collateral are not met, a supervisor appointed by the Finnish Financial Supervision Authority to supervise the interests of creditors of covered bonds and creditor entities comparable to such, may demand that the administrator call the Covered Bonds due and for payment of them, sell the assets placed as collateral for each of the Covered Bonds, in which case a holder of Covered Bonds may not receive full payment and any payment may be made in advance or in arrears.

Credit rating assumptions regarding overcollateralisation

Credit ratings in respect of Covered Bonds may, among other factors, be based on assumptions of a certain amount of excess collateral in the cover pool and of a certain creditworthiness of counterparties in swap transactions. Failure to meet these assumptions may lead to a decrease in the credit rating of the Covered Bonds.

Overcollateralisation pursuant to Conditions inapplicable in certain instances

Condition 2.2 ("*Minimum Overcollateralisation Level*") of the Covered Bonds, which requires the Issuer to maintain the Minimum Overcollateralisation Level, will not apply to the Covered Bonds if (i) the Issuer has been assigned a long-term obligation rating ("Bank Deposit" or similar rating) of A2 or higher by Moody's; and (ii) Moody's has confirmed in writing to the Issuer that the disapplication of Condition 2.2 would not, in and of itself, result in Moody's reducing, removing, suspending or placing on credit watch any Moody's credit rating then assigned to the Covered Bonds (and provided such confirmation has not been revoked by Moody's). Accordingly, the contractual obligation on the Issuer to maintain a level of collateralisation over and above that required by the CBA is dependent upon the rating assigned by Moody's and the assessment by Moody's of the disapplication of Condition 2.2.

Collection of mortgage loans and default by borrowers

The mortgage loans which secure the Covered Bonds will comprise loans secured on property. A borrower may default on its obligation under such mortgage loan for a variety of reasons. Defaults under mortgage loans are subject to credit, liquidity and interest rate risks and rental yield reduction (in the case of investment properties). Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climates, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the

availability of financing, yields on alternative investments, political developments and government policies. Other factors relating to borrowers' individual, personal or financial circumstances may affect the ability of the borrowers to repay the mortgage loans. Loss of earnings, illness, divorce, weakening of financial conditions or the results of business operations and other similar factors may lead to an increase in delinquencies by and bankruptcies of borrowers, and could ultimately have an adverse impact on the ability of borrowers to repay the mortgage loans. In addition, the ability of a borrower to sell a property given as security for a mortgage loan at a price sufficient to repay the amounts outstanding under that mortgage loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

Concentration of Location of Properties

Mortgage loans contained in the qualifying cover assets pool will be secured on property located or incorporated in Finland. The value of the qualifying cover assets pool may decline sharply and rapidly in the event of a general downturn in the value of property in Finland. Any such downturn may hence have an adverse effect on the Issuer's ability to make payment under the Covered Bonds.

No due diligence in relation to the qualifying cover assets pool

No investigations, searches or other actions in respect of any assets contained or to be contained in the pool of assets covering the Covered Bonds has or will be performed by the Arranger or the Dealers. Instead, they will rely on the obligations of the Issuer under applicable Finnish law.

Limited description of the assets in the qualifying cover assets pool

Investors will not receive detailed statistics or information in relation to the mortgage loans and other assets included in the qualifying cover assets pool and it is expected that the constitution of the qualifying cover assets pool will change from time to time through the repayment of the mortgage loans by borrowers or new mortgage loans or other assets being added to the qualifying cover assets pool. However, the FSA will monitor the Issuer's compliance with the matching requirements, eligibility criteria and certain other material provisions of the CBA. There are no assurances that the credit quality of the assets in the qualifying cover assets pool will remain the same as at the date of this Base Prospectus or on or after the issue date of any Covered Bonds.

No Events of Default

The terms and conditions of the Covered Bonds do not include any events of default relating to the Issuer, and therefore the terms and conditions of the Covered Bonds do not entitle Covered Bondholders to accelerate the Covered Bonds. As such, it is envisaged that Covered Bondholders will only be paid the scheduled interest payments under the Covered Bonds as and when they fall due under the terms and conditions of the Covered Bonds.

CBA insolvency regime untested

The CBA was passed in July 2010 and came into effect on 1 August 2010. It contains several amendments to the earlier legislation governing Finnish mortgage-backed notes and their preferential rights in the issuer's liquidation or bankruptcy. The protection afforded to the holders of the Covered Bonds by means of a preference on the qualifying assets is based only on the CBA. Although the CBA regulates the operations of mortgage banks in detail, there is no experience in relation to the operation of the insolvency regime of the CBA.

Extendable obligations under the Covered Bonds

Following the failure by the Issuer to pay the Final Redemption Amount of a Series of Covered Bonds on their Maturity Date, payment of such amounts shall be automatically deferred. This will occur if the Final

Terms for a relevant Series of Covered Bonds provides that such Covered Bonds are subject to Extended Final Maturity.

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 Covered Bondholders of such automatic deferral. The Extended Final Maturity Date will fall one year after the Maturity Date. Interest will continue to accrue on any unpaid amount and be payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date. In these circumstances, failure by the Issuer to make payment in respect of the Final Redemption Amount on the Maturity Date shall not constitute a default in payment by the Issuer.

However, failure by the Issuer to pay the Final Redemption Amount on the Extended Final Maturity Date and/or interest on such amount on any Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date shall constitute a default in payment by the Issuer.

Furthermore, 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, the Issuer may pay such interest pursuant to the rate set out in the applicable Final Terms 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.

Covered Bonds may be affected by action under EU's single resolution mechanism

Should the Issuer become subject to measures under the Bank Resolution Act, such measures may among other things result in:

- a decrease of the nominal amount of the Covered Bonds and conversion of the Covered Bonds to equity of the Issuer, but only if and to the extent the present value of the collateral in the cover pool securing the Covered Bonds is not sufficient to cover the nominal amount of the Covered Bonds;
- a transfer of the obligations of the Issuer under the Covered Bonds to a new entity, generally provided that all assets and obligations forming the Covered Bonds may only be transferred together; and
- the FSA being requested to cease the trading of the Covered Bonds.

There are no guarantees that the Issuer may not in the future become subject to such measures. If this risk were realised, it could have a significant adverse effect on the rights of the investors under the Covered Bonds.

Risks applicable to Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes and Subordinated Notes

Senior Non-Preferred Notes will rank junior to the Issuer's unsubordinated creditors

Notes may be senior non-preferred Notes, as specified in the applicable Final Terms (**Senior Non-Preferred Notes**). As provided under Condition 2.2 of the Terms and Conditions of the Notes, the claims of the holders of any Senior Non-Preferred Notes shall: (i) be subordinated to the claims of (A) all depositors of the Issuer

and (B) all other unsecured, unsubordinated creditors of the Issuer that are not creditors in respect of Senior Non-Preferred Obligations; (ii) rank at least *pari passu* with the claims of all other creditors of the Issuer in respect of other Senior Non-Preferred Obligations; and (iii) rank senior to the claims of all creditors of the Issuer in respect of ordinary shares and other subordinated securities or obligations (including the Subordinated Notes) which by law rank, or by their terms are expressed to rank, junior to the Senior Non-Preferred Notes. If, on a winding-up, insolvency or bankruptcy of the Issuer the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, the holders of Senior Non-Preferred Notes will lose their entire investment in the Senior Non-Preferred Notes. If there are sufficient assets to enable the Issuer to pay the claims of more senior-ranking creditors in full but insufficient assets to enable the Issuer to pay claims arising under its obligations in respect of the Senior Non-Preferred Notes and all other claims that rank *pari passu* with the Senior Non-Preferred Notes, the holders of the Senior Non-Preferred Notes will lose some (which may be substantially all) of their investment in the Senior Non-Preferred Notes. No holder of Senior Non-Preferred Notes may exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Notes held by such Noteholder.

Although Senior Non-Preferred Notes may pay a higher rate of interest than comparable Notes which benefit from a preferential ranking, there is a significant risk that an investor in Senior Non-Preferred Notes will lose all or some of its investment in the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer. See Condition 2.2 of the Terms and Conditions of the Notes.

The Issuer's obligations under Subordinated Notes are subordinated

Notes may be subordinated, as specified in the applicable Final Terms (**Subordinated Notes**). As described under Condition 2.3 of the Terms and Conditions of the Notes, the rights of a holder of Notes in respect of any Subordinated Notes shall, in the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer, be subordinated in right of payment to the claims of depositors, other unsubordinated creditors of the Issuer and any other subordinated creditors of the Issuer whose claims rank ahead of claims in respect of Subordinated Notes. No holder of Subordinated Notes may exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Notes held by such Noteholder.

Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a significant risk that an investor in Subordinated Notes will lose all or some of his investment in the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer. See Condition 2.3 of the Terms and Conditions of the Notes.

Events of Default in relation to Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes and Subordinated Notes

The only Events of Default in relation to the Senior Preferred MREL Eligible Notes, the Senior Non-Preferred Notes and the Subordinated Notes are set out in Condition 9.2 of the Terms and Conditions of the Notes. If an Event of Default in relation to a Senior Preferred MREL Eligible Note, a Senior Non-Preferred Note or a Subordinated Note has occurred under Condition 9.2, any holder of such a Note may, to the extent permitted by applicable law, institute such steps, including the obtaining of a judgement against the Issuer for any amount due in respect of the relevant Note, as it thinks desirable with a view to having the Issuer declared bankrupt or put into liquidation but not otherwise and, consequently, if an Event of Default in relation to Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes occurs pursuant to Condition 9.2, the Issuer shall only be required to make such payment after it has been declared bankrupt or put into liquidation.

No limitation on issuing debt

There is no restriction under the terms and conditions of the Notes on the amount of debt which the Issuer may issue which ranks senior to the Senior Non-Preferred Notes or, as applicable, the Subordinated Notes, or on the amount of securities which the Issuer may issue which ranks senior to or *pari passu* with the Senior Non-Preferred Notes or the Subordinated Notes. As a result this may reduce the amount recoverable by

holders of Senior Non-Preferred Notes or Subordinated Notes on the bankruptcy or any liquidation of the Issuer.

Early Redemption of Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes and Subordinated Notes

Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes and Subordinated Notes may contain provisions allowing the Issuer to call them after a minimum period specified in the applicable Final Terms (and which, in the case of Subordinated Notes, would be expected to be at least five years), and on certain specified dates thereafter. The Issuer may also be entitled to redeem Senior Preferred MREL Eligible Notes or Senior Non-Preferred Notes at any time if an MREL Disqualification Event (as defined in Condition 6.6) occurs, to redeem Subordinated Notes at any time if a Capital Event (as defined in Condition 6.5) occurs, or to redeem Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes at any time for tax reasons in accordance with Condition 6.2. To exercise any such call option, the Issuer must obtain the prior consent of the Relevant Regulator (in the case of Subordinated Notes) or the Relevant Resolution Authority (in the case of Senior Preferred MREL Eligible Notes or Senior Non-Preferred Notes), in each case if such consent is then required under applicable banking regulations, and the exercise of the call option must be in compliance with certain regulatory conditions.

In the case of Subordinated Notes these regulatory conditions include the requirement under the CRR that, if the Subordinated Notes are to be redeemed during the first five years after their issuance, the Issuer must demonstrate to the satisfaction of the Relevant Regulator that the event triggering such redemption was not reasonably foreseeable at the time of the issue of the Subordinated Notes and that such change is sufficiently certain. These conditions, as well as a number of other technical rules and standards relating to regulatory capital requirements applicable to the Issuer, should be taken into account by the Relevant Regulator in its assessment of whether or not to permit any redemption or repurchase of Subordinated Notes during the first five years after issuance.

Even after the initial five years have expired (in the case of Subordinated Notes), or in the case of Senior Preferred MREL Eligible Notes or Senior Non-Preferred Notes, the Relevant Regulator or the Relevant Resolution Authority (as applicable) should still take into account such other technical rules and standards before consenting to any early redemption or repurchase. It is uncertain how the Relevant Regulator or the Relevant Resolution Authority (as applicable) will apply these criteria in practice and such rules and standards may change during the life of the Notes. It is therefore difficult to predict whether at any time, and on what terms, the Relevant Regulator or the Relevant Resolution Authority (as applicable) will permit any early redemption or repurchase of the Subordinated Notes, the Senior Preferred MREL Eligible Notes or the Senior Non-Preferred Notes.

It is not possible to predict whether or not any other change in the laws or regulations of the Republic of Finland or the application or official interpretation thereof, or any of the other events referred to above, will occur and so lead to the circumstances in which the Issuer is able to elect to redeem the Subordinated Notes, the Senior Preferred MREL Eligible Notes or the Senior Non-Preferred Notes, and if so whether or not the Issuer will elect to exercise such option to redeem such Notes. Any decision by the Issuer to exercise any option to redeem the Notes will involve consideration at the relevant time of, among other things, the economic impact of such redemption, the capital requirements of the Issuer, prevailing market conditions and regulatory developments. It will also require the approval of the Relevant Regulator or the Relevant Resolution Authority (as applicable) and will be subject to the applicable conditions to such approval outlined above.

There can be no assurances that, in the event of any such early redemption, holders of Subordinated Notes, Senior Preferred MREL Eligible Notes or Senior Non-Preferred Notes will be able to reinvest the proceeds at a rate that is equal to the return on such 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.

The redemption feature is likely to limit the market value of the Subordinated Notes, Senior Preferred MREL Eligible Notes or the Senior Non-Preferred Notes. During any period when the Issuer may elect to redeem the Subordinated Notes, the Senior Preferred MREL Eligible Notes or the Senior Non-Preferred Notes, or the market anticipates that the Issuer may be or become entitled to redeem such Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any such period.

Substitution or Variation of Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes and Subordinated Notes

In the case of Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes where the applicable Final Terms specify Substitution and Variation as being applicable, the Issuer may, subject to the consent of the Relevant Resolution Authority (in the case of Senior Preferred MREL Eligible Notes or Senior Non-Preferred Notes) or the Relevant Regulator (in the case of Subordinated Notes), and without any requirement for the consent or approval of the holders of Notes, substitute or vary the terms of such Notes so that they remain, or become, Compliant Instruments, as provided in Condition 6.12 of the Terms and Conditions of the Notes.

While the Issuer cannot make changes to the terms of Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes that, in its reasonable opinion, are materially less favourable to the holders of the relevant Notes as a class, no assurance can be given as to whether any of these changes will negatively affect any particular holder. In addition, the tax and stamp duty consequences of holding such substituted or varied Notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the relevant Notes prior to such substitution or variation.

Call options may not be exercised

Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes and Subordinated Notes may contain provisions allowing the Issuer to call them after a minimum period of, for example, five years. To exercise such a call option the Issuer must obtain the prior consent of the Relevant Resolution Authority (in the case of Senior Preferred MREL Eligible Notes or Senior Non-Preferred Notes) or the Relevant Regulator (in the case of Subordinated Notes). Holders of such Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes and Subordinated Notes have no rights to call for the redemption of such Notes and should not invest in such Notes in the expectation that such a call will be exercised by the Issuer. Even if the Issuer is given prior consent by the Relevant Resolution Authority or the Relevant Regulator (as applicable), any decision by the Issuer as to whether it will exercise calls in respect of such Notes will be taken at the absolute discretion of the Issuer with regard to factors such as the economic impact of exercising such calls, regulatory capital requirements and prevailing market conditions. Holders of such Notes should be aware that they may be required to bear the financial risks of an investment in such Notes for a period of time in excess of the minimum period.

Limitation on gross-up obligation under the Senior Non-Preferred Notes and the Subordinated Notes

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

DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the auditor's report and audited consolidated and non-consolidated annual financial statements for the financial year ended 31 December 2018 of the Issuer (which can be found at <https://www.aktia.com/en/julkaisut>), including the information set out at the following pages in particular:

Consolidated Balance Sheet	Page 67
Consolidated Income Statement	Page 65
Consolidated Statement of Comprehensive Income	Page 66
Consolidated Cash Flow Statement	Page 69
Consolidated Statement of Changes in Equity	Page 68
Accounting Principles and Notes to the Consolidated Financial Statements	Pages 72 to 135
Non-consolidated Balance Sheet	Page 137
Non-consolidated Income Statement	Page 136
Non-consolidated Cash Flow Statement	Pages 138 to 139
Accounting Principles and Notes to the Non-Consolidated Financial Statements	Pages 140 to 168
Auditor's Report	Pages 170 to 175

- (b) the auditor's report and audited consolidated and non-consolidated annual financial statements for the financial year ended 31 December 2019 of the Issuer (which can be found at <https://www.aktia.com/en/julkaisut>), including the information set out at the following pages in particular:

Consolidated Balance Sheet	Page 99
Consolidated Income Statement	Page 98
Consolidated Statement of Comprehensive Income	Page 99
Consolidated Cash Flow Statement	Page 102 to 103
Consolidated Statement of Changes in Equity	Page 101
Accounting Principles and Notes to the Consolidated Financial Statements	Pages 105 to 173
Non-consolidated Balance Sheet	Page 175
Non-consolidated Income Statement	Page 174
Non-consolidated Cash Flow Statement	Pages 176 to 177

Accounting Principles and Notes to the Non-consolidated Financial Statements Pages 178 to 205

Auditor's Report Pages 207 to 210

- (c) the interim consolidated and non-consolidated financial statements for the three months ended 31 March 2020 of the Issuer (which can be found at <https://www.aktia.com/en/julkaisut>), including the information set out at the following pages in particular:

Consolidated Balance Sheet Page 22

Consolidated Income Statement Page 20

Consolidated Statement of Comprehensive Income Page 21

Consolidated Cash Flow Statement Page 24

Consolidated Statement of Changes in Equity Page 23

Accounting Principles and Notes to the Consolidated Financial Statements Pages 28 to 40

Auditor's Review Report Page 41

- (d) (i) the Terms and Conditions of the Notes contained in the Base Prospectus dated 10 March 2015, pages 54 to 75 (inclusive) and prepared by the Issuer in connection with the Programme (which can be found at <https://www.bourse.lu/programme-documents/Programme-AktiaBank/13744>); and (ii) the Terms and Conditions of the Covered Bonds contained in the Base Prospectus dated 10 March 2015, pages 76 to 97 (inclusive) and prepared by the Issuer in connection with the Programme (which can be found at <https://www.bourse.lu/programme-documents/Programme-AktiaBank/13744>);
- (e) (i) the Terms and Conditions of the Notes contained in the Base Prospectus dated 6 April 2016, pages 54 to 75 (inclusive) and prepared by the Issuer in connection with the Programme (which can be found at <https://www.bourse.lu/programme-documents/Programme-AktiaBank/13744>); and (ii) the Terms and Conditions of the Covered Bonds contained in the Base Prospectus dated 6 April 2016, pages 76 to 97 (inclusive) and prepared by the Issuer in connection with the Programme (which can be found at <https://www.bourse.lu/programme-documents/Programme-AktiaBank/13744>);
- (f) (i) the Terms and Conditions of the Notes contained in the Base Prospectus dated 8 June 2017, pages 59 to 87 (inclusive) and prepared by the Issuer in connection with the Programme (which can be found at <https://www.bourse.lu/programme-documents/Programme-AktiaBank/13744>); and (ii) the Terms and Conditions of the Covered Bonds contained in the Base Prospectus dated 8 June 2017, pages 88 to 109 (inclusive) and prepared by the Issuer in connection with the Programme (which can be found at <https://www.bourse.lu/programme-documents/Programme-AktiaBank/13744>);
- (g) (i) the Terms and Conditions of the Notes contained in the Base Prospectus dated 13 June 2018, pages 61 to 89 (inclusive) and prepared by the Issuer in connection with the Programme (which can be found at <https://www.bourse.lu/programme-documents/Programme-AktiaBank/13744>); and (ii) the Terms and Conditions of the Covered Bonds contained in the Base Prospectus dated 13 June 2018, pages 90 to 111 (inclusive) and prepared by the Issuer in connection with the Programme

(which can be found at <https://www.bourse.lu/programme-documents/Programme-AktiaBank/13744>); and

- (h) (i) the Terms and Conditions of the Notes contained in the Base Prospectus dated 16 July 2019, pages 66 to 102 (inclusive) and prepared by the Issuer in connection with the Programme (which can be found at <https://www.bourse.lu/programme-documents/Programme-AktiaBank/13744>); and (ii) the Terms and Conditions of the Covered Bonds contained in the Base Prospectus dated 16 July 2019, pages 103 to 128 (inclusive) and prepared by the Issuer in connection with the Programme (which can be found at <https://www.bourse.lu/programme-documents/Programme-AktiaBank/13744>).

With respect to paragraphs (a)-(h) above, any non-incorporated parts of a document referred to herein (which, for the avoidance of doubt, means any parts not listed in the cross-reference lists above) are either deemed not relevant for an investor or are otherwise contained elsewhere in this 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.

Copies of documents incorporated by reference in this Base Prospectus, as well as the Base Prospectus itself, will be available on the website of the Issuer (<https://www.aktia.com/en/>) and on the website of the Luxembourg Stock Exchange (<https://www.bourse.lu>)

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

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

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which may affect the assessment of any Notes and Covered Bonds, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes or Covered Bonds.

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will initially be 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** and, together with a Temporary Global Note, each a **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 depository (the **Common Depository**) 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 the Temporary Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury 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), 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 upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 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 and, in the

event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also 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 interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"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*"), 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.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then 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 23 July 2020 and executed by the Issuer.

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

FORM OF THE COVERED BONDS

Each Tranche of Covered Bonds will be in bearer form and will initially be issued in the form of a temporary global Covered Bond (a **Temporary Global Covered Bond**) or, if so specified in the applicable Final Terms, a permanent Global Covered Bond (a **Permanent Global Covered Bond** and, together with a Temporary Global Covered Bond, each a **Global Covered Bond**) which, in either case, will:

1. if the Global Covered Bonds 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 S.A./N.V. (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**); and
2. if the Global Covered Bonds 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 depository (the **Common Depository**) for, Euroclear and Clearstream, Luxembourg.

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

Whilst any Note is represented by a Temporary Global Covered Bond, payments of principal, interest (if any) and any other amount payable in respect of the Covered Bonds due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Covered Bond (if the Temporary Global Covered Bond is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Global Covered Bond 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 Covered Bond is issued, interests in such Temporary Global Covered Bond will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Covered Bond of the same Series or (b) definitive Covered Bonds 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 Covered Bonds, 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 Covered Bond 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 Covered Bond for an interest in a Permanent Global Covered Bond or for definitive Covered Bonds is improperly withheld or refused.

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

The applicable Final Terms will specify that a Permanent Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for definitive Covered Bonds with, where applicable, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) to the Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Covered Bonds represented by the Permanent Global Covered Bond in definitive form. The Issuer will promptly give notice to holders of Covered Bonds in accordance with Condition 12 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 Covered Bond) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the Issuer may also 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 Covered Bonds (other than Temporary Global Covered Bonds) and interest coupons relating to such Covered Bonds where TEFRA D is specified in the applicable Final Terms:

"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 Covered Bonds 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 Covered Bonds or interest coupons.

Covered Bonds which are represented by a Global Covered Bond 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 Covered Bonds*"), the Agent shall arrange that, where a further Tranche of Covered Bonds is issued which is intended to form a single Series with an existing Tranche of Covered Bonds at a point after the Issue Date of the further Tranche, the Covered Bonds of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Covered Bonds 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 Covered Bonds 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 Covered Bond is still represented by a Global Covered Bond, in the event that the Global Covered Bond (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Covered Bonds or that the Maturity Date of such Covered Bonds has occurred and, in either case, payment in full of the amount due has not been made in accordance with the provisions of the Global Covered Bond then from 8.00 p.m. (London time) on such day, holders of interests in such Global Covered Bond 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 23 July 2020 and executed by the Issuer.

The Issuer may agree with any Dealer that Covered Bonds may be issued in a form not contemplated by the Terms and Conditions of the Covered Bonds, in which event, if required, a new Base Prospectus will be made available which will describe the effect of the agreement reached in relation to such Covered Bonds.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes or, as the case may be, Covered Bonds issued under the Programme which have a denomination of €100,000 (or its equivalent in another currency) or more.

[PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The [Notes/Covered Bonds] 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 2017/1129, as amended (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/Covered Bonds] 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/Covered Bonds] or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]¹

[²MIFID 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/Covered Bonds] has led to the conclusion that: (i) the target market for the [Notes/Covered Bonds] is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)] [MiFID II]; and (ii) all channels for distribution of the [Notes/Covered Bonds] to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the [Notes/Covered Bonds] (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/Covered Bonds] (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[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)].³

[Date]

AKTIA BANK PLC

Legal entity identifier (LEI): 743700GC62JLHFBUND16

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes/Covered Bonds]

under the €4,000,000,000

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 Legend to be included on front of the Final Terms if following the ICMA 1 “all bonds to all professionals” target market approach.

³ 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.

Euro Medium Term Note and Covered Bond Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Relevant Conditions set forth in the Base Prospectus dated 23 July 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/Covered Bonds] described herein for the purposes of Regulation 2017/1129, as amended (the **Prospectus Regulation**) and must be read in conjunction with 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).]

(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 Relevant Conditions (the **Conditions**) set forth in the Base Prospectus dated [10 March 2015/6 April 2016/8 June 2017/13 June 2018/16 July 2019] which are incorporated by reference in the Base Prospectus dated 23 July 2020. This document constitutes the Final Terms of the [Notes/Covered Bonds] described herein for the purposes of Regulation 2017/1129, as amended (the **Prospectus Regulation**) and must be read in conjunction with the Base Prospectus dated 23 July 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 (*in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted*). 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. Relevant Conditions: [Terms and Conditions of the Notes as set out in the Base Prospectus dated 23 July 2020/ Terms and Conditions of the Covered Bonds as set out in the Base Prospectus dated 23 July 2020]
2. (a) Series Number: []
(b) Tranche Number: []
(c) Date on which the [Notes/Covered Bonds] will be consolidated and form a single Series: The [Notes/Covered Bonds] will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the [Temporary Global Note/Temporary Global Covered Bond] for interests in the [Permanent Global Note/Permanent Global Covered Bond], as referred to in paragraph 27 below, which is expected to occur on or about [date]][Not Applicable]
3. Specified Currency or Currencies: []

4. Aggregate Nominal Amount:
- (a) Series: []
- (b) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (a) Specified Denominations: []
- (N.B. Notes and Covered Bonds must have a minimum denomination of €100,000 (or equivalent))*
- (b) Calculation Amount (in relation to calculation of interest in global form see Relevant Conditions): []
- (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. (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 or Zero Coupon Covered Bonds.)*
8. Maturity Date: [*Fixed rate - specify date/Floating rate - Interest Payment Date falling in or nearest to [specify month and year]*]
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 further paragraph 20.][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]
- (NB 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]
[Fixed Reset Notes]
[[[] month
[LIBOR/EURIBOR/STIBOR/NIBOR/CHF
LIBOR/GBP LIBOR/USD LIBOR (BBA)] +/- []
per cent. Floating Rate]
[Zero Coupon]
(see paragraph 16/17/18/19 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]
[[[] month
[LIBOR/EURIBOR/STIBOR/NIBOR/CHF
LIBOR/GBP LIBOR/USD LIBOR (BBA)] +/- []
per cent. Floating Rate]
[Zero Coupon]
(see paragraph [16/17/18/19/20] below)]
12. Redemption Basis: Subject to any purchase and cancellation or early redemption, the [Notes/Covered Bonds] will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
13. Change of Interest Basis: [*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 16 and 18 below and identify there*][Not Applicable]
14. Put/Call Options: [Investor Put]
[Issuer Call]
[MREL Disqualification Event Redemption Option]
[(see paragraph 22/23/24 below)]
[Not Applicable]
15. (a) Status of the [Notes/Covered Bonds]: [Senior Preferred Notes/Senior Non-Preferred Notes/Covered Bonds/Subordinated Notes]
- (b) Type of Senior Preferred Notes: [Not Applicable/Not Senior Preferred MREL Eligible Notes/Senior Preferred MREL Eligible Notes]
- (c) Substitution and Variation: [Applicable/Not Applicable]
- (*N.B. Only relevant for Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes*)
- (d) Date [Board] approval for issuance of []

[Notes/Covered Bonds] obtained:

(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or Covered Bonds)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate [Note/Covered Bond] Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
 - (b) Interest Payment Date(s): [] in each year up to and including the Maturity Date
(Amend appropriately in the case of irregular coupons)
 - (c) Fixed Coupon Amount(s) for Notes and Covered Bonds in definitive form (and in relation to Notes and Covered Bonds in global form see Relevant Conditions): [] per Calculation Amount
 - (d) Broken Amount(s) for Notes and Covered Bonds in definitive form (and in relation to Notes and Covered Bonds in global form see Relevant Conditions): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [] [Not Applicable]
 - (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
 - (f) Determination Date(s): [[] in each year][Not Applicable]
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)
17. Fixed Reset Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Initial Interest Rate: [] 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]
 - (c) Fixed Coupon Amount(s) to (but excluding) the First Reset Date for Notes in definitive form: [[] per Calculation Amount/Not Applicable]
 - (d) Broken Amount(s) for Notes in [[] per Calculation Amount payable on the

- definitive form: Interest Payment Date falling [in/on] []][Not Applicable]
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Party responsible for calculating the First Reset Rate and any Subsequent Reset Rate (if not the Agent): [] (the **Calculation Agent**)
- (g) Determination Date(s): [[] in each year][Not Applicable]
- (h) First Reset Date: []
- (i) Second Reset Date: []/[Not Applicable]
- (j) Subsequent Reset Date(s): [] [and []][Not Applicable]
- (k) Reset Margin: [+/-][] per cent. per annum
- (l) Reset Reference Rate: [Mid-Swap Rate][Reference Bond]
[Single Mid-Swap Rate/Mean Mid-Swap Rate]
- (m) Relevant Screen Page: []
- (n) Relevant (Reset) Time: [As set out in Condition 4.2(d)][]][Not Applicable]
- (o) Mid-Swap Floating Leg Maturity: []][Not Applicable]
- (p) Initial Mid-Swap Rate Final Fallback: [Applicable/Not Applicable]
- Initial Mid-Swap Rate: [] per cent. per annum
- (q) Reset Period Maturity Initial Mid-Swap Rate Final Fallback: [Applicable/Not Applicable]
- Reset Period Maturity Initial Mid-Swap Rate: [] per cent. per annum
- (r) Last Observable Mid-Swap Rate Final Fallback: [Applicable/Not Applicable]
- (s) Subsequent Reset Rate Mid-Swap Rate Final Fallback: [Applicable/Not Applicable]
- (t) Subsequent Reset Rate Last Observable Mid-Swap Rate Final Fallback: [Applicable/Not Applicable]
- (u) Reset Reference Rate Conversion: [Applicable/Not Applicable]
- (v) Original Reset Reference Rate Payment Basis: [Annual/Semi-Annual/Quarterly/Monthly/Not Applicable]
- (w) First Reset Period Fallback Price: []][Not Applicable]

18. Floating Rate [Note/ Covered Bond] [Applicable/Not Applicable]
Provisions *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified Interest [] [, 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] Payment Dates:
- (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): [] [Not Applicable]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [] (the **Calculation Agent**)
- (f) Screen Rate Determination:
- Reference Rate: Reference Rate: [] month
[LIBOR/EURIBOR/STIBOR/NIBOR/CHF LIBOR/GBP LIBOR/USD LIBOR (BBA)]
 - Interest Determination Date(s): *(In the case of LIBOR (other than GBP, CHF or Euro LIBOR)):* [Second London business day prior to the start of each Interest Period]

(In the case of GBP LIBOR): [First day of each Interest Period]

(In the case of Euro LIBOR, EURIBOR or CHF LIBOR): [Second day on which the TARGET2 System is open prior to the start of each Interest Period]

(In the case of STIBOR): [Second Stockholm business day prior to the start of each Interest Period]

(In the case of NIBOR): [Second Oslo business day prior to the start of each Interest Period]
 - 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:

- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []

(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)

(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][Not Applicable]

(k) Maximum Rate of Interest:

[[] per cent. per annum][Not Applicable]

(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)]

19. Zero Coupon [Note/Covered Bond] Provisions

[Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Accrual Yield:

[] per cent. per annum

(b) Reference Price:

[]

(c) Day Count Fraction in relation to Early Redemption Amounts:

[30/360]
[Actual/360]
[Actual/365]

20. Extended Final Maturity Interest Provisions:

[Applicable from (and including) the Maturity Date to (but excluding) the Extended Final Maturity Date][Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Fixed Rate 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 Covered Bonds in definitive form)
- (iv) Broken Amount(s): [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []][Not Applicable]
(Applicable to Covered Bonds in definitive form)
- (v) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (b) Floating Rate 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) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [] (the **Calculation Agent**)
- (vi) Screen Rate Determination:
- Reference Rate and Relevant Financial Centre: Reference Rate: [] month
[LIBOR/EURIBOR/STIBOR/NIBOR/CHF LIBOR/GBP LIBOR/USD LIBOR (BBA)]

Relevant Financial Centre:
[London/Brussels/Stockholm/Oslo/Zurich/New York]
 - Interest Determination (*In the case of LIBOR (other than GBP, CHF or*

Date(s): *Euro LIBOR*): [Second London business day prior to the start of each Interest Period]

(In the case of GBP LIBOR): [First day of each Interest Period]

(In the case of Euro LIBOR, EURIBOR or CHF LIBOR): [Second day on which the TARGET2 System is open prior to the start of each Interest Period]

(In the case of STIBOR): [Second Stockholm business day prior to the start of each Interest Period]

(In the case of NIBOR): [Second Oslo business day prior to the start of each Interest period]

– 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:

– 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)]

21. Notice periods for Condition 6.2 and Condition 6.5: Minimum period: [30] days
Maximum period: [60] days

PROVISIONS RELATING TO REDEMPTION

22. 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:
 - (i) Minimum Redemption Amount: []
 - (ii) Maximum Redemption Amount: []
- (d) Notice periods: Minimum period: [15] days
Maximum period: [30] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system 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)

23. Investor Put: [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) Notice periods: Minimum period: [15] days
Maximum period: [30] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

24. MREL Disqualification Event Redemption Option: [Applicable/Not Applicable]
(N.B. Only relevant for Senior Preferred MREL Eligible Notes and Senior Non-Preferred Notes)

25. Final Redemption Amount: [] per Calculation Amount
(N.B. This will be at 100% of the nominal amount)

26. Early Redemption Amount payable on redemption for taxation reasons [or an MREL Disqualification Event][or a Capital Event][or [] per Calculation Amount

on an event of default]:

GENERAL PROVISIONS APPLICABLE TO THE [NOTES/COVERED BONDS]

27. Form of [Notes/Covered Bonds]:

(a) Form:

[Temporary Global [Note/Covered Bond] exchangeable for a Permanent Global [Note/Covered Bond] which is exchangeable for Definitive [Notes/Covered Bonds] on [60 days' notice given at any time/only upon an Exchange Event]]

[Temporary Global [Note/Covered Bond] exchangeable for Definitive [Notes/Covered Bonds] on and after the Exchange Date]

[Permanent Global [Note/Covered Bond] exchangeable for Definitive [Notes/Covered Bonds] on [60 days' notice given at any time/only upon an Exchange Event]]

[[Notes/Covered Bonds] 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.]

(N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes or Covered Bonds in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes or Covered Bonds which is to be represented on issue by a Temporary Global [Note/Covered Bond] exchangeable for Definitive [Notes/Covered Bonds].)

(b) New Global Note:

[Yes][No]

28. Additional Financial Centre(s):

[Not Applicable/give details]

(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 18(c) and 20(b)(iii) relate)

29. Talons for future Coupons to be attached to Definitive [Notes/Covered Bonds]:

[Yes, as the [Notes/Covered Bonds] 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*] 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 Aktia Bank plc:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (a) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the [Notes/Covered Bonds] to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange with effect from [].]
[Application is expected to be made by the Issuer (or on its behalf) for the [Notes/Covered Bonds] to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange with effect from [].][Not Applicable.]
- (b) Estimate of total expenses related to admission to trading: []

2. RATINGS:

[The [Notes/Covered Bonds] to be issued [[have been]/[are expected to be]] rated/[The following ratings reflect ratings assigned to [Notes/Covered Bonds] of this type issued under the Programme generally]:

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

[Each of *[defined terms]* is established in the [European Union/United Kingdom] and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA 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/Covered Bonds 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 any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the [Notes/Covered Bonds] 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. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

Reasons for the Offer: [See ["Use of Proceeds"] in the Base Prospectus/Give details]

(See "Use of Proceeds" wording in the Base Prospectus – if reasons for offer different from what is disclosed in the Base Prospectus, give details.)

Estimated net proceeds: []

5. YIELD (Fixed Rate Notes/Fixed Rate Covered Bonds only)

Indication of yield: [] [Not Applicable]

6. OPERATIONAL INFORMATION

(i) ISIN: []

(ii) Common Code: []

(iii) CFI: [[[]], as updated, as set out on][See] 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]

(The actual code should only be included where the Issuer is comfortable that it is correct)

(iv) FISN: [[[]], as updated, as set out on][See] 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]

(The actual code should only be included where the Issuer is comfortable that it is correct)

(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")

(v) Name and address of any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s), address(es) and number(s)]

(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/Covered Bonds] are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the [Notes/Covered Bonds] 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/Covered Bonds] are capable of meeting them the [Notes/Covered Bonds] may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the [Notes/Covered Bonds] 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.]

7. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/give names]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
- (iv) If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
- (v) U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]
- (vi) 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.)*

(vii) [Prohibition of Sales to Belgian Consumers:

[Applicable/Not Applicable]

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

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (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" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Aktia Bank plc (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 23 July 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).

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the **Conditions**). 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. The expression **Prospectus Regulation** means Regulation (EU) 2017/1129, as amended. For the purposes of the Conditions, references to the European Economic Area include the United Kingdom.

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.

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 23 July 2020 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the 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 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, the applicable Final Terms will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series 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.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

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 Fixed Reset 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.

This Note may also be a Senior Preferred Note, a Senior Non-Preferred Note or a Subordinated Note, as indicated in the applicable Final Terms. If this Note is a Senior Preferred Note, it may be a Senior Preferred MREL Eligible Note if so specified 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, 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 Part B of the applicable Final Terms.

2. STATUS OF THE NOTES AND SUBORDINATION

The applicable Final Terms will indicate whether the Notes are Senior Preferred Notes, Senior Non-Preferred Notes or Subordinated Notes. If the Notes are Senior Preferred Notes, the applicable Final Terms will also indicate whether the Notes are Senior Preferred MREL Eligible Notes.

2.1 Status of the Senior Preferred Notes

- (a) This Condition 2.1 is applicable in relation to Notes specified in the applicable Final Terms as being Senior Preferred Notes.
- (b) The Senior Preferred Notes and any relative Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and (save for certain obligations required to be preferred by law) at least equally with all other unsecured obligations of the Issuer, from time to time outstanding.

2.2 Status of the Senior Non-Preferred Notes

- (a) This Condition 2.2 is applicable in relation to Notes specified in the applicable Final Terms as being Senior Non-Preferred Notes.
- (b) The Senior Non-Preferred Notes and any relative Coupons constitute direct, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves. In the event of the winding up, insolvency or bankruptcy of the Issuer, the claims of the Noteholders against the Issuer in respect of such Senior Non-Preferred Notes (including any damages or other payments awarded for breach of any obligations (if payable)) shall:
 - (i) be subordinated to the claims of (A) all depositors of the Issuer and (B) all other unsecured, unsubordinated creditors of the Issuer that are not creditors in respect of Senior Non-Preferred Obligations;
 - (ii) rank at least *pari passu* with the claims of all other creditors of the Issuer in respect of other Senior Non-Preferred Obligations; and
 - (iii) rank senior to the claims of all creditors of the Issuer in respect of, and payments to holders (in their capacity as such holders) of, Junior Securities.

- (c) For the purposes of Finnish law the Senior Non-Preferred Notes are instruments referred to in item 4 of Chapter 1, Section 4a, Subsection 1 of the Finnish Act on Credit Institutions (Fi: *luottolaitoslaki, 210/2014* as amended) and, in the event of the winding up, insolvency or bankruptcy of the Issuer, the claims of the Noteholders against the Issuer in respect of any Senior Non-Preferred Notes (including any damages or other payments awarded for breach of any obligations (if payable)) shall constitute claims as referred to in item 4 of Chapter 1, Section 4a, Subsection 1 of the Finnish Act on Credit Institutions (Fi: *luottolaitoslaki, 210/2014* as amended) ranking below claims as referred to in Section 2 of the Finnish Priority Act (Fi: *laki velkojien maksunsaantijärjestyksestä, 1578/1992* as amended) and ranking above claims referred to in Section 6, Subsection 1 of the Finnish Priority Act (Fi: *laki velkojien maksunsaantijärjestyksestä, 1578/1992* as amended).

2.3 Status of the Subordinated Notes

- (a) This Condition 2.3 is applicable in relation to Notes specified in the applicable Final Terms as being Subordinated Notes.
- (b) The Subordinated Notes and any relative Coupons constitute direct and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves. In the event of the winding up, insolvency or bankruptcy of the Issuer, the claims of the Noteholders against the Issuer in respect of such Subordinated Notes (including any damages or other payments awarded for breach of any obligations (if payable)) shall:
- (i) be subordinated to the claims of all Senior Creditors;
 - (ii) rank at least *pari passu* with the claims of holders of all other subordinated obligations of the Issuer (including, without limitation, any other subordinated debt instruments or securities of the Issuer which are classified as Tier 2 Capital (as defined in Condition 6.5) of the Issuer from time to time) and any other securities of the Issuer which in each case by law rank, or by their terms are expressed to rank, *pari passu* with the Subordinated Notes; and
 - (iii) rank senior to the Issuer's ordinary shares, preference shares and any instruments classified as Common Equity Tier 1 Capital or Additional Tier 1 Capital or other securities of the Issuer which by law rank, or by their terms are expressed to rank, junior to the Subordinated Notes.

The Issuer reserves the right to issue further subordinated notes and other subordinated obligations in the future, which may rank *pari passu* with or in priority to the Subordinated Notes.

Subordinated Notes will constitute Debentures (*debenttuuri*) for the purposes of Section 34, Subsection 2 of the Finnish Promissory Notes Act (*Velkakirjalaki*) (622/1947) (as amended).

2.4 Waiver of Rights of Set-Off

- (a) This Condition 2.4 is applicable in relation to Notes specified in the applicable Final Terms as being Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes.
- (b) No Noteholder shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of any Senior Preferred MREL Eligible Note, Senior Non-Preferred Note or Subordinated Note or, in either case, any relative Coupon.

2.5 Definitions

For the purposes of these Conditions:

- (a) **Additional Tier 1 Capital** means additional tier 1 capital for the purposes of the Applicable Banking Regulations;
- (b) **Applicable Banking Regulations** means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or any minimum requirement for own funds and eligible liabilities then in effect in Finland including, without limitation to the generality of the foregoing, the CRD Implementing Measures, and those regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or any minimum requirement for own funds and eligible liabilities adopted by the Relevant Regulator (as defined in Condition 6.5) and/or the Relevant Resolution Authority (as defined in Condition 17.4), from time to time, and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or to the Group);
- (c) **Common Equity Tier 1 Capital** means common equity tier 1 capital for the purposes of the Applicable Banking Regulations;
- (d) **CRD Directive** means Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013, as amended by Directive 2019/879/EU of the European Parliament and of the Council and as further amended or replaced from time to time;
- (e) **CRD Implementing Measures** means any regulatory capital laws, rules or regulations or other requirements, which are applicable to the Issuer or the Group and which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer (on a non-consolidated or consolidated basis, as the case may be) to the extent required by the CRD Directive or the CRR, including, for the avoidance of doubt, any national implementing legislation, and any regulatory technical standards released by the European Banking Authority (or any successor thereto or replacement thereof);
- (f) **CRR** means Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013, as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council and as further amended or replaced from time to time;
- (g) **Group** means the Issuer and its subsidiaries;
- (h) **Junior Securities** means any:
 - (i) Subordinated Notes (or securities or other obligations of the Issuer which by law rank, or by their terms are expressed to rank, on a winding up, insolvency or bankruptcy of the Issuer, *pari passu* with the Subordinated Notes) or other subordinated debt instruments or securities of the Issuer which are classified as Tier 2 Capital of the Issuer from time to time;
 - (ii) the Issuer's ordinary shares, preference shares and any instruments classified as Common Equity Tier 1 Capital or Additional Tier 1 Capital of the Issuer from time to time; and
 - (iii) any other subordinated security or obligation which by law ranks, or by its terms is expressed to rank, junior to the Senior Non-Preferred Notes;

- (i) **Senior Creditors** means creditors of the Issuer:
 - (i) who are depositors and/or other unsubordinated creditors of the Issuer; or
 - (ii) who are subordinated creditors of the Issuer (whether as aforesaid or otherwise) other than those whose claims by law rank, or by their terms are expressed to rank, *pari passu* with or junior to the claims of the holders of Subordinated Notes;
- (j) **Senior Non-Preferred Obligations** means all outstanding unsecured and unsubordinated obligations of the Issuer, present and future, that by mandatory provisions of law rank, or by their terms are expressed to rank, *pari passu* with the Issuer's obligations in respect of the Senior Non-Preferred Notes; and
- (k) **Tier 2 Capital** means tier 1 capital for the purposes of the Applicable Banking Regulations.

3. REDENOMINATION

This Condition 3 has been deleted intentionally.

4. INTEREST

4.1 Interest on Fixed Rate Notes

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

If the Notes are in definitive form, except as provided in the applicable Final Terms, 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 (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.

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 Fixed Reset Notes

(a) Accrual of Interest

Each Fixed Reset Note bears interest:

- (i) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date at the rate per annum equal to the Initial Interest Rate;

- (ii) from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if none, the Maturity Date (the **First Reset Period**) at the rate per annum equal to the First Reset Rate; and
- (iii) if applicable, from (and including) the Second Reset Date to (but excluding) the first Subsequent Reset Date (if any), and each successive period from (and including) any Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (if any) (each a **Subsequent Reset Period**) at the rate per annum equal to the relevant Subsequent Reset Rate,

(in each case rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) (each a **Rate of Interest**) payable, in each case, in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

The provisions of this Condition 4 shall apply, as applicable, in respect of any determination by the Agent or the Calculation Agent, as applicable, of the Rate of Interest for a Reset Period in accordance with this Condition 4.2 as if the Fixed Reset Notes were Floating Rate Notes. The Rate of Interest for each Reset Period shall otherwise be determined by the Agent or the Calculation Agent, as applicable, on the relevant Reset Determination Date in accordance with the provisions of this Condition 4.2. Once the Rate of Interest is determined for a Reset Period, the provisions of Condition 4.1 shall apply to Fixed Reset Notes, as applicable, as if the Fixed Reset Notes were Fixed Rate Notes.

(b) Reset Rate Relevant Screen Page Fallback

This Condition 4.2(b) applies only where Mid-Swap Rate is specified in the applicable Final Terms as the Reset Reference Rate.

If, on any Reset Determination Date, the Relevant Screen Page is not available or the relevant rate(s) do(es) not appear on the Relevant Screen Page at the relevant time on such Reset Determination Date, the Rate of Interest applicable to the Notes in respect of each Fixed Interest Period falling in the relevant Reset Period will, subject as provided in Condition 4.5 (if applicable), be determined by the Agent or the Calculation Agent, as applicable, on the following basis: (1) the Agent or the Calculation Agent, as applicable, shall request each of the Reference Banks to provide the Agent or the Calculation Agent, as applicable, with its Reset Period Mid-Swap Rate Quotation at the Relevant (Reset) Time on the Reset Determination Date in question; (2) if two or more of the Reference Banks provide the Agent or the Calculation Agent, as applicable, with Reset Period Mid-Swap Rate Quotations, the First Reset Rate or the Subsequent Reset Rate (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the Reset Period Mid-Swap Rate Quotations and the applicable Reset Margin, all as determined by the Agent or the Calculation Agent, as applicable; (3) if only one of the Reference Banks provides the Agent or the Calculation Agent, as applicable, with a Reset Period Mid-Swap Rate Quotation, the First Reset Rate or the Subsequent Reset Rate (as applicable) for the relevant Reset Period shall be the sum of the Reset Period Mid-Swap Rate Quotation so provided and the applicable Reset Margin, all as determined by the Agent or the Calculation Agent, as applicable; and (4) if none of the Reference Banks provides the Agent or the Calculation Agent, as applicable, with a Reset Period Mid-Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate or the Subsequent Reset Rate (as applicable) for the relevant Reset Period shall be the sum, as determined by the Agent or the Calculation Agent (as applicable) taking into consideration all available information that it in good faith deems relevant, of:

- (i) in the case of the first Reset Determination Date only:
 - (A) if Initial Mid-Swap Rate Final Fallback is specified in the applicable Final Terms as being applicable, (1) the Initial Mid-Swap Rate and (2) the Reset Margin; or

- (B) if Reset Period Maturity Initial Mid-Swap Rate Final Fallback is specified in the applicable Final Terms as being applicable, (1) the Reset Period Maturity Initial Mid-Swap Rate and (2) the Reset Margin; or
- (C) if Last Observable Mid-Swap Rate Final Fallback is specified in the applicable Final Terms as being applicable, (1) the last observable rate for swaps in the Specified Currency with a term equal to the relevant Reset Period which appears on the Relevant Screen Page and (2) the Reset Margin,

provided that:

- (I) if the application of (i)(B) or (i)(C) could, in the determination of the Issuer, reasonably be expected to prejudice the qualification of the Notes as (a) in the case of Subordinated Notes, Tier 2 Capital of the Issuer and/or (b) in the case of Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes, eligible liabilities (or any equivalent or successor term) for the purposes of Applicable Banking Regulations (as defined in Condition 6.5), then (i)(A) above will apply; and
 - (II) in the case of Senior Preferred MREL Eligible Notes or Senior Non-Preferred Notes, if the application of (i)(B) or (i)(C) could, in the determination of the Issuer, reasonably be expected to result in the Relevant Resolution Authority (as defined in Condition 17.4) treating the next Interest Payment Date or Reset Date, as applicable, as the effective maturity of the Notes, rather than the relevant Maturity Date, then (i)(A) above will apply; and
- (ii) in the case of any Reset Determination Date other than the first Reset Determination Date:
- (A) if Subsequent Reset Rate Mid-Swap Rate Final Fallback is specified in the applicable Final Terms as being applicable, (1) the Reset Reference Rate determined on the last preceding Reset Determination Date and (2) the Reset Margin; or
 - (B) if Subsequent Reset Rate Last Observable Mid-Swap Rate Final Fallback is specified in the applicable Final Terms as being applicable, (1) the last observable rate for swaps in the Specified Currency with a term equal to the relevant Reset Period which appears on the Relevant Screen Page and (2) the Reset Margin,

provided that:

- (I) if the application of (ii)(B) could, in the determination of the Issuer, reasonably be expected to prejudice the qualification of the Notes as (a) in the case of Subordinated Notes, Tier 2 Capital of the Issuer and/or (b) in the case of Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes, eligible liabilities (or any equivalent or successor term) for the purposes of Applicable Banking Regulations (as defined in Condition 6.5), then (ii)(A) above will apply; and
- (II) in the case of Senior Preferred MREL Eligible Notes or Senior Non-Preferred Notes, if the application of (ii)(B) could, in the determination of the Issuer, reasonably be expected to result in the Relevant Resolution Authority (as defined in Condition 17.4) treating the next Interest Payment Date or Reset Date, as applicable, as the effective maturity of the Notes, rather than the relevant Maturity Date, then (ii)(A) above will apply.

(c) Reset Reference Rate Conversion

If Reset Reference Rate Conversion is specified in the applicable Final Terms as being applicable, the First Reset Rate and, if applicable, each Subsequent Reset Rate will be converted from the Original Reset Reference Rate Payment Basis to a basis which matches the per annum frequency of Interest Payment Dates in respect of the Notes (such calculation to be determined by the Issuer in conjunction with a leading financial institution selected by it).

(d) **Definitions**

In these Conditions:

First Reset Period Fallback Price has the meaning specified in the applicable Final Terms;

First Reset Rate means, subject to Condition 4.2(b), the sum of the Reset Margin and the Reset Reference Rate for the First Reset Period;

Initial Mid-Swap Rate has the meaning specified in the applicable Final Terms;

Mid-Swap Floating Leg Benchmark Rate means EURIBOR (if the Specified Currency is euro), LIBOR for the Specified Currency (if the Specified Currency is U.S. dollars, Pounds Sterling or Swiss Francs), NIBOR (if the Specified Currency is Norwegian Kroner), STIBOR (if the Specified Currency is Swedish Kronor) or (in the case of any other Specified Currency) the benchmark rate most closely connected with such Specified Currency and selected by the Issuer on the advice of an investment bank of international repute;

Original Reset Reference Rate Payment Basis has the meaning specified in the applicable Final Terms;

Reference Banks means the principal office in the principal financial centre of the Specified Currency of:

- (i) if Mid-Swap Rate is specified in the applicable Final Terms as the Reset Reference Rate, five major banks in the swap, money, securities or other market most closely connected with the relevant swap transactions in the Specified Currency with an equivalent maturity to the Reset Period; or
- (ii) if Reference Bond is specified in the applicable Final Terms as the Reset Reference Rate, five major banks which are primary government securities dealers or market makers in pricing corporate bond issues in the Specified Currency,

in each case as selected by the Agent or the Calculation Agent, as applicable, in either case in consultation with the Issuer;

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

Reference Bond Quotations means, in relation to a Reference Bank and a Reset Determination Date, the arithmetic mean, as determined by the Agent or the Calculation Agent, as applicable, of the bid and offered yields for the relevant Reference Bond provided to the Agent or the Calculation Agent, as applicable, by such Reference Bank at approximately the Relevant (Reset) Time on such Reset Determination Date;

Relevant (Reset) Time shall mean approximately 11.00 a.m. in the principal financial centre of the Specified Currency, or such other time as specified in the applicable Final Terms;

Relevant Screen Page means the display page on the relevant service as specified in the applicable Final Terms or such other page as may replace it on that information service, or on such other equivalent information service as determined by the Agent or the Calculation Agent, as applicable, for the purpose of displaying the relevant swap rates or yields, as applicable, for the purposes of determining the relevant Reset Reference Rate;

Representative Amount means an amount that is representative for a single transaction in the relevant market at the relevant time;

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

Reset Determination Date means the second Business Day immediately preceding the relevant Reset Date;

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

Reset Period Maturity Initial Mid-Swap Rate has the meaning specified in the applicable Final Terms;

Reset Period Mid-Swap Rate Quotations means the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Original Reset Reference Rate Payment Basis (calculated on the day count basis customary for fixed rate payments in the Specified Currency, as determined by the Agent or the Calculation Agent, as applicable), of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in a Representative Amount with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Floating Leg Maturity (calculated on the day count basis customary for floating rate payments in the Specified Currency, as determined by the Agent or the Calculation Agent, as applicable);

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

Reset Reference Bank Rate means, in relation to a Reset Date and the Reset Period commencing on that Reset Date, the percentage rate determined on the basis of the Reference Bond Quotations provided by the Reference Banks at the Relevant (Reset) Time on the relevant Reset Determination Date. The Agent or the Calculation Agent, as applicable, will request the principal office of each of the Reference Banks to provide a Reference Bond Quotation. If at least three such Reference Bond Quotations are provided, the Reset Reference Bank Rate for the relevant Reset Date will be the arithmetic mean of the Reference Bond Quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two Reference Bond Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the Reference Bond Quotations provided. If fewer than two Reference Bond Quotations are provided, the Reset Reference Bank Rate for the relevant Reset Date will be (i) in the case of each Reset Period other than the First Reset Period, the Reset Reference Rate determined in respect of the immediately preceding Reset Period or (ii) in the case of the First Reset Period, the First Reset Period Fallback Price;

Reset Reference Rate means in relation to a Reset Date and the Reset Period commencing on that Reset Date:

- (i) if Mid-Swap Rate is specified in the applicable Final Terms:

(A) if Single Mid-Swap Rate is further specified in the applicable Final Terms, the rate for swap transactions in the Specified Currency:

- (1) with a term equal to the relevant Reset Period; and
- (2) commencing on the relevant Reset Date,

which appears on the Relevant Screen Page at the Relevant (Reset) Time on the relevant Reset Determination Date for such Reset Period, all as determined by the Agent or the Calculation Agent, as applicable; or

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

- (1) with a term equal to the relevant Reset Period; and
- (2) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page at the Relevant (Reset) Time on the relevant Reset Determination Date for such Reset Period, all as determined by the Agent or the Calculation Agent, as applicable; or

(ii) if Reference Bond is specified in the applicable Final Terms:

(A) the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered yields of the relevant Reference Bond, as determined by the Agent or the Calculation Agent, as applicable, by reference to the Relevant Screen Page at the Relevant (Reset) Time on the relevant Reset Determination Date for such Reset Period; or

(B) if such rate does not appear on the Relevant Screen Page at such Relevant (Reset) Time on such Reset Determination Date, the Reset Reference Bank Rate on such Reset Determination Date; and

Subsequent Reset Rate means, subject to Condition 4.2(b), in respect of any Subsequent Reset Period, the sum of the Reset Margin and the Reset Reference Rate for the relevant Subsequent Reset Period.

4.3 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. In the Conditions, **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 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 4.3(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:

- I. 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 (other than TARGET2 System) specified in the applicable Final Terms;
- II. if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and
- III. 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 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 or the Calculation Agent, as applicable, under an interest rate swap transaction if the Agent or the Calculation Agent, as applicable, were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) 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, 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, NIBOR, CHF LIBOR, GBP LIBOR or USD LIBOR (BBA), 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 11.00 a.m. (London time, in the case of LIBOR, CHF LIBOR, GBP LIBOR, USD LIBOR (BBA) or Brussels time, in the case of EURIBOR or Stockholm time, in the case of STIBOR) or 12.00 noon (Oslo time, in the case of NIBOR) (such time, the **Specified Time**) 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 or the Calculation Agent, as applicable. 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 or the Calculation Agent, as applicable, 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 Condition 4.3(b)(ii)(A), no offered quotation appears or, in the case of Condition 4.3(b)(ii)(B), fewer than three offered quotations appear, in each case as at the Specified Time, the Agent or the Calculation Agent, as applicable, shall request each of the Reference Banks to provide the Agent or the Calculation Agent, as applicable, 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 more of the Reference Banks provide the Agent or the Calculation Agent, as applicable, or the Calculation Agent, as applicable, 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 or the Calculation Agent, as applicable.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent or the Calculation Agent, as applicable, with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent or the Calculation Agent, as applicable, 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 or the Calculation Agent, as applicable, 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) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent or the Calculation Agent, as applicable, 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 or the Calculation Agent, as applicable, it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In these 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, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, 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 NIBOR, the principal Oslo office of four major banks in the Norwegian

inter-bank market, in each case selected by the Agent or the Calculation Agent, as applicable, in consultation with the Issuer.

(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 or the Calculation Agent, as applicable, 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 or the Calculation Agent, as applicable, 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 4.3:

- (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;

- (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 or the Calculation Agent, as applicable, 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 or the Calculation Agent, as applicable, 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 or the Calculation Agent, as applicable, 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 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment)

without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(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 4.3 by the Agent or the Calculation Agent, as applicable, shall (in the absence of wilful default, bad faith or manifest 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 or the Calculation Agent, as applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.4 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 13.

4.5 Benchmark Discontinuation

This Condition 4.5 is applicable if either (I) the Notes are Fixed Reset Notes or (II) the Notes are Floating Rate Notes and Screen Rate Determination is specified in the applicable Final Terms as being the manner in which the Rate of Interest is to be determined.

Notwithstanding the provisions above in Conditions 4.2 or 4.3, 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 following provisions of this Condition 4.5 shall apply.

(a) Independent Adviser

The Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.5(b)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 4.5(c)) and any Benchmark Amendments (in accordance with Condition 4.5(d)).

An Independent Adviser appointed pursuant to this Condition 4.5 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 Agent, the Calculation Agent, the other Paying Agents, the Noteholders or the Couponholders for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4.5.

(b) Successor Rate or Alternative Rate

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4.5(c), if applicable) 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 4.5); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4.5(c), if applicable) 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 4.5).

(c) Adjustment Spread

If the Issuer, following consultation with the Independent Adviser and acting in good faith and a commercially reasonable manner, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such 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 component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(d) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4.5 and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.5(f), without any requirement for the consent or approval of Noteholders or Couponholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 4.5, no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendment to these Conditions be made to effect the Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to:

- (A) prejudice the qualification of the Notes as (I) in the case of Subordinated Notes, Tier 2 Capital of the Issuer and/or (II) in the case of Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes, eligible liabilities (or any equivalent or successor term) for the purposes of Applicable Banking Regulations (as defined in Condition 6.5); and/or
- (B) in the case of Senior Preferred MREL Eligible Notes or Senior Non-Preferred Notes, result in the Relevant Resolution Authority (as defined in Condition 17.4) treating the next Interest Payment Date or Reset Date, as applicable, as the effective maturity of the Notes, rather than the relevant Maturity Date.

(e) Failure to appoint an Independent Adviser

If the Issuer is unable to appoint an Independent Adviser in accordance with this Condition 4.5, the Issuer, acting in good faith and in a commercially reasonable manner, may still determine (i) a Successor Rate or Alternative Rate and (ii) in either case, an Adjustment Spread (if any) and any Benchmark Amendments in accordance with this Condition 4.5 (with the relevant provisions of this Condition 4.5 applying *mutatis mutandis* to allow such determinations to be made by the Issuer without consultation with an Independent Adviser).

Where this Condition 4.5(e) applies, without prejudice to the definitions set out in Condition 4.5(i), for the purposes of determining any Successor Rate, Alternative Rate, Adjustment Spread and/or Benchmark Amendments (as the case may be), the Issuer will take into account any relevant and applicable market precedents and customary market usage as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets.

(f) Notices

The Issuer will notify the Agent, the Calculation Agent, the other Paying Agents and, in accordance with Condition 13, the Noteholders promptly of any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4.5. 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 Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such notice will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate, the Adjustment Spread (if any) and the Benchmark Amendments (if any)) be binding on the Issuer, the Calculation Agent, the Agent, the other Paying Agents, the Noteholders and the Couponholders as of their effective date.

(g) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 4.5(a) to (f) inclusive, the Original Reference Rate and the fallback provisions provided for in Condition 4.2 or Condition 4.3(b)(ii), as applicable, will continue to apply unless and until a Benchmark Event has occurred in respect of the Original Reference Rate and the Agent of (if applicable) the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and (in either case) any Adjustment Spread and any Benchmark Amendments, in accordance with Condition 4.5(f).

(h) Fallbacks

If, following the occurrence of a Benchmark Event and in relation to the determination of an applicable Rate of Interest on the relevant Interest Determination Date or an applicable Reset Rate on the relevant Reset Determination Date, as the case may be, no Successor Rate or Alternative Rate (as applicable) is determined and notified to the Agent or (if applicable) the Calculation Agent, in each case pursuant to this Condition 4.5, prior to such Interest Determination Date or Reset Determination Date (as applicable), the Original Reference Rate will continue to apply for the purposes of determining such Rate of Interest on such Interest Determination Date or such Reset Rate on such Reset Determination Date (as applicable), with the effect that the fallback provisions provided for in Condition 4.2 or Condition 4.3(b)(ii) will (if applicable) continue to apply to such determination.

For the avoidance of doubt, this Condition 4.5(h) shall apply to the determination of the Rate of Interest on the relevant Interest Determination Date or of the Reset Rate on the relevant Reset Determination Date (as applicable) only, and the Rate of Interest applicable to any subsequent

Interest Period(s) or Reset Period(s) is subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.5.

(i) **Definitions**

In this Condition 4.5, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

Adjustment Spread means either (x) a spread (which may be positive, negative or zero), or (y) 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, is in customary market usage in the international debt capital markets for 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 neither (i) nor (ii) above applies, the Issuer determines, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

Alternative Rate means an alternative to the Original Reference Rate which the Issuer, following consultation with the Independent Adviser, determines in accordance with Condition 4.5(b) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for debt securities in the same Specified Currency as the Notes and (i) in the case of Notes which are Floating Rate Notes, with an interest period of comparable duration to the relevant Interest Period or (ii) in the case of Notes which are Fixed Reset Notes, with an interest period of comparable duration to the term of the relevant Mid-Swap Floating Leg Maturity, or (in either case) if the Issuer, following consultation with the Independent Adviser, determines that there is no such rate, such other rate as the Issuer, following consultation with the Independent Adviser, determines in its discretion is most comparable to the Original Reference Rate;

Benchmark Amendments has the meaning given to it in Condition 4.5(d);

Benchmark Event 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, by 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, by 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 or Reset Determination Date, as applicable, become unlawful for the Agent, any other Paying Agent, the Calculation Agent or the Issuer 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 of recognised standing with appropriate expertise in the international debt capital markets appointed by the Issuer at its own expense under Condition 4.5(a);

Original Reference Rate means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) in respect of any Interest Period(s) or Reset Period(s) (provided that if, following one or more Benchmark Events, such originally specified benchmark or screen 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 an Original Reference Rate:

- (i) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original 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 Original Reference Rate relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities or (D) the Financial Stability Board or any part thereof; and

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

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 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 the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (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 in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Fixed Reset 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.

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 either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

5.4 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;

- (ii) each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (c) 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) any additional amounts which may be payable with respect to principal under Condition 7;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes; and
- (e) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

6.2 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.7 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

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 13 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

6.4 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling

within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition and the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Note pursuant to this Condition 6.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.4 and instead to declare such Note forthwith due and payable pursuant to Condition 9.

6.5 Redemption at the option of the Issuer in the case of a Capital Event

This Condition 6.5 applies only in the case of Notes specified in the applicable Final Terms as being Subordinated Notes, and references to **Notes** in this Condition 6.5 shall be construed accordingly.

If a Capital Event occurs, the Issuer may, within 90 calendar days of the occurrence of the relevant Capital Event, at its option, give notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable) that all (but not some only) of the outstanding Notes shall be redeemed:

- (a) in the case of all Notes other than Floating Rate Notes, at any time within the period of not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms; or
- (b) in the case of Floating Rate Notes, (1) on any Interest Payment Date falling within the period of not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms from the date of such notice or (2) if there is no Interest Payment Date falling within (1) above, on the first Interest Payment Date to occur after the expiry of 60 days from the date of such notice,

in each case, at the Early Redemption Amount referred to in Condition 6.7 below, together with accrued interest (if any) thereon. Upon the expiry of such notice, the Issuer shall redeem the Notes.

In these Conditions:

a **Capital Event** means the determination by the Issuer, after consultation with the Relevant Regulator, that as a result of a change in Finnish law or Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date of the Notes, which change was not reasonably foreseeable by the Issuer as at the Issue Date of the Notes, the aggregate outstanding nominal amount of the Notes is fully or, to the extent permitted by the Applicable Banking Regulations, partially excluded from inclusion in the Tier 2 Capital of the Issuer and/or the Group (other than as a result of any applicable limitation on the amount of such capital as applicable to the Issuer and/or the Group);

Relevant Regulator means the European Central Bank or the Finnish Financial Supervisory Authority, as applicable, or such other or successor authority having primary bank supervisory authority with respect to prudential matters in relation to the Issuer and/or the Group.

6.6 Redemption at the option of the Issuer in the case of an MREL Disqualification Event

This Condition 6.6 applies only in the case of Notes specified in the applicable Final Terms as being Senior Preferred MREL Eligible Notes or Senior Non-Preferred Notes, and references to **Notes** in this Condition 6.6 shall be construed accordingly.

If (A) MREL Disqualification Event Redemption Option is specified in the applicable Final Terms as being applicable and (B) an MREL Disqualification Event occurs, the Issuer may, within 90 calendar days of the occurrence of the relevant MREL Disqualification Event, at its option, give notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable) that all (but not some only) of the outstanding Notes shall be redeemed:

- (a) in the case of all Notes other than Floating Rate Notes, at any time within the period of not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms; or
- (b) in the case of Floating Rate Notes, (1) on any Interest Payment Date falling within the period of not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms from the date of such notice or (2) if there is no Interest Payment Date falling within (1) above, on the first Interest Payment Date to occur after the expiry of 60 days from the date of such notice,

in each case, at the Early Redemption Amount referred to in Condition 6.7 below, together with accrued interest (if any) thereon. Upon the expiry of such notice, the Issuer shall redeem the Notes.

In these Conditions:

an **MREL Disqualification Event** means the determination by the Issuer that, as a result of a change in Applicable Banking Regulations becoming effective on or after the Issue Date of the first Tranche of the Notes, which change was not reasonably foreseeable by the Issuer as at such Issue Date, the whole or any part of the aggregate outstanding nominal amount of the Notes at any time is not included in, ceases or (in the opinion of the Issuer) will cease to count towards the Issuer's and/or the Group's eligible liabilities (or any equivalent or successor term) (in each case for the purposes of, and in accordance with, the relevant Applicable Banking Regulations); provided that an MREL Disqualification Event shall not occur if such whole or part of the aggregate outstanding nominal amount of the Notes is not included in, ceases or (in the opinion of the Issuer) will cease to count towards such eligible liabilities (or any equivalent or successor term) due to (i) the remaining maturity of the Notes being less than any minimum period prescribed by any applicable eligibility criteria under the relevant Applicable Banking Regulations or (ii) any applicable limits on the amount of eligible liabilities (or any equivalent or successor term) under the relevant Applicable Banking Regulations being exceeded.

6.7 Early Redemption Amounts

For the purpose of Condition 6.2, Condition 6.5, Condition 6.6 and Condition 9, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price of the first Tranche of the Series, at the Final Redemption Amount thereof;

- (b) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price of the first Tranche of the Series, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (c) in the case of a Zero Coupon Note, at an 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 (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

6.8 Purchases

The Issuer or any Subsidiary of the Issuer may (subject, in the case of Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes and Subordinated Notes, to Condition 6.11) 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. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

6.9 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.8 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

6.10 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3, 6.4, 6.5 or 6.6 above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.7(c) above as though the references therein to the date fixed for the redemption or the

date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

6.11 Restrictions of Early Redemption, Purchase or Substitution or Variation of Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes and Subordinated Notes

In the case of Notes specified in the applicable Final Terms as being Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes, notwithstanding any other provision in this Condition 6, the Issuer may redeem or purchase such Notes pursuant to Conditions 6.2, 6.3, 6.4, 6.5, 6.6 or 6.8 or substitute or vary such Notes pursuant to Condition 6.12 (and in any such case, where applicable, give notice thereof to the holders) only in compliance with Applicable Banking Regulations and subject to obtaining the prior approval of the Relevant Regulator (in the case of Subordinated Notes) or the Relevant Resolution Authority (in the case of Senior Preferred MREL Eligible Notes or Senior Non-Preferred Notes) (in each case if such approval is then required under the Applicable Banking Regulations).

Any refusal by the Relevant Regulator (in the case of Subordinated Notes) or the Relevant Resolution Authority (in the case of Senior Preferred MREL Eligible Notes or Senior Non-Preferred Notes) to grant its approval (if required) as described above will not constitute an event of default under these Conditions.

6.12 Substitution or Variation of a Senior Preferred MREL Eligible Note, a Senior Non-Preferred Note or a Subordinated Note

This Condition 6.12 is applicable in relation to Notes specified in the applicable Final Terms as Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes and references to **Notes** in this Condition 6.12 shall be construed accordingly.

If Substitution and Variation is specified in the applicable Final Terms as being applicable:

- (A) in the case of Senior Preferred MREL Eligible Notes or Senior Non-Preferred Notes, (I) if an MREL Disqualification Event has occurred and is continuing, or (II) in order to ensure the effectiveness and enforceability of Condition 17.4; or
- (B) in the case of Subordinated Notes, (I) if a Capital Event has occurred and is continuing, or (II) in order to ensure the effectiveness and enforceability of Condition 17.4,

the Issuer may, upon the expiry of the appropriate notice and subject to the other provisions of this Condition 6.12 (without any requirement for the consent or approval of the Noteholders) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Compliant Instruments. Any substitution or variation in accordance with this Condition 6.12 is subject to the Issuer obtaining prior written consent of the Relevant Regulator (in the case of Subordinated Notes) or the Relevant Resolution Authority (in the case of Senior Preferred MREL Eligible Notes or Senior Non-Preferred Notes) (in each case if such approval is then required under the Applicable Banking Regulations) and complying with the rules of any competent authority, stock exchange and/or quotation system by or on which the Notes are, for the time being, listed, traded and/or quoted.

The appropriate notice referred to in this Condition 6.12 is a notice given by the Issuer to the Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), which shall be signed by two duly authorised officers of the Issuer and shall specify:

- (i) that either an MREL Disqualification Event or a Capital Event, as applicable, has occurred and is continuing, or such substitution or variation is necessary in order to ensure the effectiveness and enforceability of Condition 17.4;
- (ii) that the Issuer has obtained the prior written consent of the Relevant Regulator or the Relevant Resolution Authority, as applicable, provided that at the relevant time such consent is required to be given under the Applicable Banking Regulations;
- (iii) that, in the opinion of the Issuer, the substituted or varied Notes will have terms not materially less favourable to an investor than the terms of the Notes (unless any prejudice to investors is solely attributable to the enforceability and effectiveness of Condition 17.4); and
- (iv) the due date for such substitution or variation, which shall be not less than 30 nor more than 60 days after the date on which such notice is validly given.

For the purposes of sub-paragraph (iii) above, any change in the governing law of the Notes from English law to Finnish law so that the Notes remain or, as appropriate, become Compliant Instruments shall be deemed not to be materially less favourable to an investor.

In this Condition 6.12:

Compliant Instruments means securities, whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by the Issuer that:

- (a) have terms which are not materially less favourable to an investor (unless any prejudice to investors is solely attributable to the enforceability and effectiveness of Condition 17.4), as certified by the Issuer acting reasonably (which certification shall be binding on the Noteholders), than the terms of the Notes, provided that such securities shall (subject to the foregoing requirement that the terms of such securities are not materially less favourable to an investor) (i) include a ranking at least equal to that of the Notes, (ii) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Notes, (iii) have the same redemption rights as the Notes (although they need not contain all of the rights of the Issuer under Condition 6.5 or Condition 6.6, as applicable), (iv) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, and (v) comply with the then current requirements of the Applicable Banking Regulations in relation to eligible liabilities (in the case of Senior Preferred MREL Eligible Notes or Senior Non-Preferred Notes) or Tier 2 Capital (in the case of Subordinated Notes);
- (b) where the Notes had solicited credit ratings immediately prior to their substitution or variation, are assigned (or maintain) solicited credit ratings that are the same or higher than the solicited credit ratings that were assigned to the Notes immediately prior to such substitution or variation (unless, in respect of each such solicited credit rating, any downgrade of such solicited credit rating compared to the equivalent solicited credit rating that was assigned to the Notes immediately prior to the relevant substitution or variation is solely attributable to the effectiveness and enforceability of Condition 17.4); and
- (c) are listed on a recognised stock exchange if the Notes were so listed immediately prior to such substitution or variation.

7. TAXATION

7.1 Withholding or Deduction

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law.

In such event, the Issuer will (subject to Condition 7.2) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment in Finland; or
- (b) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.5).

As used herein:

- (i) **Tax Jurisdiction** means Finland or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the 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 Noteholders in accordance with Condition 13.

7.2 Senior Non-Preferred Notes and Subordinated Notes

This Condition 7.2 shall only apply to Senior Non-Preferred Notes and Subordinated Notes.

Notwithstanding Condition 7.1, any obligation to pay additional amounts provided for in Condition 7.1 will be limited to payments of interest (and not, for the avoidance of doubt, to payment of principal) in respect of Senior Non-Preferred Notes or Subordinated Notes.

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 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

9. EVENTS OF DEFAULT

9.1 Events of Default relating to Senior Preferred Notes other than Senior Preferred MREL Eligible Notes

This Condition 9.1 applies only in the case of Notes specified in the applicable Final Terms as being Senior Preferred Notes that are not Senior Preferred MREL Eligible Notes, and references to **Notes** in this Condition 9.1 shall be construed accordingly.

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing:

- (a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal and 14 days in the case of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Conditions and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a Noteholder on the Issuer of notice requiring the same to be remedied; or
- (c) if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer or any of its Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer or any of its Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment (as extended by any originally applicable grace period) and the default continues for a period of 3 days; (iii) any security given by the Issuer or any of its Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or (iv) default is made by the Issuer or any of its Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person and the default continues for a period of 3 days, except (A) that it shall not be an Event of Default if such Indebtedness for Borrowed Money has not been paid as a result of a *bona fide* dispute which is being contested in good faith and by appropriate proceedings and in respect of which sufficient and proper reserves in cash or other readily recognisable liquid assets have been made in accordance with IFRS and (B) that no event described in this Condition 9.1(c) shall constitute an Event of Default unless the Indebtedness for Borrowed Money or other relative liability, either alone or when aggregated with other Indebtedness for Borrowed Money and/or other liabilities relative to all (if any) other events which have occurred and are continuing, amount to at least €20,000,000; or
- (d) subject to Condition 9.3 below, if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any of its Subsidiaries, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution or the voluntary winding up of a solvent Subsidiary; or
- (e) subject to Condition 9.3 below, if the Issuer and/or any of its Subsidiaries ceases or threatens to cease to carry on the whole or any part of its business that represents the whole or a substantial part of the business of the Issuer and its Subsidiaries taken as a whole, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution, or the Issuer or any of its Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

- (f) if (A) proceedings are initiated against the Issuer or any of its Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrance takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (B) in any case (other than the appointment of an administrator) is not discharged within 60 days; or
- (g) if the Issuer or any of its Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors),

then any holder of a Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

9.2 Events of Default relating to Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes and Subordinated Notes

- (a) This Condition 9.2 applies only in the case of Notes specified in the applicable Final Terms as being Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes, and references to **Notes** in this Condition 9.2 shall be construed accordingly.

The following shall be events of default (each an **Event of Default**) in relation to the Notes:

- (i) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal and 14 days in the case of interest; or
- (ii) subject to Condition 9.3 below, if an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer or the Issuer is otherwise declared bankrupt or put into liquidation, in each case by a court or agency or supervisory authority in the Republic of Finland having jurisdiction in respect of the same.

If any Event of Default shall have occurred under this Condition 9.2(a), any holder of a Note may, to the extent permitted by applicable law,

- (A) (in the case of (i) above), institute such steps, including the obtaining of a judgment against the Issuer for any amount due in respect of the relevant Notes, as it thinks desirable with a view to having the Issuer declared bankrupt or put into liquidation, in each case in the Republic of Finland and not elsewhere, and prove or claim in the bankruptcy or liquidation of the Issuer; and/or

- (B) (in the case of (ii) above), prove or claim in the bankruptcy or liquidation of the Issuer, whether in the Republic of Finland or elsewhere and instituted by the Issuer itself or by a third party,

but (in either case) any holder of a Note may claim payment in respect of the Note only in the bankruptcy or liquidation of the Issuer.

- (b) In any of the events or circumstances described in 9.2(a)(ii) above, any holder of a Note may give notice in writing to the Issuer that such Note is, and such Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest (if any) to the date of repayment, but subject to such holder only being able to claim payment in respect of the Note in the bankruptcy or liquidation of the Issuer.
- (c) Any holder of a Note may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Notes (other than, without prejudice to Conditions 9.2(a) or 9.2(b) above, any obligation for the payment of any principal or interest in respect of the Notes) provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it, except with the consent of the Relevant Resolution Authority (in the case of Senior Preferred MREL Eligible Notes or Senior Non-Preferred Notes) or the Relevant Regulator (in the case of Subordinated Notes) (in either case, if such approval is then required under Applicable Banking Regulations).
- (d) No remedy against the Issuer, other than as provided in Condition 9.2(a), 9.2(b) and 9.2(c) above or proving or claiming in the bankruptcy or liquidation of the Issuer in the Republic of Finland or elsewhere, shall be available to the holders of Notes, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its obligations or undertakings under the Notes.

9.3 Consolidation, Merger and Sale of Assets

The Issuer may, without the consent of Noteholders, consolidate with, or merge into, or sell, transfer, lease or convey its assets substantially as an entirety to any other entity, provided that (i) such successor entity expressly assumes the obligations of the Issuer under the Notes and any Coupons (as applicable) including any additional amounts (and a legal opinion from Finnish lawyers is provided in respect thereof), and (ii) after giving effect to the transaction, no Event of Default shall have occurred and be continuing, and provided that two directors of the Issuer certify to such effect.

9.4 Definitions

For the purposes of these Conditions:

Subsidiary means any entity which is a subsidiary within the meaning of Section 1159 of the Companies Act 2006.

Indebtedness for Borrowed Money means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit.

10. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and

expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

11. 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;
- (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; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

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 13.

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 Noteholder or Couponholder. 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.

12. 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.

13. 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, and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg 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. 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) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second business 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.

14. 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 five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), 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 all the holders 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 all the holders, 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 Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to 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 error or to comply with mandatory provisions of the law. Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

In addition, the Issuer may, without the consent of the Noteholders or the Couponholders, amend these Conditions to give effect to any Benchmark Amendments in the circumstances and as otherwise set out in Condition 4.5(d) above.

15. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17. GOVERNING LAW AND SUBMISSION TO JURISDICTION

17.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes (except, in the case of Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes, for Condition 2), the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes (except, in the case of Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes, for Condition 2) and the Coupons are governed by, and construed in accordance with, English law. In the case of Senior Preferred MREL Eligible Notes, Senior Non-Preferred Notes or Subordinated Notes, Condition 2, and any non-contractual obligations arising out of or in connection with Condition 2, are governed by, and shall be construed in accordance with, Finnish law.

17.2 Submission to jurisdiction

- (a) Subject to Condition 17.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 17.2, each of the Issuer and any Noteholders or Couponholders in relation to any Dispute waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) This Condition 17.2(c) is for the benefit of the Noteholders and the Couponholders only. To the extent allowed by law, the Noteholders and the Couponholders may in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

17.3 Appointment of Process Agent

The Issuer irrevocably appoints Blake Morgan LLP at its registered office at One Central Square, Cardiff, CF10 1FS as its agent for service of process in any proceedings before the English courts in

relation to any Dispute, and agrees that, in the event of Blake Morgan LLP being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

17.4 Finnish Statutory Loss Absorption Powers

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for the purposes of this Condition 17.4, includes each holder of a beneficial interest in the Notes), by its acquisition of any Note, each Noteholder acknowledges, accepts and consents that the Notes and any liability arising under the Notes may be subject to the exercise of Finnish Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (a) the effect of the exercise of any Finnish Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
 - (i) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes (which may be a reduction to nil);
 - (ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Noteholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;
 - (iii) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and
 - (iv) the amendment or alteration of the term of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (b) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Finnish Statutory Loss Absorption Powers by the Relevant Resolution Authority.

In this Condition 17.4:

Finnish Statutory Loss Absorption Powers means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Finland, relating to (i) the transposition into Finnish law of Directive 2014/59/EU as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

Relevant Amounts means the outstanding principal amount of the Notes, together with any accrued but unpaid interest thereon and any additional or other amounts whatsoever accrued or due or which would otherwise be payable on or in respect of the Notes. References to such amounts will include (but not be limited to) amounts that have become due and payable, but which have not been paid,

prior to the exercise of any Finnish Statutory Loss Absorption Powers by the Relevant Resolution Authority; and

Relevant Resolution Authority means the Financial Stability Authority in Finland and/or any other resolution authority with the ability to exercise any Finnish Statutory Loss Absorption Powers in relation to the Issuer or any Notes.

17.5 Other documents

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

TERMS AND CONDITIONS OF THE COVERED BONDS

The following are the Terms and Conditions of the Covered Bonds which will be incorporated by reference into each Global Covered Bond (as defined below) and each definitive Covered Bond, 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 Covered Bond will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Covered Bond and definitive Covered Bond. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Covered Bonds.

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by Aktia Bank plc (the **Issuer**) pursuant to the Agency Agreement (as defined below).

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

- (a) in relation to any Covered Bonds represented by a global Covered Bond (a **Global Covered Bond**), units of the lowest Specified Denomination in the Specified Currency;
- (b) any Global Covered Bond; and
- (c) any definitive Covered Bonds issued in exchange for a Global Covered Bond.

The Covered Bonds 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 23 July 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).

The final terms for this Covered Bond (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Covered Bond which complete these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Covered Bond. The expression **Prospectus Regulation** means Regulation (EU) 2017/1129, as amended. For the purposes of the Conditions, references to the European Economic Area include the United Kingdom.

Interest bearing definitive Covered Bonds have interest coupons (**Coupons**) and in the case of Covered Bonds 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 Covered Bonds do not have Coupons or Talons attached on issue.

Any reference to **Covered Bondholders** or **holders** in relation to any Covered Bonds shall mean the holders of the Covered Bonds and shall, in relation to any Covered Bonds represented by a Global Covered Bond, 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 Covered Bonds which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds 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 Covered Bondholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such as the Deed of Covenant as modified and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated 23 July 2020 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. If the Covered Bonds 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 Covered Bond 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, the applicable Final Terms will only be obtainable by a Covered Bondholder holding one or more unlisted Covered Bonds of that Series and such Covered Bondholder must produce evidence satisfactory to the Issuer or, as the case may be, the relevant Paying Agent as to its holding of such Covered Bonds and identity. The Covered Bondholders 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.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

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

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

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

Subject as set out below, title to the Covered Bonds 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 Covered Bond 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 Covered Bond, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Covered Bonds are represented by a Global Covered Bond 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 Covered Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Covered Bonds 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 Covered Bonds for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Covered Bonds, for which purpose the bearer of the relevant Global Covered Bond shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Covered Bonds in accordance with and subject to the terms of the relevant Global Covered Bond and the expressions **Covered Bondholder** and **holder of Covered Bonds** and related expressions shall be construed accordingly.

Covered Bonds which are represented by a Global Covered Bond 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 Part B of the applicable Final Terms.

2. STATUS OF THE COVERED BONDS AND OVERCOLLATERALISATION

2.1 *Status of the Covered Bonds*

The Covered Bonds and any relative Coupons are direct, unconditional and unsubordinated obligations of the Issuer and rank *pari passu* among themselves. The Covered Bonds will be covered in accordance with the Finnish Covered Bond Act (*Laki kiinnitysluottopankkitoiminnasta 688/2010*, as amended) (the **CBA**) and will rank *pari passu* with all other obligations of the Issuer in respect of mortgage-backed Covered Bonds covered in accordance with the CBA (including pursuant to sections 25 and 26 of the CBA).

2.2 *Minimum Overcollateralisation Level*

This Condition 2.2 shall apply to the Covered Bonds unless (i) the Issuer has been assigned a long-term obligation rating ("Bank Deposit" or similar rating) of A2 or higher by Moody's; and (ii) Moody's has confirmed in writing to the Issuer that the disapplication of this Condition 2.2 would not, in and of itself, result in Moody's reducing, removing, suspending or placing on credit watch any Moody's credit rating then assigned to the Covered Bonds (and provided such confirmation has not been revoked by Moody's).

For so long as the Covered Bonds are outstanding, the total value (determined in accordance with the CBA) of the qualifying cover assets pool with respect to (i) the Covered Bonds (maintained by the Issuer in accordance with the terms of the CBA and this Condition) and (ii) any other obligations of the Issuer in respect of mortgage-backed bonds covered by the same qualifying cover assets pool in accordance with the CBA (including pursuant to sections 25 and 26 of the CBA) will not at any time be less than the Minimum Overcollateralisation Level (as defined below).

For the purpose of this Condition, the **Minimum Overcollateralisation Level** at any time shall be an amount equal to 110 per cent. of the total outstanding principal amount of the Covered Bonds and any other obligations of the Issuer in respect of mortgage-backed bonds covered by the same qualifying cover assets pool in accordance with the CBA (including pursuant to sections 25 and 26 of the CBA) in issue at such time.

Qualifying cover assets for the purpose of complying with the Minimum Overcollateralisation Level shall include:

(A) housing loans (where the amount taken into account for the purpose of calculating the total amount of the qualifying cover assets pool is the amount of such housing loan that does not exceed 70 per cent. of the current value (determined in accordance with the CBA) of the shares and/or real estate placed as collateral for each housing loan), being a loan meeting the Cover Pool Criteria (as

defined below), other than any housing loan which is classed as non-performing credit in accordance with the regulations issued from time to time by the Finnish Financial Supervisory Authority; and

(B) any supplementary collateral, in each case as permitted under the CBA, where the amount of collateral taken into account is 100 per cent. of the book value (determined in accordance with the CBA).

Cover Pool Criteria (in respect of qualifying cover assets for the purpose of complying with the Minimum Overcollateralisation Level) means:

- (i) the loan is a housing loan as defined in section 2, subsection 2a of the CBA;
- (ii) the loan is granted in Finland;
- (iii) the residential property securing the loan shall be fire insured;
- (iv) the loan is granted to one or more private individuals or to a housing company as referred to in the Act on Housing Companies (1599/2009);
- (v) the borrowers' income is verified prior to granting the loan; and
- (vi) the borrower has no public payment defaults registered in the register generally used by Finnish mortgage lenders for credit information.

3. **REDENOMINATION**

This Condition 3 has been deleted intentionally.

4. **INTEREST**

4.1 **Interest on Fixed Rate Covered Bonds**

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

If the Covered Bonds 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 Covered Bonds 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:

- (i) in the case of Fixed Rate Covered Bonds which are represented by a Global Covered Bond, the aggregate outstanding nominal amount of the Fixed Rate Covered Bonds represented by such Global Covered Bond; or
- (ii) in the case of Fixed Rate Covered Bonds 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 Covered Bonds 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 Covered Bond in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Covered Bond 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 Covered Bonds 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 Covered Bonds 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.

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 Covered Bonds

(a) Interest Payment Dates

Each Floating Rate Covered Bond 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 on 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. In the Conditions, **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 or the relevant payment date if the Covered Bonds 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:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign

currency deposits) in London and any Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;

- (ii) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and
- (iii) 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 TARGET2 is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Covered Bonds will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Covered Bonds

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 or the Calculation Agent, as applicable, under an interest rate swap transaction if the Agent or the Calculation Agent, as applicable, were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) 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 Covered Bonds (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, 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 Covered Bonds

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, NIBOR, CHF LIBOR, GBP LIBOR or USD LIBOR (BBA), 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 11.00 a.m. (London time, in the case of LIBOR, CHF LIBOR, GBP LIBOR, USD LIBOR (BBA) or Brussels time, in the case of EURIBOR or Stockholm time, in the case of STIBOR) or 12.00 noon (Oslo time, in the case of NIBOR) (such time, the **Specified Time**) 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 or the Calculation Agent, as applicable. 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 or the Calculation Agent, as applicable, 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 Condition 4.2(b)(ii)(A), no offered quotation appears or, in the case of Condition 4.2(b)(ii)(B), fewer than three offered quotations appear, in each case as at the Specified Time, the Agent or the Calculation Agent, as applicable, shall request each of the Reference Banks to provide the Agent or the Calculation Agent, as applicable, 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 more of the Reference Banks provide the Agent or the Calculation Agent, as applicable, or the Calculation Agent, as applicable, 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 or the Calculation Agent, as applicable.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent or the Calculation Agent, as applicable, with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent or the Calculation Agent, as applicable, 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 or the Calculation Agent, as applicable, 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) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent or the Calculation Agent, as applicable, 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 or the Calculation Agent, as applicable, it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone

inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In these 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, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, 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 NIBOR, the principal Oslo office of four major banks in the Norwegian inter-bank market, in each case selected by the Agent or the Calculation Agent, as applicable, in consultation with the Issuer.

(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 or the Calculation Agent, as applicable, 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 or the Calculation Agent, as applicable, will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Covered Bonds for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Covered Bonds which are represented by a Global Covered Bond, the aggregate outstanding nominal amount of the Covered Bonds represented by such Global Covered Bond; or
- (B) in the case of Floating Rate Covered Bonds 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 Covered Bond in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Covered Bond 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;

- (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 or the Calculation Agent, as applicable, 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 or the Calculation Agent, as applicable, 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 or the Calculation Agent, as applicable, 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 Covered Bonds 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 Covered Bonds are for the time being listed and to the Covered Bondholders 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 or the Calculation Agent, as applicable, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents and all Covered Bondholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Covered Bondholders or the Couponholders shall attach to the Agent or the Calculation Agent, as applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(h) Accrual of interest

Each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) 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:

- (i) the date on which all amounts due in respect of such Covered Bond have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Covered Bond has been received by the Agent and notice to that effect has been given to the Covered Bondholders in accordance with Condition 12.

4.3 Benchmark Discontinuation

This Condition 4.3 is applicable if the Covered Bonds are Floating Rate Covered Bonds and Screen Rate Determination is specified in the applicable Final Terms as being the manner in which the Rate of Interest is to be determined.

Notwithstanding the provisions above in Conditions 4.2, 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 following provisions of this Condition 4.3 shall apply.

(a) Independent Adviser

The Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.3(b)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 4.3(c)) and any Benchmark Amendments (in accordance with Condition 4.3(d)).

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

(b) Successor Rate or Alternative Rate

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4.3(c), if applicable) 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 Covered Bonds (subject to the further operation of this Condition 4.3); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4.3(c), if applicable) 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 Covered Bonds (subject to the further operation of this Condition 4.3).

(c) Adjustment Spread

If the Issuer, following consultation with the Independent Adviser and acting in good faith and a commercially reasonable manner, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such 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 component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(d) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4.3 and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.3(f), without any requirement for the consent or approval of Covered Bondholders

or Couponholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

(e) Failure to appoint an Independent Adviser

If the Issuer is unable to appoint an Independent Adviser in accordance with this Condition 4.3, the Issuer, acting in good faith and in a commercially reasonable manner, may still determine (i) a Successor Rate or Alternative Rate and (ii) in either case, an Adjustment Spread (if any) and any Benchmark Amendments in accordance with this Condition 4.3 (with the relevant provisions of this Condition 4.3 applying *mutatis mutandis* to allow such determinations to be made by the Issuer without consultation with an Independent Adviser).

Where this Condition 4.3(e) applies, without prejudice to the definitions set out in Condition 4.3(i), for the purposes of determining any Successor Rate, Alternative Rate, Adjustment Spread and/or Benchmark Amendments (as the case may be), the Issuer will take into account any relevant and applicable market precedents and customary market usage as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets.

(f) Notices

The Issuer will notify the Agent, the Calculation Agent, the other Paying Agents and, in accordance with Condition 12, the Covered Bondholders promptly of any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4.3. 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 Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such notice will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate, the Adjustment Spread (if any) and the Benchmark Amendments (if any)) be binding on the Issuer, the Calculation Agent, the Agent, the other Paying Agents, the Covered Bondholders and the Couponholders as of their effective date.

(g) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 4.3(a) to (f) inclusive, 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 in respect of the Original Reference Rate and the Agent of (if applicable) the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and (in either case) any Adjustment Spread and any Benchmark Amendments, in accordance with Condition 4.3(f).

(h) Fallbacks

If, following the occurrence of a Benchmark Event and in relation to the determination of an applicable Rate of Interest on the relevant Interest Determination Date, no Successor Rate or Alternative Rate (as applicable) is determined and notified to the Agent or (if applicable) the Calculation Agent, in each case pursuant to this Condition 4.3, 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 4.3(h) 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 4.3.

(i) **Definitions**

In this Condition 4.3, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

Adjustment Spread means either (x) a spread (which may be positive, negative or zero), or (y) 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, is in customary market usage in the international debt capital markets for 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 neither (i) nor (ii) above applies, the Issuer determines, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

Alternative Rate means an alternative to the Original Reference Rate which the Issuer, following consultation with the Independent Adviser, determines in accordance with Condition 4.3(b) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for debt securities in the same Specified Currency as the Covered Bonds and with an interest period of comparable duration to the relevant Interest Period, or if the Issuer, following consultation with the Independent Adviser, determines that there is no such rate, such other rate as the Issuer, following consultation with the Independent Adviser, determines in its discretion is most comparable to the Original Reference Rate;

Benchmark Amendments has the meaning given to it in Condition 4.3(d);

Benchmark Event 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, by 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, by 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 Agent, any other Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Covered Bondholder 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 of recognised standing with appropriate expertise in the international debt capital markets appointed by the Issuer at its own expense under Condition 4.3(a);

Original Reference Rate means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) in respect of any Interest Period(s) (provided that if, following one or more Benchmark Events, such originally specified benchmark or screen 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 an Original Reference Rate:

- (i) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original 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 Original Reference Rate relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities or (D) the Financial Stability Board or any part thereof; and

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

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 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 the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (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 Covered Bonds and Coupons

Payments of principal in respect of definitive Covered Bonds 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 Covered Bonds, and payments of interest in respect of definitive Covered Bonds 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 Covered Bonds in definitive form (other than Long Maturity Covered Bonds (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Covered Bond in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Covered Bond or Long Maturity Covered Bond 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 Covered Bond** is a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond shall cease to be a Long Maturity Covered Bond 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 Covered Bond.

If the due date for redemption of any definitive Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Covered Bond 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 Covered Bond.

5.3 Payments in respect of Global Covered Bonds

Payments of principal and interest (if any) in respect of Covered Bonds represented by any Global Covered Bond will (subject as provided below) be made in the manner specified above in relation to definitive Covered Bonds or otherwise in the manner specified in the relevant Global Covered Bond, where applicable against presentation or surrender, as the case may be, of such Global Covered Bond 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 either on such Global Covered Bond 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 Covered Bond shall be the only person entitled to receive payments in respect of Covered Bonds represented by such Global Covered Bond and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Covered Bond 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 Covered Bonds represented by such Global Covered Bond 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 Covered Bond.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Covered Bonds is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Covered Bonds 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 Covered Bonds 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 Covered Bond 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 Covered Bonds in definitive form only, the relevant place of presentation; and
 - (ii) each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;

- (b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (c) 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 Covered Bonds shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7;
- (b) the Final Redemption Amount of the Covered Bonds;
- (c) the Early Redemption Amount of the Covered Bonds;
- (d) the Optional Redemption Amount(s) (if any) of the Covered Bonds; and
- (e) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Covered Bonds.

Any reference in the Conditions to interest in respect of the Covered Bonds shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Covered Bond will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

If Extended Final Maturity is specified as being applicable in the Final Terms for a Series of Covered Bonds and the Issuer has not paid the Final Redemption Amount on the Maturity Date specified in the Final Terms, then (subject as provided below) payment of the unpaid amount by the Issuer shall be 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 Extended Final Maturity Date.

The Issuer shall confirm to Moody's and the Agent as soon as reasonably practicable and in any event at least 5 Business Days in London prior to the Maturity Date of any non-payment in full by the Issuer of the Final Redemption Amount in respect of a Series of Covered Bonds on that Maturity Date. Any failure by the Issuer to notify such parties (other than the Agent) shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

6.2 Redemption for tax reasons

Subject to Condition 6.5, the Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Covered Bond is not a Floating Rate Covered Bond) or on any Interest Payment Date (if this Covered Bond is a Floating Rate Covered Bond), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 12, the Covered Bondholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Covered Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Covered Bonds; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Covered Bonds then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent to make available at its specified office to the Covered Bondholders (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Covered Bonds redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Covered Bondholders in accordance with Condition 12 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Covered Bonds then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Covered Bonds, the Covered Bonds to be redeemed (**Redeemed Covered Bonds**) will be selected individually by lot, in the case of Redeemed Covered Bonds represented by definitive Covered Bonds, 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 Covered Bonds represented by a Global Covered Bond, 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 Covered Bonds represented by definitive Covered Bonds, a list of the serial numbers of such Redeemed Covered Bonds 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 Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.3 and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with Condition 12 at least five days prior to the Selection Date.

6.4 Redemption at the option of the Covered Bondholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Covered Bond giving to the Issuer in accordance with Condition 12 not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms the Issuer will, upon the expiry of such notice, redeem such Covered Bond on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Covered Bond the holder of this Covered Bond must, if this Covered Bond is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition and the Put Notice must be accompanied by this Covered Bond or evidence satisfactory to the Paying Agent concerned that this Covered Bond will, following delivery of the Put Notice, be held to its order or under its control. If this Covered Bond is represented by a Global Covered Bond or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Covered Bond the holder of this Covered Bond must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice given by a holder of any Covered Bond pursuant to this Condition 6.4 shall be irrevocable.

6.5 Early Redemption Amounts

For the purpose of Condition 6.2 above, each Covered Bond will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Covered Bond with a Final Redemption Amount equal to the Issue Price of the first Tranche of the Series, at the Final Redemption Amount thereof;
- (b) in the case of a Covered Bond (other than a Zero Coupon Covered Bond) with a Final Redemption Amount which is or may be less or greater than the Issue Price of the first Tranche of the Series, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (c) in the case of a Zero Coupon Covered Bond, at an 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 (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable and the denominator of which will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable and the denominator will be 365).

6.6 Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase Covered Bonds (provided that, in the case of definitive Covered Bonds, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Covered Bonds may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

6.7 Cancellation

All Covered Bonds 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 Covered Bonds so cancelled and any Covered Bonds purchased and cancelled pursuant to Condition 6.6 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

6.8 Late payment on Zero Coupon Covered Bonds

If the amount payable in respect of any Zero Coupon Covered Bond upon redemption of such Zero Coupon Covered Bond pursuant to Condition 6.1, 6.2, 6.3 or 6.4 above is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Covered Bond shall be the amount calculated as provided in Condition 6.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Covered Bond becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Covered Bonds has been received by the Agent and notice to that effect has been given to the Covered Bondholders in accordance with Condition 12.

7. TAXATION

All payments of principal and interest in respect of the Covered Bonds and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Covered Bonds or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Covered Bonds, or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Covered Bond or Coupon:

- (a) presented for payment in Finland; or
- (b) the holder of which is liable for such taxes or duties in respect of such Covered Bond or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Covered Bond or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.5).

As used herein:

- (i) **Tax Jurisdiction** means Finland or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the 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 Covered Bondholders in accordance with Condition 12.

8. PRESCRIPTION

The Covered Bonds and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

9. REPLACEMENT OF COVERED BONDS, COUPONS AND TALONS

Should any Covered Bond, 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 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 Covered Bonds, 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;
- (b) so long as the Covered Bonds 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; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

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 Covered Bondholders 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 Covered Bondholder or Couponholder. 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 Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 8.

12. NOTICES

All notices regarding the Covered Bonds 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 Covered Bonds are admitted to trading on, and listed on the official list of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg or the Luxembourg Stock Exchange's website (www.bourse.lu). It is expected that any publication made in a daily 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 Covered Bonds are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Covered Bonds are issued, there may, so long as any Global Covered Bonds representing the Covered Bonds are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Covered Bonds and, in addition, for so long as any Covered Bonds are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Covered Bonds on the second business day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Covered Bondholder shall be in writing and given by lodging the same, together (in the case of any Covered Bond in definitive form) with the relative Covered Bond or Covered Bonds, with the Agent. Whilst any of the Covered Bonds are represented by a Global Covered Bond, such notice may be given by any holder of a Covered Bond 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 COVERED BONDHOLDERS AND MODIFICATION

The Agency Agreement contains provisions for convening meetings of the Covered Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Covered Bonds, 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 Covered Bondholders holding not less than five per cent. in nominal amount of the Covered Bonds for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Covered Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Covered Bondholders whatever the nominal amount of the Covered Bonds so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Covered Bonds or the Coupons (including modifying the date of maturity of the Covered Bonds 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 Covered Bonds or altering the currency of payment of the Covered Bonds or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Covered Bonds 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 Covered Bonds 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 all the holders 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 all the holders, shall, in each case, be effective as an Extraordinary Resolution of the Covered Bondholders. An Extraordinary Resolution passed by the Covered Bondholders will be binding on all the Covered Bondholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

The Agent and the Issuer may agree, without the consent of the Covered Bondholders or Couponholders, to any modification of the Covered Bonds, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Covered Bondholders and the Couponholders and any such modification shall be notified to the Covered Bondholders in accordance with Condition 12 as soon as practicable thereafter.

In addition, the Issuer may, without the consent of the Covered Bondholders or the Couponholders, amend these Conditions to give effect to any Benchmark Amendments in the circumstances and as otherwise set out in Condition 4.3(d) above.

14. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Covered Bondholders or the Couponholders to create and issue further covered bonds having terms and conditions the same as the Covered Bonds 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 Covered Bonds.

15. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Covered Bond 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 Covered Bonds, the Coupons (except for the provisions relating to coverage of the Covered Bonds and the Coupons pursuant to the CBA) and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Covered Bonds and the Coupons (except for the provisions relating to coverage of the Covered Bonds and the Coupons pursuant to the CBA) are governed by, and shall be construed in accordance with, English law. The provisions of the Covered Bonds and the Coupons relating to coverage pursuant to the CBA, and any non-contractual obligations arising out of or in connection with such provisions, are governed by, and shall be construed in accordance with, Finnish law.

16.2 Submission to jurisdiction

- (a) Subject to Condition 16.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Covered Bonds and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Covered Bonds and/or the Coupons (a **Dispute**)) and accordingly each of the Issuer and any Covered Bondholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 16.2, each of the Issuer and any Covered Bondholders or Couponholders in relation to any Dispute waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) This Condition 16.2(c) is for the benefit of the Covered Bondholders and the Couponholders only. To the extent allowed by law, the Covered Bondholders and the Couponholders may in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

16.3 Appointment of Process Agent

The Issuer irrevocably appoints Blake Morgan LLP at its registered office at One Central Square, Cardiff, CF10 1FS as its agent for service of process in any proceedings before the English courts in

relation to any Dispute, and agrees that, in the event of Blake Morgan LLP being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agreed that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process 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.

USE OF PROCEEDS

The net proceeds from each issue of Notes and Covered Bonds will be applied by the Issuer for its general corporate purposes, which include making a profit. If, in respect of an issue of Notes or Covered Bonds, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

DESCRIPTION OF THE ISSUER

History and Development of the Issuer

The Issuer is incorporated under Finnish law as a public limited liability company. Its Business ID is 2181702-8. The Issuer's financial year consists of one calendar year. The Issuer is domiciled in Helsinki, and its head office is located on Mannerheimintie 14 A, 3rd floor, Helsinki, Finland. The Issuer's postal address is P.O. Box 207, FIN-00101 Helsinki and the telephone number is +358 10 247 5000 and their website is www.aktia.com. According to Article 2 of its Articles of Association, the Issuer engages in business operations which are permitted for deposit banks. The Issuer is authorised under Finnish law to conduct activities as a credit institution. The Finnish Financial Supervisory Authority supervises the Issuer's activities in accordance with Finnish law.

The foundations for today's Aktia Bank plc were laid in 1825, when Helsinki Savings Bank was founded. In 1991, Aktia Savings Bank was created via mergers between Helsinki Savings Bank and a number of other savings banks in the Finnish coastal area. Aktia Savings Bank was subsequently converted into a public limited liability company, Aktia Savings Bank plc. In 2008, all Aktia Savings Bank's banking operations were transferred to Aktia Bank plc, while Aktia Savings Bank was renamed Aktia plc and became the parent company in the Aktia financial and insurance services group. In 2013, Aktia plc merged with Aktia Bank plc and the latter became the parent company of the Group.

During the years 1995-2015 the Issuer provided services as a central financial institution for the Finnish savings banks and POP Banks.

In 2013-2014, the Issuer carried out acquisitions of Saaristosäästöpankki Ltd and Vöyrin Säästöpankki savings bank, both active in parts of the coastal area of Finland, which the Issuer considers important from its own strategic perspective.

During 2001-2016, the Issuer's former subsidiary Aktia Real Estate Mortgage Bank plc provided refinancing to the Issuer and to certain savings banks and POP Banks through the issuance of covered bonds. In 2013, after a change in the legislation made covered bonds issuances possible also for Finnish deposit banks, Aktia Real Estate Mortgage Bank plc suspended all its further lending activities. In 2016, the Issuer purchased the minority shareholders' shares in Aktia Real Estate Mortgage Bank plc, which merged with the Issuer on 28 February 2017.

In 2016, the Issuer strengthened its know-how in mobile payments by acquiring the payment service provider Elisa Rahoitus Oy, and subsequently renamed the company Aktia Finance Ltd.

In 2018, the Issuer decreased its holdings in Aktia Real Estate Agency through a management-buyout and the Issuer also stopped functioning as an insurance agent for Folksam Non-Life Insurance to increase resources and focus on Aktia's strategic focus areas.

In 2019 Aktia Corporate Finance Ltd was merged into Aktia Bank plc.

Recent Developments

In March 2020 the Issuer acquired the minority share of 24 per cent. in Aktia Asset Management from Evergreen Holding Ltd, the minority shareholder in Aktia Asset Management Ltd. As a result, Aktia Asset Management has become a wholly-owned subsidiary of the Issuer at the end of the first quarter 2020.

The Issuer and Alandia Försäkring Abp announced in a press release on 19 December 2019 that Aktia Life Insurance Ltd and Försäkringsaktiebolaget Liv-Alandia agreed on the transfer of Alandia Försäkring Abp's life insurance portfolio to Aktia Life Insurance Ltd. The Financial Supervisory Authority accepted the transfer, and the acquisition was completed on 31 May 2020.

Business Overview

The Group is a Finnish finance group that offers comprehensive solutions in banking, asset management and life insurance. The Group is seeking strong growth in asset management and new customers in the growing cities in Finland.

The Issuer engages in deposit bank operations and provides investment services as referred to in the Finnish Investment Services Act.

The Bank of Finland has approved the Issuer as a counterparty in money market operations, and the Issuer participates in the Bank of Finland's Target 2 system.

The Issuer has obtained a license to undertake mortgage bank operations and issued its first covered bond in 2013.

The Group operates Swiss international provider of banking software systems Temenos' T24 core banking system and Swedish Emric's credit processing system as its platform for core banking IT-solutions. These systems are operated by the Finnish IT services company Tieto Finland Ltd. The Issuer's own in-house business development and IT organisations play a central role in the operation and development of the systems. The Issuer launched the core banking system successfully at the beginning of July 2017.

Organisational Structure

The parent company of the Group is Aktia Bank Plc. The Group comprises the wholly-owned subsidiaries Aktia Life Insurance Ltd, Aktia Fund Management Company Ltd and Aktia Asset Management Ltd.

Trend Information

There has been no material adverse change in the prospects of the Issuer since 31 December 2019.

Strategy

The Issuer's updated strategy consists of three main themes:

- *The Best Asset Management*

The Issuer's goal is to further extend its competitive offering within asset management through its own product development as well as carefully chosen partnerships. The Issuer is putting emphasis on increasing private customers' saving and investment activities. The Issuer will make its high-quality investment products and its rewarded asset management available to its extensive private customer network and institutional investors to a larger extent than previously. The Issuer's goal is also to continue the strong internationalisation of institutional asset management to new market areas.

- *Attaining growth in new private and corporate customers in the growing cities in Finland*

The Issuer seeks growth in the growing cities in Finland and invests further in developing its offering for its customers' different stages in life. Digital banking, investment and personal insurance services combined with personal visits to bank branches enable value creation in new manners that take better into account each customer's individual needs and enable the provision of services regardless of time and place. The Issuer will still focus on serving also especially small and medium-sized companies.

The Issuer invests also further in the offering of life insurance products and will set up a new sales company for this purpose. The new sales company will cooperate with Veritas Pension Insurance Company Ltd (**Veritas**) and operate as Veritas' agent.

- *Efficient Operations*

The Issuer will continue the standardisation and automation of its operations as an extension to its previous strategy. The goal is to renew and intensify operation methods in order to swiftly meet the changing customer needs in an even more agile manner and thus provide customers with a better customer experience. At the same time the Issuer is aiming at improving the profitability of operations as well as at freeing resources for growth investments in focus areas in accordance with the strategy.

Administrative, Management and Supervisory Bodies

General information

The Issuer is established as a public limited liability company and is governed in compliance with the Limited Liability Companies Act, the Act on Credit Institutions, the Act on Commercial Banks and Other Credit Institutions and the Act on Mortgage Credit Bank Operations. Further, the subsidiaries of the Issuer are managed in accordance with applicable legislation, such as the Act on Common Funds, the Act on Investment Firms and the Act on Insurance Companies. Regulations on corporate administration of the Issuer and its subsidiaries are also included in the Issuer's Articles of Association as well as in the rules of procedure adopted by the Issuer's Board of Directors that define the areas of responsibility of the individual administrative bodies in more detail, meeting procedure, minutes of meetings, ordinary meeting issues, preparation and presentation of matters to be dealt with at Board meetings and reporting procedures.

The Board of Directors

The Board of Directors of the Issuer oversee that the Group is managed efficiently and follows prudent business principles in accordance with the provisions of applicable laws and the Issuer's Articles of Association. The Board of Directors approves the Issuer's business strategy, strategic objectives, risk strategy and systems for management and governance as well as monitors and oversees them. The Board of Directors also appoints the Issuer's Managing Director.

Board members do not have individual duties related to the governance of the Group. The Board of Directors has set up three board committees to take decisions on certain predefined matters and to draw up issues to be resolved upon by the Board of Directors. Within the framework established by the Board of Directors:

- The Risk Committee can, within limits and policies decided by the Board of Directors, make independent decisions on risk-taking and risk management issues. In addition, the Risk Committee lays down measurement, limit and reporting structures for risk issues, oversees the capital management process and lays down methods for calculating economic capital, plus addresses reporting on risk issues, and draws up risk-related matters for the Board of Directors to pass decisions on.

- The Audit Committee draws up matters to be decided upon by the Board of Directors on preliminary information on financial statements, final accounts and interim reports. The Audit Committee determines the principles for internal auditing, sets out the Group's internal audit schedule and adopts routines and procedures for compliance with statutory requirements. The Audit Committee receives reports from external auditors, the internal audit and the compliance function, and monitors the internal reporting in general. The Audit Committee receives reports from the external auditor, the internal audit and the compliance function and monitors the internal reporting in general. The Audit Committee assesses the independence of the auditor or firm of auditors and, in particular, the provision of accessory services.
- The Remuneration and Corporate Governance Committee (the **RCGC**) prepares and puts forward proposals to be decided upon by the Board of Directors concerning guidelines for the remuneration and incentive schemes of executives and approval of the CEO's most important external engagements. The RCGC prepares and takes initiative in matters relating to the development of the Group's administration and control system. Further, the RCGC is responsible for regular assessment of the Board of Directors' work and of the methods for selection of executive management members.

Members of the Board of Directors

The members of the Board of Directors are appointed for a period beginning from the General Meeting and ending at the next General Meeting. Appointments are prepared by a Shareholders' Nomination Board comprising representatives of the five largest shareholders.

Lasse Svens,
Chairman of the Board, Chairman of the Board's Risk Committee, member of the Board's Remuneration and Corporate Governance Committee
M.Sc. (Econ)

Arja Talma,
Vice Chairman of the Board, Chairman of the Board's Audit Committee
M. Sc. (Econ.), eMBA

Christina Dahlblom,
Member of the Board, Chairman of the Board's Remuneration and Corporate Governance Committee
D. Sc. (Econ.)

Johan Hammarén,
Member of the Board, member of the Board's Remuneration and Corporate Governance Committee
M.Sc. (Econ.), Master of Laws

Maria Jerhamre Engström,
Member of the Board, Chairman of the Board's Risk Committee
eMBA

Kari A.J.Järvinen,
Member of the Board, member of the Board's Remuneration and Corporate Governance Committee
M.Sc. Eng., MBA

Harri Lauslahti,
Member of the Board, member of the Board's Risk Committee
M.Sc. (Econ.)

Olli-Petteri Lehtinen,
Member of the Board, member of the Board's Audit Committee
M.Sc. (Econ.)

Johannes Schulman,
Member of the Board, member of the Board's Audit Committee
M.Sc. (Econ.)

The business address at which each of the Members of the Board can be contacted is Aktia Bank plc, P.O. Box 207, FIN-00101 Helsinki.

Managing Director and Executive Committee

The Managing Director is responsible for the day-to-day management of the Group in accordance with instructions issued by the Board of Directors concerning administration of the Group's business.

The members of the Group's Executive Committee responsible for business areas or with functional areas of responsibility are appointed by the Managing Director based on job descriptions, competence profiles and other terms established by the Board of Directors, and having consulted the Chair of the Board of Directors regarding persons in question.

The Executive Committee members are authorised to manage respective business areas and functional areas of responsibility. Certain matters related to lending and the handling of the Group's financing, liquidity and market risks as well as administration of office activities are dealt with by committees appointed by the Executive Committee from within its ranks.

The Executive Committee and the Management Group act as consultative bodies for the Managing Director. The staff execute their right to representation in administrative bodies through a staff representative in the Group's Executive Committee.

The Managing Director and the other members of the Executive Committee

Mikko Ayub, M.Sc. (Econ.), MBA
CEO

Juha Hammarén, LL.M., eMBA
Executive Vice President and Chief Operating Officer

Carola Nilsson, M.Sc. (Econ.)
Executive Vice President, Private Customers
Acting Director, Corporate Customer

Nina Bergring, M.Sc. (Econ.)
Executive Vice President, Asset Management

Outi Henriksson, M.Sc. (Econ.)
Executive Vice President and Chief Financial Officer

Max Sundström, M.Sc. (Eng.)
Executive Vice President, the Group's concepts and strategy

Anu Tuomolin, M.Sc. (Econ.)
Executive Vice President, COO

Juha Volotinen, M.Sc. (Econ.)
Executive Vice President and Chief Information Officer

The business address at which the Managing Director and each of the other members of the Executive Committee can be contacted is Aktia Bank plc, P.O. Box 207, FIN-00101 Helsinki; visitors' address Mannerheimintie 14, Helsinki.

Members of the Shareholders' Nomination Board

Carl Pettersson, Chairman, appointed by the Pension Insurance Company Veritas
BBA (Econ.), eMBA

Stefan Björkman, appointed by Oy Hammarén & Co Ab
M.Sc. (Eng.)

Gisela Knuts, appointed by the Åbo Akademi University Endowment
Doctor of Laws

Lasse Svens
M.Sc. (Econ), Chairman of the Board of Aktia Bank Plc

Conflicts of interests

Apart from contractual relationships regarding financial services, provided by the Issuer or its subsidiaries on market terms, there are no potential conflicts of interest between any duties to the Issuer of the members of the Board of Directors, Executive Committee and Shareholders' Nomination Board and their private interests and/or other duties.

Major Shareholders

The Issuer's shares are publicly listed on the Official List of NASDAQ Helsinki Ltd. The Issuer's shares trading code is AKTIA and its ISIN code is FI4000058870.

Some of its largest owners are domestic savings bank foundations ("Aktia foundations"). The foundations have a long history with a primary aim to enhance individual life savings, support the local community and preserve savings banks' traditions in the geographic region where the Issuer performs its business activities. The largest of these foundations is the Tre Smeder Foundation (*Stiftelsen Tre Smeder*) (formerly Helsinki Savings Bank foundation).

The major shareholders of the Issuer are:

Veritas Pension Insurance Company Ltd:
8.60 per cent. of the Issuer's issued shares

The Society of Swedish Literature in Finland (*Svenska Litteratursällskapet*):
8.26 per cent. of the Issuer's issued shares

Oy Hammarén & Co Ab:
4.22 per cent. of the Issuer's issued shares

Åbo Akademi University Foundation:
3.59 per cent. of the Issuer's issued shares

Tiiviste-Group Oy:
3.39 per cent. of the Issuer's issued shares

Oy Etra Invest Ab:

2.85 per cent. of the Issuer's issued shares

Tre Smeder Foundation:

2.44 per cent. of the Issuer's issued shares

Mandatum Life Insurance Company Ltd:

2.31 per cent. of the Issuer's issued shares

Aktia Foundation Porvoo (*Aktia*stiftelsen i Borgå):

2.20 per cent. of the Issuer's issued shares

Aktia Foundation Vaasa (*Aktia*stiftelsen i Vasa):

2.30 per cent. of the Issuer's issued shares

The Issuer is not aware of agreements, the operation of which may, at a subsequent date, result in major changes in ownership of its shares.

Financial Information

The Issuer publishes financial information on a quarterly basis. The annual report and interim reports are available on www.aktia.com.

Material Contracts

The Issuer's agreements with vendors of IT-services supporting the Issuer's central processes are of great importance for the Issuer. Of these, the most important agreement governs the services provided by Temenos Luxembourg SA, Temenos Headquarters SA (Switzerland), Emric AB (Sweden), Tieto Finland Ltd and FIS AvantGard LLC.

Auditors

KPMG Oy Ab, address Töölönlahdenkatu 3A, 00101 Helsinki, audited the Issuer's financial statements for the financial years ended 31 December 2019 and 31 December 2018.

COVERED BOND ACT

*The following is a brief overview of certain features of the Finnish Covered Bond Act (Laki kiinnitysluottopankkitoiminnasta 688/2010, as amended) (the **CBA**) as of the date hereof. The overview does not purport to be, and is not, a complete description of all aspects of the Finnish legislative and regulatory framework for covered notes.*

General

The CBA entered into force on 1 August 2010. It enables the issue of covered notes (*katetut joukkolainat*) which are debt instruments secured by a cover pool of qualifying assets (the **cover pool**). The CBA regulates which assets can be used as collateral for the covered notes and the quality of such assets. They are issued by credit institutions (such as the Issuer) which are authorised to engage in mortgage credit business (*kiinnitysluottopankkitoiminta*) (each an **issuer**).

Supervision

The FSA is responsible for supervising each issuer's compliance with the CBA and may issue regulations for risk management and internal control in respect of mortgage credit business operations. If an issuer does not comply with the provisions of the CBA or the conditions of the licence granted by the FSA, the FSA shall lay down a period in which that issuer must fulfil any requirements set by the FSA. If such requirements are not fulfilled within the set period, the FSA may cancel that issuer's authorisation to engage in mortgage credit business.

As of the date hereof, the FSA has issued two regulations on mortgage credit bank operations: Regulation 6/2012 on authorisation procedure and risk management, and Regulation 7/2012 on reporting of mortgage credit bank operations.

Authorisation

Mortgage credit business is a line of banking business which involves the issuing of covered notes on the basis of loans secured by residential or commercial real estate or shares in Finnish housing companies or real estate companies as well as claims against public-sector entities. A credit institution must fulfil certain requirements prescribed in the CBA in order to obtain authorisation from the FSA to engage in mortgage credit business. The credit institution must, among other things, have in place risk management and control procedures suitable for conducting mortgage credit business. Besides mortgage credit banks whose activities are exclusively restricted to carrying out mortgage credit business, deposit banks and other credit institutions referred to in Chapter 1, Section 7 of the Finnish Act on Credit Institutions may also be authorised to issue covered notes, provided that they fulfil the requirements set out in the CBA. Aktia Bank plc is a deposit bank; i.e. not a specialised mortgage credit bank.

Register of covered notes

The CBA requires the issuer to maintain a register (the **register**) for the covered notes and the collateral which forms the cover pool assets for the covered notes. Any intermediary loan (see "*Intermediary Loans*" below) shall also be entered in the register. The actual entry of the covered notes and relevant derivative contracts in the register is necessary to confer the preferential right in the cover pool. Further, only assets entered in the register form part of the cover pool.

The register must list, amongst other things, the covered notes issued by the issuer and the assets in the cover pool and derivative transactions relating thereto along with any bankruptcy liquidity loans entered into on behalf of the issuer. All assets entered in the register shall rank equally as collateral for the covered notes, unless the collateral has been entered in the register as collateral for specified covered notes. If a mortgage

loan, a public-sector loan or any supplementary collateral is placed in the register as collateral for a particular covered note, the register must specify the covered note which this collateral covers. Section 22 of the CBA requires that the information shall be entered in the register no later than on the first business day following the issue of the covered note and information on the granting or acquisition of a mortgage loan or public-sector loan or a supplementary collateral (see "*Quality of the cover pool assets - Supplementary Collateral*" below) which is placed as collateral for the covered notes shall be entered in the register no later than one business day after granting or acquiring such collateral. Any changes in such information shall be entered in the register without delay (although no specific timeframe is provided for under the CBA). A mortgage loan or a public-sector loan shall be removed from the register when it has been fully repaid by the relevant borrower. A loan shall also be removed from the register if it can no longer be deemed to be an eligible asset. A mortgage loan, a public-sector loan or any supplementary collateral may also be removed from the register, if, after its removal, the remaining mortgage loans, public-sector loans and supplementary collateral entered in the register are sufficient to meet the requirements prescribed in the CBA. Accordingly, the cover pool is dynamic in the sense that an issuer may supplement or substitute assets in the cover pool.

The duty to maintain the register is with the issuer. The CBA contains no formal requirements for the physical form of the register. The FSA monitors the management of the register, including the due and proper recording of assets. The information in the register shall be submitted to the FSA regularly.

Eligible cover pool assets

The covered notes shall be covered at all times by a specific pool of eligible assets. Eligible assets which are permitted as collateral for covered notes consist of mortgage loans, public-sector loans and supplementary collateral, each as defined in the CBA as follows:

Mortgage loans are housing loans or commercial property loans.

Housing loans are loans secured by (i) mortgageable property for primarily residential purposes referred to in Chapter 16, Section 1 or Chapter 19, Section 1 of the Finnish Land Code (*Maakaari* 540/1995, as amended); or (ii) shares in a housing company referred to in Chapter 1, Section 2 of the Act on Housing Companies (*Asunto-osakeyhtiölaki* 1599/2009, as amended) or shares comparable thereto, participations and rights of occupancy; or (iii) collateral comparable to the aforementioned collateral, situated in another State belonging to the European Economic Area.

Commercial property loans are loans secured by (i) mortgageable property for commercial or office purposes referred to in Chapter 16, Section 1 or Chapter 19, Section 1 of the Finnish Land Code (*Maakaari* 540/1995, as amended); or (ii) shares of a housing company or a mutual real estate company entitling the holder to occupancy of the commercial or office premises; or (iii) collateral comparable to the aforementioned collateral, situated in another State belonging to the European Economic Area.

Public-sector loans are loans which have been granted to the Republic of Finland, a Finnish municipality or other public-sector entity which may, when applying the procedure for calculating the solvency set out in the CRR, be considered equivalent to the Finnish State or Finnish municipality and a credit which is fully collateralised by a guarantee granted by a public-sector entity or a claim on such entity.

At least 90 per cent. of the total amount of collateral shall be housing loans or public-sector loans or supplementary collateral, unless otherwise provided for in the terms and conditions of a covered note.

Supplementary collateral may only be used as collateral for covered notes on a temporary basis and in the circumstances set out in the CBA (see "*Quality of the cover pool assets - Supplementary Collateral*" below).

Derivative transactions concluded for hedging against risks related to covered notes must be registered in the register and therefore constitute part of the cover pool assets.

Quality of the cover pool assets

Mortgage lending limit and valuation

A mortgage loan entered in the register as collateral for a covered note may not exceed the current value of the shares or real estate standing as collateral. The current value shall be calculated using good real estate evaluation practice applicable to credit institutions in accordance with provisions on the management of capital adequacy and credit risk of credit institutions issued by the FSA. The issuer shall regularly monitor the value of the shares or real estate entered as collateral for the covered notes and revise the value of the collateral in accordance with provisions on the management of capital adequacy of credit institutions issued by the FSA.

Requirements for matching cover

The CBA seeks to protect holders of covered notes by requiring that the outstanding principal amount and net present value of the covered notes must be covered at all times by matching cover pool assets. This is achieved by Section 16 of the CBA which provides that (a) the total value of cover pool assets must always exceed the aggregate outstanding principal amount of the covered notes and (b) the net present value of cover pool assets must always be at least 2 per cent. above the net present value of the liabilities under the covered notes.

According to the legislative proposal relating to the CBA (HE 42/2010), the net present value means, in respect of (a) covered notes and (b) mortgage loans, public-sector loans and supplementary collateral, the total value of the future discounted cashflows applying the market rate of interest, prevailing from time to time.

Requirements relating to liquidity

Under Section 17 of the CBA, the issuer shall ensure that the average maturity date of the covered notes does not exceed the average maturity date of the loans entered in the register. Further, the issuer shall further ensure that the total amount of interest accrued from the cover pool assets, during any 12-month period, is sufficient to cover the total amount payable to the holders of covered notes as interest and to the counterparties of derivative transactions as payments under such derivative transactions during the same 12-month period. Before the commencement of liquidation or bankruptcy proceedings against the issuer or a debtor of an intermediary loan, a mortgage credit bank may, in respect of collateral granted by a debtor of an intermediary loan, treat the interest payments on the intermediary loans as being the interest accrued from such collateral.

Determination of requirements under Sections 16 and 17 of the CBA

To determine the value of the cover pool assets in order to provide the matching cover required by Sections 16 and 17 of the CBA, the issuer shall only take into account:

1. an amount not exceeding 70 per cent. of the current value of the shares or real estate placed as collateral for any housing loan;
2. an amount not exceeding 60 per cent. of the current value of the shares or real estate placed as collateral for any commercial property loan; and
3. the book value of any public-sector loans and supplementary collateral.

Loans that have been entered in the register which must be booked as non-performing loans at the time of review of such loans, in accordance with the regulations issued by the FSA, shall no longer be included as cover pool assets in calculating the matching cover.

Derivative transactions concluded in order to hedge the covered notes and any assets provided as collateral for the derivative transaction shall be taken into account for the purposes of Sections 16 and 17 of the CBA.

Supplementary Collateral

Up to 20 per cent. of the aggregate amount of all assets constituting the statutory security for the covered notes conferred by the CBA may temporarily consist of supplementary collateral, provided that receivables from credit institutions shall not exceed 15 per cent. (or, in respect of the 20 per cent. limit referred to above, such larger amount as may be approved by the FSA on the application of the issuer for a specific reason and for a specified period of time) of the total amount of collateral. Supplementary collateral may include: (i) bonds and other debt obligations issued by a central government, a municipality or another public-sector entity or a credit institution (other than one belonging to the same consolidated group as the issuer); (ii) guarantees granted by a public-sector entity or a credit institution referred to in (i) above; (iii) credit insurance given by an insurance company other than one belonging to the same "group", as defined in the Finnish Act on Supervision of Finance and Insurance Groups (*Laki rahoitus- ja vakuutusryhmittymien valvonnasta* 699/2004, as amended), as the issuer; or (iv) assets of the issuer deposited in the Bank of Finland or a deposit bank; if the issuer is a deposit bank the deposit may not be in a deposit bank belonging to the same consolidated group as the issuer. Supplementary collateral may temporarily be used in situations where (i) mortgage loans or public-sector loans have not yet been granted or registered as collateral for the covered notes; or (ii) the total amount of collateral does not fulfil the provisions provided for in Sections 16 and 17 of the CBA.

Intermediary loans

The CBA allows deposit banks and credit societies to participate indirectly in the issue of covered notes by means of intermediary loans granted by a mortgage credit bank to such institutions. As a deposit bank, Aktia Bank plc is not entitled to grant intermediary loans. The intermediary loan shall be entered in the register but shall not form part of the cover pool assets of the covered notes. In addition the debtor of the intermediary loan shall provide collateral in the form of mortgage loans and public-sector loans to be registered in the register as security for the covered notes of the mortgage credit bank. The total priority value of such loans in the cover pool shall always exceed the principal amount of the intermediary loan. Upon the liquidation or bankruptcy of the issuer the estate of the issuer will be entitled to collect any proceeds from such loans and enter such proceeds in the register as security for the covered notes. Moreover, the issuer's estate may demand a transfer of title of the loans to the estate or a named third party.

Derivatives

The issuer may enter into derivative transactions to hedge against the risks relating to covered notes or their underlying collateral. Details of any such derivatives must be entered in the register.

Set-off

A creditor of the issuer may not set-off its claim against a mortgage loan or a public-sector loan entered in the register if it is within the scope of the priority of payment of the holders of covered notes as provided for in Section 25 of the CBA nor against an intermediary loan.

Prohibition on transfers, pledges, execution and precautionary measures

The issuer or the debtor under an intermediary loan may not, without the permission of the FSA, assign or pledge mortgage loans or public-sector loans which are included in the cover pool assets. A mortgage credit bank may not assign or pledge any intermediary loan without the permission of the FSA. An assignment or pledge violating such prohibition shall be void.

A mortgage loan, a public-sector loan or any supplementary collateral entered in the register as collateral for a covered note or an intermediary loan may not be taken in execution for a debt of an issuer, a deposit bank or a credit entity nor may precautionary measures be directed at it.

Preferential right in the event of liquidation or bankruptcy

Under Finnish law, "*selvitystila*" (or liquidation in English) means either a voluntary winding up of a company or a winding up pursuant to specific provisions of Finnish law and "*konkurssi*" (or bankruptcy in English) means the mandatory winding up of a company in the event of its insolvency.

Under Section 25 of the CBA, notwithstanding the liquidation or bankruptcy of the issuer, a covered note shall be paid until its maturity in accordance with the terms and conditions of the covered note from the funds accruing on the cover pool assets of the covered note before other claims. The funds accruing from collateral for covered notes after the commencement of liquidation or bankruptcy proceedings against the issuer shall be entered in the register as collateral for such covered notes. In bankruptcy proceedings the bankruptcy administrator must ensure due maintenance of the register.

Collateral entered in the register in accordance with the CBA may not be recovered pursuant to Section 14 of the Finnish Act on Recovery of Assets to a Bankruptcy Estate (*Laki takaisinsaannista konkurssipesään* 758/1991, as amended).

In respect of each mortgage loan included in the cover pool for a covered note, the priority of payment right in accordance with Section 25 of the CBA is limited to a maximum amount which corresponds to 70 per cent. in respect of housing loans and to 60 per cent. in respect of commercial property loans of the current value of shares or real estate which stand as collateral for the loan as entered in the register at the time of commencement of liquidation or bankruptcy proceedings against the issuer. The bankruptcy administrator shall assign the share of payments out of any mortgage loan exceeding the preferential right to the general bankruptcy estate. According to the legislative proposal relating to the CBA (HE 42/2010), payments deriving from loans to be booked as non-performing and proceeds from disposal of loans or enforcement of collateral shall, nonetheless, be firstly used for payment of covered notes up to their preferential portion.

The position set out above in respect of Section 25 of the CBA applies *mutatis mutandis* to the counterparties of the derivative transactions entered in the register and to the providers of any loan securing liquidity for the issuer in liquidation or bankruptcy (each such loan being a **bankruptcy liquidity loan**). These parties have an equal right with the holders of the covered notes to payment from the funds, entered in the register as collateral for the covered notes, and from the payments relating to them, and accordingly, such derivative transactions and bankruptcy liquidity loans rank *pari passu* with the covered notes with respect to such cover pool assets.

The bankruptcy administrator may, upon the demand or with the consent of the supervisor appointed by the FSA (see "*Management of cover pool assets during the liquidation or bankruptcy of the issuer*" below), transfer collateral entered in the register of covered notes to the issuer's general bankruptcy estate, if the value and the net present value of the cover pool, as provided for in Section 16 of the CBA, considerably exceed the total amount of the covered notes and it is apparent that the collateral to be transferred shall not be necessary to fulfil the obligations in respect of the covered notes, derivative transactions and bankruptcy liquidity loans.

Management of cover pool assets during the liquidation or bankruptcy of the issuer

When the issuer has entered into liquidation or bankruptcy proceedings, the FSA shall, without delay, appoint a supervisor in accordance with Section 29 of the Finnish Act on the Financial Supervisory Authority (*Laki Finanssivalvonnasta* 878/2008, as amended) to protect the interests of creditors of covered notes and creditor entities comparable to such and to enforce their right to be heard (a **supervisor**). The supervisor shall, in particular, supervise the management of the collateral for the covered notes and their conversion into cash as well as the contractual payments to be made to the holders of the covered notes. The

person to be appointed as a supervisor shall have sufficient knowledge of financing and legal issues with regard to the nature and scope of the duties.

In bankruptcy proceedings the courts will by operation of law appoint a bankruptcy administrator to administer the bankruptcy estate. The cover pool will be run by the bankruptcy administrator, but the supervisor will supervise the bankruptcy administrator, acting in the interest of the noteholders. Under Section 26 of the CBA, a bankruptcy administrator shall, upon the demand or with the consent of the supervisor, conclude derivative transactions necessary for hedging against risks relating to covered notes and the relevant collateral as well as, where necessary, sell a sufficient amount of collateral for the covered note in order to fulfil the obligations relating to the covered note. In addition, a bankruptcy administrator shall, upon the demand or with the consent of the supervisor, have a right to conclude contractual arrangements to secure liquidity or take out bankruptcy liquidity loans.

Funds which accrue on the collateral of covered notes after the commencement of liquidation or bankruptcy of the issuer and the bank accounts related to the collateral and its income shall be entered in the register. Correspondingly, a bankruptcy liquidity loan taken under Section 26 of the CBA and each bank account into which any such funds are deposited shall be entered in the register.

The bankruptcy administrator may, with the permission of the FSA, transfer the liability for a covered note and the corresponding collateral to another mortgage credit bank, deposit bank or credit entity that has acquired a licence to issue covered notes or to a foreign mortgage credit bank which is subject to supervision corresponding to that of the CBA unless the terms of the covered note provide otherwise.

A bankruptcy administrator has the right to terminate or transfer a derivative transaction to a third party on the demand or with the consent of the supervisor, provided that the collateral is transferred or converted into cash, or a right to transfer collateral to the counterparty in the derivative transaction when the interests of the holder of the covered notes demands such and it is reasonable from the perspective of risk management.

If the requirements for the cover pool of the covered notes, as provided for in Sections 16 and 17 of the CBA, cannot be fulfilled, the bankruptcy administrator must, upon the request or approval of the supervisor, accelerate the covered notes and sell the cover pool assets in order to pay the covered notes.

Management of cover pool assets upon the liquidation or bankruptcy of the debtor of an intermediary loan

When the debtor of an intermediary loan has entered into liquidation or bankruptcy proceedings, the FSA shall without delay appoint a supervisor to protect the interests of the holders of covered notes issued by the issuer standing as the creditor of the intermediary loan and will have a right to enforce the holders' right to be heard. The supervisor must, in particular, supervise the management of the collateral for covered notes and its conversion into cash as well as oversee the contractual payments to be made to the holders of covered notes and other parties comparable to such holders. Notwithstanding the liquidation or bankruptcy of the debtor of the intermediary loan, the issuer's obligations under the covered note must be paid for the full term of the covered note, in accordance with its contractual terms, from the collateral entered in the register before other claims can be met, following, where applicable, what is provided for in Section 25 of the CBA in respect of payment priority.

When the debtor of the intermediary loan is in liquidation or bankruptcy, the bankruptcy administrator shall upon the supervisor's demand or with his consent:

1. sell to the issuer the mortgage loans or public-sector loans, included in the collateral of its covered note, in such a manner that the substitute claim is set-off partially or wholly against the claim under the intermediary loan of the issuer; or
2. if necessary, sell to a third party a sufficient amount of collateral for a covered note to comply with its obligations under the covered note.

INTEREST RATE SWAPS

The Issuer may enter into one or more interest rate swap transactions (each an **Interest Rate Swap Transaction**) in order to hedge against interest rate exposure arising as a result of mortgages carrying floating rates of interest and the Fixed Rate Covered Bonds creating a fixed rate payment obligation for the Issuer and may also enter into Interest Rate Swap Transactions for general risk management purposes to hedge interest payments received in relation to mortgages carrying a fixed rate of interest, as the case may be.

Pursuant to each Interest Rate Swap Transaction, the swap counterparty will receive from the Issuer, on each payment date under the Interest Rate Swap Transaction, an amount calculated by reference to a floating rate or a fixed rate, as the case may be, multiplied by the Notional Amount (as defined in such Interest Rate Swap Transaction) and the Issuer will receive from the swap counterparty, on each payment date under the Interest Rate Swap Transaction, an amount calculated by reference to a floating rate or fixed rate, as the case may be, multiplied by the Notional Amount.

Each Interest Rate Swap Transaction entered into between the Issuer and a swap counterparty will be evidenced by a confirmation and such confirmation will supplement and form part of an agreement between the Issuer and such swap counterparty in the form of a 1992 ISDA Master Agreement (Multicurrency – Cross Border) or a 2002 ISDA Master Agreement (Multicurrency – Cross Border), each as published by the International Swaps and Derivatives Association Inc. (**ISDA**) (each such agreement an **Interest Rate Swap Agreement**). Each Interest Rate Swap Agreement will be terminable by one or both of the parties if a Termination Event (as defined therein) occurs.

In the event that the Issuer is required to withhold or deduct an amount in respect of tax from payments due from it to a swap counterparty, the Issuer will not be required pursuant to the terms of the relevant Interest Rate Swap Agreement to pay the swap counterparty such amounts as would otherwise have been required to ensure that the swap counterparty received the same amounts that it would otherwise have received had such withholding or deduction not been made.

In the event that a swap counterparty is required to withhold or deduct an amount in respect of tax from payments due from it to the Issuer, the swap counterparty will be required pursuant to the terms of the relevant Interest Rate Swap Agreement to pay the issuer such additional amounts as are required to ensure that the Issuer receives the same amounts that it would have received had such withholding or deduction not been made.

Upon the early termination of an Interest Rate Swap Agreement, the Issuer or the relevant swap counterparty may be liable to make a termination payment to the other party. The amount of any termination payment will be based on the market value of the relevant terminated Interest Rate Swap Transaction. The market value will be based on market quotations of the cost of entering into a transaction with the same terms and conditions and that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that no market quotation can be obtained). The Interest Rate Swap Agreements are unilaterally collateralised for the benefit of the Issuer, with agreed limits for the maximum value of the Issuer's uncollateralised swap positions.

The Interest Rate Swap Agreements are entered into the register of bonds. Hence, holders of mortgage-backed bonds for which the Interest Rate Swap Agreement in question has been entered as collateral will have a preferential right to any payments received under the Interest Rate Swap Agreement. The obligations resulting from an Interest Rate Swap Agreement that has been entered into the register of bonds shall be fulfilled towards the mortgage bank in accordance with the contract terms notwithstanding a bankruptcy or liquidation of the mortgage bank. The funds accruing to the mortgage bank on the basis of derivatives contracts after the commencement of the liquidation or bankruptcy proceedings are, under the CBA, entered in the register as collateral until the holders of mortgage-backed bonds are repaid in accordance with the terms and conditions of the mortgage-backed bonds.

A counterparty to an Interest Rate Swap Agreement is given the same preferential right in the Issuer's liquidation or bankruptcy to assets registered in the register of bonds as the holders of mortgage-backed bonds.

TAXATION

Finnish Taxation

The following is a general description addressing only the Finnish withholding tax treatment of income arising from the Notes, Covered Bonds and Coupons. This description is (i) based on the laws, regulations and published case law in full force and effect in Finland and the interpretation thereof as at the date of this Base Prospectus, which may be subject to change in the future, potentially with retroactive effect, and (ii) prepared on the assumption that the Issuer is resident in Finland for tax purposes. Investors should be aware that the comments below are of a general nature and do not constitute legal or tax advice and should not be understood as such. The following description is based on an interpretation of general provisions of tax law. Prospective investors are therefore advised to consult their own qualified advisors so as to determine, in the light of their individual situation, the tax consequences of the acquisition, holding, exercise, redemption, sale or other disposition of the Notes, Covered Bonds and Coupons.

Non-Resident Holders of Notes, Covered Bonds and Coupons

All payments in respect of the Notes, Covered Bonds and Coupons made by or on behalf of the Issuer to persons not resident in Finland for tax purposes and who do not engage in trade or business through a Finnish branch, permanent establishment or other fixed place of business in Finland may be made without withholding or deduction for, or on account of, any present taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein. Under current Finnish tax legislation the Issuer is required to ascertain that the recipient is not resident in Finland for tax purposes and the recipient is obliged to disclose its non-resident investor status to the payer. If it is required to do so under Finnish tax law, where a recipient fails to provide such information, the Issuer will be entitled, pursuant to Finnish tax legislation, to withhold or deduct amounts from a payment in respect of the Notes, Covered Bonds and Coupons.

Resident Holders of Notes, Covered Bonds and Coupons

Corporates

All payments in respect of the Notes, Covered Bonds and Coupons made by or on behalf of the Issuer to corporates resident in Finland for tax purposes may be made without withholding or deduction for, or on account of, any present taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein.

Individuals and Estates

Payments of interest and any similar payments (for example, interest compensation FI: "jälkimarkkinahyvitys" and index compensation FI: "indeksihyvitys") made to individuals or estates resident in Finland are generally subject to advance withholding of income tax or withholding tax on interest income. Payments classified as capital gain for Finnish income tax purposes are not subject to advance withholding of income tax or withholding tax on interest income.

The withholding liability should primarily lie with a possible paying agent or other intermediary (such as a financial institution) effecting the payment to the holder of Notes, Covered Bonds and Coupons, if the paying agent or intermediary is resident in Finland for tax purposes or the payment is made through a Finnish permanent establishment of a non-resident paying agent or intermediary.

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 FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal,

Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced apply to certain dealings in the Notes and the Covered Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes and Covered Bonds should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes and Covered Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes and Covered Bonds 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 is a foreign financial institution for these purposes. A number of jurisdictions (including Finland) 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 or Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes or Covered Bonds, 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 or Covered Bonds, 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 or Covered Bonds 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 filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes or Covered Bonds (as described under "Terms and Conditions of the Notes—Further Issues" and "Terms and Conditions of the Covered Bonds—Further Issues") that are not distinguishable from previously issued Notes or Covered Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes or Covered Bonds, including the Notes or Covered Bonds 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 or Covered Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes or Covered Bonds, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (such programme agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 23 July 2020, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes and Covered Bonds. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*", "*Form of the Covered Bonds*" and "*Terms and Conditions of the Covered Bonds*". 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 and Covered Bonds under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes and Covered Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes and Covered Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms 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 or Covered Bonds (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Notes and Covered Bonds of the Tranche of which such Notes or Covered Bonds 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 and Covered Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes and Covered Bonds 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 or Covered Bonds, an offer or sale of such Notes or Covered Bonds 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 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 in relation thereto to any retail investor in the European Economic Area 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, as amended (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 specifies “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area 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 or Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant State except that it may make an offer of such Notes or Covered Bonds to the public in that Relevant State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes and Covered Bonds 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 or Covered Bonds to the public** in relation to any Notes or Covered Bonds 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 or Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Notes or Covered Bonds; and
- the expression **Prospectus Regulation** means Regulation (EU) 2017/1129, as amended.

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 or Covered Bonds 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 or Covered Bonds 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 or Covered Bonds 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 or Covered Bonds 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 or Covered Bonds in, from or otherwise involving the United Kingdom.

Japan

The Notes and Covered Bonds 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 or Covered Bonds, 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.

Belgium

Other than in respect of Notes or Covered Bonds for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms, 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 or Covered Bonds 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 or Covered Bonds, 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 or Covered Bonds, directly or indirectly, to any Belgian Consumer.

Finland

The Base Prospectus has not been approved by the Finnish Financial Supervisory Authority. The Notes or Covered Bonds may not be offered or sold, directly or indirectly, to the public in the Republic of Finland. Specifically, the Notes or Covered Bonds may not be offered or sold, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, other than (i) to a limited number of less than one hundred fifty pre-selected investors, (ii) to qualified investors within the meaning of Article 2(e) of Regulation (EU) 2017/1129 and amendments thereto (the **Prospectus Regulation**), (iii) provided that the Notes or Covered Bonds may only be acquired for a consideration of not less than EUR 100,000 or in denominations of not less than EUR 100,000 per investor, and that the offering of the Notes or Covered Bonds does not constitute a public offering as defined in the Finnish Securities Market Act (Arvopaperimarkkinalaki, 746/2012) (as amended or superseded from time to time, the **Finnish Securities Market Act**). 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, directly or indirectly, offer or sell in Finland any Notes or Covered Bonds other than in compliance with all applicable provisions of the laws of Finland, including the Finnish Securities Market Act and any regulation issued thereunder, as well as the regulations and guidelines issued by the Finnish Financial Supervisory Authority, as supplemented and amended from time to time.

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 Covered Bonds or caused the Notes or the Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or Covered Bonds or cause the Notes or the Covered Bonds 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 or the Covered Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in 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 or the Covered Bonds 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 or the Covered Bonds pursuant to an offer made under Section 275 of the SFA except:

- (i) 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;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the SFA.

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 applicable Final Terms, all Notes or Covered Bonds 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).

Switzerland

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that this Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes or Covered Bonds and the Notes or Covered Bonds may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (**FinSA**) and no application has or will be made to admit the Notes or Covered Bonds to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes or Covered Bonds constitutes a prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Notes or Covered Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

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 Covered Bonds 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 or Covered Bonds 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 or Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The update of the Programme and the issue of Notes and Covered Bonds have been duly authorised by the Board of Directors of the Issuer on 12 June 2020.

Listing, approval and admission to trading of Notes

Application has been made to the Luxembourg Stock Exchange for Notes and Covered Bonds 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 the MiFID II.

Documents Available

For the period of at least 10 years following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from <https://www.aktia.com/en/>:

- (a) the trade register extract and Articles of Association (with English translations thereof) of the Issuer (see Corporate Governance);
- (b) the Agency Agreement (including the forms of the Global Notes, the Global Covered Bonds, the Notes in definitive form, the Covered Bonds in definitive form, the Coupons and the Talons) and the Deed of Covenant (see Investor Relations/ Funding);
- (c) a copy of this Base Prospectus (see Investor Relations/ Funding);
- (d) a copy of the Base Prospectuses dated 10 March 2015, 6 April 2016, 8 June 2017, 13 June 2018 and 16 July 2019 (see Investor Relations/ Funding); and
- (e) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms will only be available for inspection by a holder of such Note or Covered Bond and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes or Covered Bonds and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes and Covered Bonds 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 or Covered Bonds allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes or Covered Bonds are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

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, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes or Covered Bonds 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.

Yield

In relation to any Tranche of Fixed Rate Notes or Fixed Rate Covered Bonds, an indication of the yield in respect of such Notes or Covered Bonds will be specified in the applicable Final Terms. The yield is calculated on the Issue Date of the Notes or Covered Bonds on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes or Covered Bonds and will not be an indication of future yield.

Significant or Material Change

There has been no significant change in the financial performance or position of the Issuer or the Group since 31 March 2020 and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2019.

Litigation

Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

The auditors of the Issuer, KPMG Oy Ab, audited the Issuer's financial statements, without qualification, in accordance with good accounting practice in Finland for the financial years ended on 31 December 2018 and 2019. KPMG Oy Ab are an authorised audit firm in Finland and are overseen by the Finnish Patent and Registration Office. The main responsible auditor is a member of the Finnish Association of Authorised Public Accountants.

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 other services for the Issuer and its affiliates in the ordinary course of business. 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 Issuer's affiliates. Certain of the Dealers or their affiliates may have a lending relationship with the Issuer and may, in such cases, 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 and Covered Bonds issued under the Programme. Any such short positions could adversely affect future trading prices of Notes and Covered Bonds 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.

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