http://www.oblible.com

OFFERING CIRCULAR



LANDSHYPOTEK

LANDSHYPOTEK AB (publ)

(incorporated with limited liability in the Kingdom of Sweden)

€1,500,000,000
Euro Medium Term Note and S.O. Bond Programme

Under this €1,500,000,000 Euro Medium Term Note and S.O. Bond Programme (the **Programme**), Landshypotek AB (publ) (the **Issuer**) may from time to time issue Euro medium term notes (the **Notes**) and covered bonds issued in accordance with the S.O. Act (as defined below) (the **S.O. Bonds**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The Notes or S.O. Bonds may be issued in bearer form or uncertificated book form (the **VPS Notes** or **VPS S.O. Bonds**, as the case may be) cleared through the Norwegian Central Securities Depository, the Verdipapirsentralen ASA (the **VPS**).

The maximum aggregate nominal amount of all Notes and S.O. Bonds from time to time outstanding under the Programme will not exceed €1,500,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

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

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

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority**) for Notes and S.O. Bonds issued under the Programme (other than VPS Notes or VPS S.O. Bonds) during the period of 12 months from the date of this Offering Circular to be admitted to the official list of the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Notes and S.O. Bonds to be admitted to trading on the London Stock Exchange's Regulated Market.

References in this Offering Circular to Notes and S.O. Bonds being **listed** (and all related references) shall mean that such Notes and S.O. Bonds have been admitted to trading on the London Stock Exchange's Regulated Market and have been admitted to the Official List. The London Stock Exchange's Regulated Market is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**).

Notice of the aggregate nominal amount of Notes and S.O. Bonds, interest (if any) payable in respect of Notes and S.O. Bonds, the issue price of Notes and S.O. Bonds and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes other than VPS Notes*", "*Terms and Conditions of the VPS Notes*", "*Terms and Conditions of the S.O. Bonds other than VPS S.O. Bonds*" and "*Terms and Conditions of the VPS S.O. Bonds*") of Notes and S.O. Bonds will be set out in a final terms supplement (the **Final Terms**) which, with respect to Notes to be listed on the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange.

The Programme provides that Notes and S.O. 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 S.O. Bonds and/or Notes and S.O. Bonds not admitted to trading on any markets.

The Issuer may agree with any Dealer that Notes and S.O. Bonds may be issued in a form not contemplated by the Terms and Conditions of the Notes other than VPS Notes, the Terms and Conditions of the VPS Notes, the Terms and Conditions of the S.O. Bonds other than VPS S.O. Bonds or the Terms and Conditions of the VPS S.O. Bonds herein, in which event a supplemental offering circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes and S.O. Bonds.

Arranger

The Royal Bank of Scotland

Dealers

Danske Bank
Merrill Lynch International
The Royal Bank of Scotland
Handelsbanken Capital Markets
SEB
UniCredit Group (HVB)

17 June 2009

http://www.oblible.com

This Offering Circular comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the Prospectus Directive).

The Issuer accepts responsibility for the information contained in this Offering Circular. 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 Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of the Final Terms will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below). In addition, copies of each Final Terms relating to Notes and S.O. Bonds which are either admitted to trading on the London Stock Exchange's Regulated Market or offered in the United Kingdom in circumstances where a prospectus is required to be published under the Prospectus Directive will be available on the website of the London Stock Exchange. Copies of each Final Terms relating to Notes and S.O. Bonds which are admitted to trading on any other regulated market in the European Economic Area or offered in any other Member State of the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will be available for viewing in accordance with Article 14(2) of the Prospectus Directive and the rules and regulations of the relevant regulated market.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

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

Subject as provided in the applicable Final Terms, the only persons authorised to use this Offering Circular in connection with an offer of Notes and S.O. Bonds are the persons named in the applicable Final Terms as the relevant Dealer or the Managers, as the case may be.

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 Offering Circular or any other information supplied in connection with the Programme or the Notes and the S.O. 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 Offering Circular nor any other information supplied in connection with the Programme or any Notes or S.O. Bonds (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes or S.O. Bonds should purchase any Notes or S.O. Bonds. Each investor contemplating purchasing any Notes or S.O. 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 Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes or S.O. 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 S.O. Bonds.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes or S.O. 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 S.O. Bonds of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes or S.O. Bonds.

The Notes and S.O. 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 S.O. Bonds may not be offered, sold or delivered within the United States or to U.S. persons (see "*Subscription and Sale*" below).

Notes or S.O. Bonds denominated in NOK may not be offered, sold or delivered in Norway to or for the benefit of persons domiciled in Norway, unless in compliance with the regulations relating to the offer of VPS Notes or VPS S.O. Bonds and the registration of VPS Notes or VPS S.O. Bonds in the VPS.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes or S.O. 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 Offering Circular and the offer or sale of Notes and S.O. Bonds may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Offering Circular may be lawfully distributed, or that any Notes or S.O. 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 would permit a public offering of any Notes or S.O. Bonds outside the UK or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes or S.O. Bonds may be offered or sold, directly or indirectly, and neither this Offering Circular 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 Offering Circular or any Notes or S.O. Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes or S.O. Bonds. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes and S.O. Bonds in the United States, the European Economic Area (including the United Kingdom and the Netherlands) and Japan, see "*Subscription and Sale*".

All references in this document to *U.S. dollars*, *U.S.$* and *$* refer to the United States dollars, to *Swedish krona* and to *SEK* refer to the currency of the Kingdom of Sweden (*Sweden*) and to *NOK* or *Norwegian Kroner* to the currency of the Kingdom of Norway (*Norway*). In addition, all references to *Sterling* and *£* refer to pounds sterling and to *euro* and *€* refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union, as amended.

TABLE OF CONTENTS

	Page
DESCRIPTION OF THE PROGRAMME	5
RISK FACTORS	10
DOCUMENTS INCORPORATED BY REFERENCE	19
FORM OF THE NOTES	20
FORM OF THE S.O. BONDS	22
APPLICABLE FINAL TERMS	24
TERMS AND CONDITIONS OF THE NOTES OTHER THAN VPS NOTES	36
TERMS AND CONDITIONS OF THE VPS NOTES	58
TERMS AND CONDITIONS OF THE S.O. BONDS OTHER THAN VPS S.O. BONDS	77
TERMS AND CONDITIONS OF THE VPS S.O. BONDS	95
SUMMARY OF THE SWEDISH LEGISLATION REGARDING COVERED BONDS	111
USE OF PROCEEDS	115
LANDSHYPOTEK AB (PUBL)	116
TAXATION	121
SUBSCRIPTION AND SALE	122
GENERAL INFORMATION	125

In connection with the issue of any Tranche of Notes or S.O. Bonds, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or S.O. Bonds or effect transactions with a view to supporting the market price of the Notes or S.O. Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. 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 S.O. Bonds is made and, if begun, may be ended 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 S.O. Bonds and 60 days after the date of the allotment of the relevant Tranche of Notes or S.O. Bonds. Any stabilisation action of over-allotment must be conducted by the relevant Stabilising Manager(s) in accordance with all applicable laws and rules.

DESCRIPTION OF THE PROGRAMME

The following description is an overview and does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes or S.O. Bonds, the applicable Final Terms. Words and expressions defined in "Form of the Notes" and "Form of the S.O. Bonds", "Terms and Conditions of the Notes other than VPS Notes" "Terms and Conditions of the VPS Notes", "Terms and Conditions of the S.O. Bonds other than VPS S.O. Bonds" and "Terms and Conditions of the VPS S.O. Bonds" below shall have the same meanings in this overview.

Issuer:	Landshypotek AB (publ)
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes and S.O. Bonds issued under the Programme. These are set out under "*Risk Factors*" below and include risks arising from the potential failure of the customers of the Issuer to meet their obligations in favour of the Issuer, interest rate risk, foreign currency risk, liquidity risk, operational risk and risks relating to business, political, regulatory and environmental issues. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes and S.O. Bonds issued under the Programme. These are set out under "*Risk Factors*" and include the fact that the Notes and S.O. Bonds may not be a suitable investment for all investors, certain risks relating to the structure of particular Series of Notes and S.O. Bonds and certain market risks.
Description:	Euro Medium Term Note and S.O. Bond Programme
Arranger:	The Royal Bank of Scotland plc
Dealers:	Bayerische Hypo- und Vereinsbank AG Danske Bank A/S Merrill Lynch International Skandinaviska Enskilda Banken AB (publ) Svenska Handelsbanken AB (publ) The Royal Bank of Scotland plc and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes or S.O. 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 "*Subscription and Sale*") including the following restrictions applicable at the date of this Offering Circular.
Issuing and Principal Paying Agent:	Deutsche Bank AG, London Branch
VPS Agent:	DnB NOR Bank ASA
VPS Trustee:	Norsk Tillitsmann ASA
Programme Size:	Up to €1,500,000,000 (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 S.O. 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, any currency agreed between the Issuer and the relevant Dealer.

Redenomination: The applicable Final Terms may provide that certain Notes and S.O. Bonds may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 4 of each of the Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes and Condition 3 of each of the Terms of Conditions of the S.O. Bonds other than VPS S.O. Bonds and Terms and Conditions of the VPS S.O. Bonds.

Maturities: 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.

Issue Price: Notes and S.O. Bonds may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Form of Notes and S.O. Bonds: The Notes and S.O. Bonds (other than VPS Notes or VPS S.O. Bonds) will be issued in bearer form as described in "*Form of the Notes*" and "*Form of the S.O. Bonds*", respectively.

The VPS Notes and VPS S.O. Bonds will be issued in uncertificated book entry form and will not be evidenced by any physical note or document of title. Entitlements to VPS Notes or VPS S.O. Bonds will be evidenced by the crediting of VPS Notes or VPS S.O. Bonds to accounts with the VPS. VPS Notes and VPS S.O. Bonds will not be exchangeable for bearer notes and *vice versa*. See "*Form of the Notes*" and "*Form of the S.O. Bonds*" below.

The applicable Final Terms will state whether or not the relevant Notes or S.O. Bonds are to be VPS Notes or VPS S.O. Bonds or neither.

Fixed Rate Notes and S.O. 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.

Floating Rate Notes and S.O. Bonds: Floating Rate Notes and Floating Rate S.O. Bonds will bear interest at a rate determined:

(i) 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 or the S.O. Bonds of the relevant Series); or

(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

(iii) on such other basis as may be agreed between the Issuer and the relevant Dealer.

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 or Floating Rate S.O. Bonds.

Index Linked Notes and S.O. Bonds: Payments of principal in respect of Index Linked Redemption Notes and Index Linked Redemption S.O. Bonds or of interest in respect of Index Linked Interest Notes and Index Linked Interest S.O. Bonds will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.

Other provisions in relation to Floating Rate Notes and Floating Rate S.O. Bonds and Index Linked Interest Notes and Index Linked Interest S.O. Bonds: Floating Rate Notes and Floating Rate S.O. Bonds and Index Linked Interest Notes and Index Linked Interest S.O. Bonds may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes and Floating Rate S.O. Bonds and Index Linked Interest Notes and Index Linked Interest S.O. 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.

Dual Currency Notes and Dual Currency S.O. Bonds: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes and Dual Currency S.O. Bonds will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.

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

Redemption: The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or 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 S.O. Bonds will only be permitted to the extent specified in the applicable Final Terms and subject to applicable laws and regulations.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

Extendable Obligations: The applicable Final Terms may also provide that the Issuer's obligations to pay the Final Redemption Amount of the applicable Series of Notes or Series of S.O. Bonds on their Maturity Date shall be deferred until the Extended Final Maturity Date, provided that any amount representing the amount due on the Maturity Date as set out in the applicable Final Terms (the **Final Redemption Amount**) due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date thereafter up to (and including) the relevant Extended Final Maturity Date. Such deferral will occur automatically if the Issuer fails to pay the Final Redemption Amount of the relevant Series of Notes or S.O. 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 Maturing Date up to (and including) the Extended Final Maturity Date.

Denomination of Notes and S.O. Bonds:	Notes and S.O. 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 S.O. Bonds will be such 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 and save that the minimum denomination of each Note or S.O. 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 require the publication of a prospectus under the Prospectus Directive will be €50,000 (or, if the Notes or S.O. Bonds are denominated in a currency other than euro, the equivalent amount in such currency).
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction, subject as provided in Condition 8 of each of the Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8 of each of the Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes, be required to pay additional amounts to cover the amounts so deducted. All payments in respect of the S.O. Bonds will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction unless the withholding or deduction of such taxes is required by law, in which case such deduction will be made by the Issuer.
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 3 of each of the Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes. The terms of the S.O. Bonds will not contain a negative pledge provision.
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 10 of each of the Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes. The terms of the S.O. Bonds will not contain a cross default provision or any other events of default.
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 3 of each of the Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes, unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Status of S.O. Bonds:	S.O. Bonds are issued on an unsubordinated basis and in accordance with the Swedish Act (2003:1223) on Issuance of Covered Bonds (*lagen (2003:1223) om utgivning av säkerställda obligationer*) (the **S.O. Act**). As such they have the benefit of priority to a matched pool of assets upon bankruptcy of the Issuer or any legal action to enforce payment by the Issuer, see also "*Summary of the Swedish legislation regarding covered bonds*" on pages 111 to 114.

Subordination:	The Issuer may, if so specified in the applicable Final Terms, issue Subordinated Notes, the terms of which (including any disapplication of the Negative Pledge and amendments to the Events of Default) shall be set out in the applicable Final Terms.
Rating:	The rating of the Notes or S.O. Bonds to be issued under the Programme will be specified in the applicable Final Terms.
Listing:	Application has been made to the UK Listing Authority for Notes and S.O. Bonds issued under the Programme other than VPS Notes and VPS S.O. Bonds to be admitted to the Official List and to the London Stock Exchange for such Notes and S.O. Bonds to be admitted to trading on the London Stock Exchange's Regulated Market. Notes and S.O. Bonds may be listed or admitted to trading, as the case maybe, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to each Series. Notes and S.O. Bonds which are neither listed nor admitted to trading on any market may also be issued. The applicable Final Terms will state whether or not the relevant Notes and S.O. Bonds are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Terms and Conditions:	The Terms and Conditions applicable to each Tranche of Notes or S.O. Bonds will be as agreed between the Issuer and the relevant Dealer at or prior to the time of issuance of such Tranche, and will be specified in the relevant Final Terms. The Terms and Conditions applicable to each Tranche of Notes will be those set out on pages 35 to 74 hereof (pages 35 to 55 in the case of Notes other than VPS Notes, and pages 56 to 74 in the case of VPS Notes) as supplemented, modified or replaced by the relevant Final Terms. The Terms and Conditions applicable to each Tranche of S.O. Bonds will be those set out on pages 75 to 108 hereof (pages 75 to 92 in the case of S.O. Bonds other than VPS S.O Bonds, and pages 93 to 108 in the case of VPS S.O. Bonds) as supplemented, modified or replaced by the relevant Final Terms.
Governing Law:	The Notes and S.O. Bonds and any non-contractual obligations arising out of or in connection with the Notes and S.O. Bonds will be governed by, and shall be construed in accordance with, English law, save for Condition 2 of the Terms and Conditions of the S.O. Bonds, which will be governed by, and construed in accordance with, Swedish law and Conditions 13, 14 and 15 of the Terms and Conditions of the VPS Notes and Conditions 11, 12 and 13 of the Terms and Conditions of the VPS S.O. Bonds, which will be governed by, and construed in accordance with Norwegian law. VPS Notes and VPS S.O. Bonds must comply with the Norwegian Securities Register Act of 5 July 2002 no. 64, as amended from time to time, and the holders of VPS Notes and VPS S.O. Bonds will be entitled to the rights and are subject to the obligations and the liabilities which arise under the Act and any related regulations and legislation.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes and S.O. Bonds in the United States, the European Economic Area (including the United Kingdom, Norway and The Netherlands) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes and S.O. Bonds, see "*Subscription and Sale*".

http://www.oblible.com

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes and S.O. Bonds issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

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

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes and S.O. Bonds issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes or S.O. Bonds may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes or S.O. Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular 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 S.O. Bonds issued under the Programme

The principal risks that the Issuer manages are as follows:

- **Credit risk:** is the risk arising from the possibility that the Issuer will incur losses from the failure of customers to meet their obligations.
- **Financial risk:** The Issuer's financial risk encompasses (i) *Interest risk*, arising when interest fixing periods or interest bases for assets and liabilities or off-balance-sheet items are mismatched, (ii) *Currency risk*, occurring when the present value of assets and liabilities in a foreign currency are mismatched and (iii) *Liquidity risk*, best explained as the risk that the Group is unable to meet its obligations as they fall due.
- **Enterprise risk:** the Group separately defines operational and external risk. *Operational risk* is defined as the risk arising from the Group's people, processes, systems and assets. *External risk* comprises business, political, regulatory and environmental risk.

Credit Risk

At present, loans issued by the Issuer do not have any protection by the investment guarantee from the Swedish government (*statliga insättningsgarantin*). The Issuer may, however, issue bonds covered by a pool of assets in accordance with the Swedish Act (2003:1223) on Issuance of Covered Bonds *lagen (2003:1223 om utgivning av säkerställda obligationer)*. An approval for that was obtained from the Swedish Financial Supervisory Authority (*Finansinspektionen*) in 2006.

The Issuer's financial performance is affected by borrower and counterparty credit quality and general economic conditions. Risk arising from the credit quality of borrowers and counterparties and the recoverability of loans and amounts due from counterparties in derivative transactions are inherent in the Issuer's businesses. Adverse changes in the credit quality of the Issuer's borrowers and counterparties or a general deterioration in the economic conditions, or arising from systematic risks in the financial systems, could affect the recoverability and value of its assets and require an increase in the Issuer's provision for bad and doubtful loans and other provisions.

The Issuer's business will also be affected during recessionary conditions when certain customers may face financial problems. Interest rate rises may also have an impact on the ability of customers to meet their loan obligations.

Large exposure (or Concentration risks)

The Issuer is also subject to concentration risk, being risks related to large (connected) individual exposures and significant exposures to groups of counterparts whose likelihood of default is driven by common underlying factors, e.g. sector, economy, geographical location, instrument type.

Under the rules of the Swedish Financial Supervisory Authority, credits in excess of 10 per cent. of the lender's capital base are classified as large exposures. These large exposures in the Group and each respective Group company are reported on a quarterly basis to the Financial Supervisory Authority.

As at 31 December, 2008, the Group, with capital base MSEK 3,564.3, reported no engagement as being a large exposure.

Financial Risks

The Issuer's funding may be influenced by several factors such as the liquidity of global financial markets, interest rates, investor sentiment, inflation and the availability and cost of credit which are related to the economic cycle.

Day-to-day management and control of the financial risks in the business are primarily exercised by the finance department, which is divided into different areas of responsibility with well defined administrative boundaries. The Chief Risk Controller Officer is responsible for independent review and quality assurance of reported risk-taking to the risk and finance committee. In addition, the operations are supported by modern financial management systems with well developed routines for the day-to-day work as well as for risk calculations and analysis.

Interest risk

Interest risks arise when interest fixing periods or interest bases for assets and liabilities or off-balance-sheet items are mismatched.

Due consideration is given to interest risks related to lending pursuant to the principle of matched borrowing. Any discrepancy is analysed on a current basis using so-called gap analysis. If matched borrowing cannot be obtained, interest rate swaps are utilised to ensure that actual risks incurred do not exceed the limits approved by the Board of Directors.

Currency risks

Currency risks arise when the present value of assets and liabilities, including derivative positions, in a foreign currency are mismatched.

The Issuer's currency positions are hedged through currency swap agreements with approved counterparties to cover any mismatches between borrowings and loans made.

Liquidity risks

Liquidity risk is the risk that the Issuer may be temporarily unable to discharge a liability due for payment because of failure in borrowing opportunities due, for instance, to disturbances in the market.

The Issuer's borrowing strategy is one of deliberate diversification of borrowing, both in terms of different types of instruments and different geographical markets. From a risk point of view, this means that major disturbances in the financial markets are required within as well as outside Sweden for the Issuer's borrowing opportunities to be negatively affected.

In order to decrease the risk of it being unable to make payments, the Issuer holds a portfolio of liquid assets. The assets in the Issuer's liquid portfolio can be used as security for loans from The Riksbank (the Swedish central bank). In such a situation, The Riksbank is regarded as the "lender of last resort". The liquid assets portfolio consists of securities issued by Swedish institutions with a high credit rating, primarily covered bonds.

As a response to recent turmoil the Issuer has increased its liquid asset portfolio. As per 31 December, 2008 the liquid asset portfolio was MSEK 8,473.

Enterprise Risk

Operational risk

The Issuer is dependent on the ability to process transactions efficiently and accurately. Operational risk and losses can result from fraud, errors by employees, equipment failures, natural disasters or failure of external systems. Although such risks are reduced through active efforts relating to risk culture, compliance with regulations and corporate governance, it cannot be guaranteed that such procedures will be effective in controlling each of the operational risks.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Issuer or the Group will be unable to comply with its obligations as a company with securities admitted to the Official List or as a supervised firm regulated by the Financial Services Authority.

External risk

There is also a risk that the Issuer's reputation will be damaged if the Issuer fails to comply with current legislation and best practice or fails in another manner to meet its commitments.

The Issuer's business is subject to regulation and regulatory oversight. Any significant regulatory developments could have an effect on how the Issuer conducts its business and on the Issuer's results of operations. The Issuer is subject to financial services laws, regulations, administrative actions and policies. This supervision and regulation if changed could materially affect the Issuer's business.

The Issuer's performance is subject to substantial competitive pressures that could adversely affect its results of operations. There is substantial competition for the type of business that the Issuer provides. Such competition is affected by customers demand, technological changes, the impact of consolidation, regulatory actions and other factors.

The Issuer's customers are exposed to environmental risks. Environmental risk is defined as, *natural disasters* such as droughts, storms, pollutions and *animal diseases*. An outburst of a disease or a natural disaster striking a specific land area, could adversely affect the value of the property or business, leading to deterioration of the collateral value and/or the customer migrating to less favourable credit classes.

Political risk

Since the Issuer's customers are all landowners they are inevitably exposed to international rules and agreements regarding agricultural policy. Political decisions regarding the community legislation – such as the Common Agricultural Policy (CAP), WTO etc. – could have an impact on the credit quality of the Issuer's customers in a long-term horizon, due to the level of state granted supports to that particular business or land type.

Stress testing

The impact of potential risks is estimated through stress tests and scenario analysis.

Factors which are material for the purpose of assessing the market risks associated with Notes or S.O. Bonds issued under the Programme

The Notes or S.O. Bonds may not be a suitable investment for all investors

Each potential investor in the Notes or S.O. Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes or S.O. Bonds, the merits and risks of investing in the Notes or S.O. Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes or S.O. Bonds and the impact the Notes or S.O. Bonds will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes or S.O. Bonds, including Notes or S.O. Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes or S.O. Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes and S.O. Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes or S.O. Bonds which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes or S.O. Bonds will perform under changing conditions, the resulting effects on the value of the Notes or S.O. Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes or S.O. Bonds

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

Notes or S.O. Bonds subject to optional redemption by the Issuer

An optional redemption feature of Notes or S.O. Bonds is likely to limit their market value. During any period when the Issuer may elect to redeem Notes or S.O. Bonds, the market value of those Notes or S.O. 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 be expected to redeem Notes or S.O. Bonds when its cost of borrowing is lower than the interest rate on the Notes or S.O. 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 S.O. 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.

Index Linked Notes and S.O. Bonds and Dual Currency Notes and S.O. Bonds

The Issuer may issue Notes and S.O. Bonds with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**). In addition, the Issuer may issue Notes and S.O. Bonds with principal or interest payable in one or more currencies which may be different from the currency in which the Notes or S.O. Bonds are denominated. Potential investors should be aware that:

(i) the market price of such Notes and S.O. Bonds may be volatile;

(ii) they may receive no interest;

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

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

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

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

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

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes and Index Linked S.O. Bonds. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and Index Linked S.O. Bonds and the suitability of such Notes and S.O. Bonds in light of its particular circumstances.

Partly-paid Notes and S.O. Bonds

The Issuer may issue Notes and S.O. Bonds where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable rate Notes and S.O. Bonds with a multiplier or other leverage factor

Notes or S.O. Bonds with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes and S.O. Bonds

Inverse Floating Rate Notes and S.O. Bonds have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes and S.O. Bonds typically are

more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes or S.O. Bonds are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes or S.O. Bonds, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes or S.O. Bonds.

Fixed/Floating Rate Notes and S.O. Bonds

Fixed/Floating Rate Notes and S.O. Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes and S.O. Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes or S.O. Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Notes or S.O. Bonds and 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 S.O. Bonds. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes or S.O. Bonds.

Notes and S.O. Bonds issued at a substantial discount or premium

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

Extendable obligations under the Notes

Following the failure by the Issuer to pay the Final Redemption Amount of a Series of Notes or a Series of S.O. 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 Notes or a Series of S.O. Bonds (the **relevant Series of Notes or S.O. Bonds**) provides that such Notes or S.O. Bonds are subject to an extended final maturity date on which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Maturity Date (the **Extended Final Maturity Date**).

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

The Issuer is not required to notify the Noteholders or holders of S.O. Bonds 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 or the balance thereof 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 amouns 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 Floating Rate set out in the applicable Final Terms notwithstanding that the relevant Note or S.O. Bond was a Fixed Rate Note or Fixed Rate S.O. Bond 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.

Risks related to Notes and S.O. Bonds generally

Set out below is a brief description of certain risks relating to the Notes and S.O. Bonds generally:

Meetings of Noteholders or S.O. Bondholders, modification and waivers

The conditions of the Notes and the conditions of the S.O. Bonds each contain provisions for calling meetings of Noteholders or S.O. Bondholders, as the case may be, to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders or S.O. Bondholders including Noteholders or S.O. Bondholders who did not attend and vote at the relevant meeting and Noteholders or S.O. Bondholders who voted in a manner contrary to the majority.

In relation to the Notes and S.O. Bonds other than VPS Notes or VPS S.O. Bonds, the conditions of the Notes and the conditions of the S.O. Bonds also each provide that the Agent and the Issuer may agree, without the consent of the Noteholders or S.O. Bondholders, Receiptholders or Couponholders, to:

(a) certain modifications of the Notes or S.O. Bonds, the Receipts, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders or S.O. Bondholders; or

(b) any modification of the Notes or S.O. Bonds, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

In relation to VPS Notes and VPS S.O. Bonds, the VPS Trustee Agreement provides that the VPS Trustee may, without the consent of the holders of VPS Notes or VPS S.O. Bonds, make certain modifications to the Terms and Conditions of the VPS Notes and/or VPS S.O. Bonds, the VPS Trustee Agreement or the VPS Agency Agreement without the prior consent or sanction of the holders of VPS Notes or VPS S.O. Bonds, as further detailed in the conditions of the VPS Notes, the conditions of the VPS S.O. Bonds and the VPS Trustee Agreement. The VPS Trustee must notify the holders of VPS Notes and/or VPS S.O. Bonds of a proposal to effect such modification and the holders of VPS Notes and/or VPS S.O. Bonds then has at least five Business Days to protest. If a protest is made, then the relevant modification will not be made. If there is no protest, then the relevant modification will be made and will be binding on the holders of VPS Notes or VPS S.O. Bonds, as the case may be.

Any such modification shall be binding on the Noteholders or S.O. Bondholders, the Receiptholders and the Couponholders.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer will be required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Change of law

The conditions of the Notes and the conditions of the S.O. Bonds are based on English law (save that the provisions of the S.O. Bonds under Condition 2 of each the Terms and Conditions of the S.O Bonds other than VPS S.O. Bonds and the Terms and Conditions of the VPS S.O. Bonds are governed by the laws of

Sweden) in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or Swedish law, as the case may be, or administrative practice after the date of this Offering Circular.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes or S.O. 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 S.O. Bonds may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should Notes be printed) and would need to purchase a principal amount of Notes that its holding amounts to a Specified Denomination.

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

Risks related to S.O. Bonds only

S.O. Bonds have a priority right over assets in the Issuer's cover pool according to the S.O. Act and the Preferential Rights of Creditors Act (*förmånsrättslagen (1970:979)*). Under the S.O. Act, the holders of S.O. Bonds also have a right to receive payment at the times and in the amounts stated in the terms and conditions even if the Issuer should have entered into bankruptcy proceedings. There may however be situations when the S.O. Bonds would not have the expected priority right or when their priority right and right to timely payment would prove to be less extensive than expected. Such circumstances would be expected to have a negative impact on the market value of an S.O. Bond.

Lacking compliance with matching requirements

According to the S.O. Act, the Issuer must comply with certain matching requirements with respect to the cover pool and the covered bonds. In order to comply with these requirements, the Issuer may enter into derivative contracts. To do so, the Issuer is dependent on the availability of derivative counterparties with sufficient credit rating and also on such counterparties fulfilling their contractual obligations.

If the value of property which serves as collateral for a mortgage loan granted by the Issuer decreases substantially – and the Issuer does not take remedial actions to restore the ratio between the outstanding nominal claims under the covered bonds and the value of the assets in the cover pool – there is a risk that the Issuer will not be able to comply with the matching requirements.

If the Issuer is declared bankrupt and the administrator in bankruptcy determines that the matching requirements are not complied with (and such deviation is not only temporary and minor) the assets in the cover pool will no longer be separated, and ordinary bankruptcy procedures will be applied. Payments will then no longer be made in accordance with the terms and conditions of the S.O. Bonds, but in accordance with the provisions of the Bankruptcy Code (*Konkurslagen (1987:672)*). This may mean that a holder of S.O. Bonds will not receive full payment, and that any payment may be made in advance or in arrears. However, the priority right to the assets in the cover pool will remain. To the extent the cover pool does not suffice to satisfy the claims under the covered bonds and the relating derivative contracts, remaining claims will rank *pari passu* with other unsecured unsubordinated claims against the Issuer.

Unavailability of funds in a bankruptcy

Neither the Issuer nor an administrator in bankruptcy would be allowed to issue covered bonds in a bankruptcy of the Issuer. Nor is it even hinted at in the S.O. Act, in the legislative history thereto or in the regulations issued by the Swedish Financial Supervisory Authority that the administrator in bankruptcy or the bankrupt estate would be entitled to raise loans in any other manner in order to meet the Issuer's payment obligations under covered bonds (including the S.O. Bonds). Consequently, there is a risk that in a bankruptcy of the Issuer it would not be possible to comply with the matching requirements. It may, however, be possible to sell mortgage loans and other assets in the cover pool in order to meet the Issuer's payment obligations under its covered bonds, thereby ensuring the continued compliance with the matching requirements.

Overcollateralisation and maintenance of rating

The Issuer will seek to ensure that the nominal value of the assets in the cover pool exceeds the outstanding nominal amount of the claims against the Issuer under covered bonds (having regard to derivatives agreements, if any) with a certain margin ("Overcollateralisation"). Credit ratings in respect of S.O. Bonds and other covered bonds are based upon assumptions of certain Overcollateralisation. The amount of Overcollateralisation required to maintain a certain credit rating may vary during the life of a S.O. Bond and such credit rating may thus, for this and other reasons, become lower than at the time of issue of the S.O. Bond.

Legal risks

S.O. Bonds are mainly regulated in the S.O. Act and the Preferential Rights of Creditors Act (*förmånsrättslagen (1970:979)*). The S.O. Act entered into force in 2004 and there is no case law relating to it. At present, it is thus not established how certain rules of the S.O. Act should be construed and applied and whether future amendments to the S.O. Act will have an impact on the S.O. Bonds.

Risks related to the market generally

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

The secondary market generally

Notes and S.O. Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes or S.O. 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 S.O. 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 S.O. Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes and S.O. Bonds.

Exchange rate risks and exchange controls

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

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

Interest rate risks

Investment in Fixed Rate Notes or S.O. Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes or S.O. Bonds.

Credit ratings may not reflect all risks

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

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal 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 S.O. Bonds are legal investments for it, (2) Notes and S.O. 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 S.O. Bonds. While the Issuer's cover pool fully complies with the S.O. Act and eligibility criteria, the S.O. Bonds may not qualify under the Basel II (Annex VI, Part 1, Articles 68 to 70 of the DIRECTIVE 2006/48/EC published on 14 June 2006-the Capital Requirement Directive – CRD) covered bonds definition but may be required to be treated as bank bonds for the purpose of calculating the applicable risk weightings for investors subject to the Basel II capital requirements. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes and S.O. Bonds under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Financial Services Authority, shall be incorporated in, and form part of, this Offering Circular:

(a) the audited consolidated and non-consolidated annual financial statements for the financial years ended 31 December 2007 (which appear on pages 19 to 51 (inclusive) of the annual report of the Issuer for the financial year ended 31 December 2007) and 31 December 2008 (which appear on pages 14 to 47 (inclusive) of the annual report of the Issuer for the financial year ended 31 December 2008), prepared in accordance with International Financial Reporting Standards as adopted by the European Union (**IFRS**), of the Issuer together with the auditors reports thereon (which appear at page 53 of the annual report of the Issuer for the financial year ended 31 December 2007 and at page 49 of the annual report of the Issuer for the financial year ended 31 December 2008);

(b) the unaudited consolidated and non-consolidated interim financial statements for the three months ended 31 March 2009 (which appear on pages 4 to 7 (inclusive) of the interim report of the Issuer for the three-month period ended 31 December 2009), prepared in accordance with IFRS, of the Issuer; and

(c) the Terms and Conditions of the Notes contained in previous Offering Circulars dated 5 July 2007 (pages 54 to 70 (inclusive)) and 24 June 2008 (pages 75 to 108 (inclusive)) prepared by the Issuer in connection with the Programme.

Following the publication of this Offering Circular a supplement may be prepared by the Issuer and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. 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 Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer, from the specified offices of the Paying Agents for the time being in London and Luxembourg and at the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/en-gb/pricesnews/marketnews.

Any documents themselves incorporated by reference in any document incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes. The Issuer has undertaken to the Dealers in the Programme Agreement (as defined in "*Subscription and Sale*") that they will comply with section 87G of the Financial Services and Markets Act 2000.

FORM OF THE NOTES

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

BEARER NOTES

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

(i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**); and

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

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

On and after the date (the **Exchange Date**) which is 40 days after the 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 (i) interests in a Permanent Global Note (a **Permanent Global Note**) of the same Series or (ii) for definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

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

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) 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 (ii) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 10 of the Terms and Conditions of the Notes other than VPS Notes) 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 14 of the Terms and Conditions of the Notes other than VPS Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange 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 which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

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

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

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

Pursuant to the Agency Agreement (as defined under *"Terms and Conditions of the Notes other than VPS Notes"*), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, 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 at least 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 10 of the Terms and Conditions of the Notes other than VPS Notes. 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 on the due date in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such date. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 17 June 2009 executed by the Issuer.

VPS NOTES

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

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

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

FORM OF THE S.O. BONDS

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

BEARER NOTES

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

(i) if the Global S.O. 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 and Clearstream Luxembourg; and

(ii) if the Global S.O. 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 depositary (the **Common Depositary**) for, Euroclear and Clearstream Luxembourg.

Whilst any S.O. Bond is represented by a Temporary Global S.O. Bond, payments of principal, interest (if any) and any other amount payable in respect of the S.O. Bond due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global S.O. Bond if the Temporary Global S.O. 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 such S.O. 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 the Temporary Global S.O. Bond is issued, interests in such Temporary Global S.O. Bond will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global S.O. Bond (a **Permanent Global S.O. Bond**) of the same Series or (ii) for definitive S.O. Bonds of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive S.O. 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 S.O. 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 S.O. Bond for an interest in a Permanent Global S.O. Bond or for definitive S.O. Bonds is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global S.O. Bond will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global S.O. Bond if the Permanent Global S.O. 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 S.O. Bond will be exchangeable (free of charge), in whole but not in part, for definitive S.O. Bonds with, where applicable, receipts, interest coupons and talons attached upon either (i) 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 S.O. Bond) to the Agent as described therein or (ii) 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 S.O. Bonds represented by the Permanent Global S.O. Bond in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 12 of the Terms and Conditions of the S.O. Bonds other than VPS S.O. Bonds 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 S.O. Bond) 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 S.O. Bonds which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such S.O. Bonds:

"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 S.O. Bonds, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such S.O. Bonds, receipts or interest coupons.

S.O. Bonds which are represented by a Global S.O. 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 S.O. Bonds other than VPS S.O. Bonds*"), the Agent shall arrange that, where a further Tranche of S.O. Bonds is issued which is intended to form a single Series with an existing Tranche of S.O. Bonds, the S.O. Bonds of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to S.O. Bonds of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the S.O. 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 S.O. Bond is still represented by a Global S.O. Bond and the Global S.O. Bond (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such S.O. Bonds and payment in full of the amount due has not been made on the due date in accordance with the provisions of the Global S.O. Bond then the Global S.O. Bond will become void at 8.00 p.m. (London time) on such date. At the same time, holders of interests in such Global S.O. 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 17 June 2009 executed by the Issuer.

VPS S.O. BONDS

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

Settlement of sale and purchase transactions in respect of VPS S.O. Bonds in the VPS will take place three Oslo business days after the relevant transaction. Transfer of interests in the relevant VPS S.O. Bonds will only take place in accordance with the rules and procedures for the time being of the VPS.

VPS S.O. Bonds may not be exchanged for bearer S.O. Bonds and *vice versa*.

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, S.O. Bonds issued under the Programme.

[Date]

Landshypotek AB (publ)

Issue of [*Aggregate Nominal Amount of Tranche*] [*Title of Notes/S.O. Bonds*]
under the €1,500,000,000
Euro Medium Term Note and S.O. 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 Offering Circular dated 17 June 2009 [and the Supplemental Offering circular dated [ ]] which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the [Notes/S.O. Bonds] described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer and the offer of the [Notes/S.O. Bonds] is only available on the basis of the combination of these Final Terms and the Offering Circular. Copies of the Offering Circular may be obtained from the registered office of the Issuer and the specified offices of the Paying Agents for the time being in London and Luxembourg. In addition, copies of the Offering Circular will be available at the website of the Regulatory News Service operated by the London Stock Exchange.

[The following alternative language applies if the first Tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Relevant Conditions set forth in the Offering Circular dated [*original date*]. This document constitutes the Final Terms of the [Notes/S.O. Bonds] described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and must be read in conjunction with the Offering Circular dated 17 June 2009 which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Relevant Conditions which are extracted from the Offering Circular dated [*original date*] and are attached hereto. Full information on the Issuer and the offer of the [Notes/S.O. Bonds] is only available on the basis of the combination of these Final Terms and the Offering Circulars dated 17 June 2009 and [*original date*]. Copies of such Offering Circulars are available for viewing at, and copies may be obtained from, the registered office of the Issuer and the specified offices of the Paying Agents for the time being in London and Luxembourg. In addition, copies of the Offering Circular will be available at the website of the Regulatory News Service operated by the London Stock Exchange.]

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

[*When adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.*]

1.	Issuer:	Landshypotek AB (publ)
2.	Relevant Conditions:	[Terms and Conditions of the Notes other than VPS Notes as set out in Part 1 of Schedule 2 to the Agency Agreement dated 17 June 2009/Terms and Conditions of the VPS Notes as set out in the Offering Circular dated 17 June 2009/Terms and Conditions of the S.O. Bonds as set out in Part 2 of Schedule 2 to the Agency Agreement dated 17 June 2009/Terms and Conditions of the VPS S.O. Bonds as set out in the Offering Circular dated 17 June 2009]
3.	(i) Series Number:	[ ]
	(ii) Tranche Number:	[ ] *If fungible with an existing Series, details of that Series, including the date on which the Notes or S.O. Bonds become fungible*
4.	Specified Currency or Currencies:	[ ]
5.	Aggregate Nominal Amount:	
	– Tranche:	[ ]
	– Series:	[ ]
6.	Issue Price:	[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)
7.	(a) Specified Denominations:	[ ] (*Note – where multiple denominations above [€50,000] or equivalent are being used, the following sample wording should be followed:* "[*€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes or S.O. Bonds in definitive form will be issued with a denomination above [€99,000].*") (*N.B. If an issue of Notes/S.O. Bonds is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €50,000 minimum denomination is not required*)
	(b) Calculation Amount:	*(If only one Specified Denomination, insert the highest common factor. Note: there must be a common factor in the case of two or more Specified Denominations)*
8.	(i) Issue Date:	[ ]
	(ii) Interest Commencement Date:	[ ] (*specify*)/Issue Date/Not Applicable (*N.B. An Interest Commencement Date will not be relevant for certain Notes or S.O. Bonds, for example Zero Coupon Notes or Zero Coupon S.O. Bonds*)
9.	Maturity Date:	[*Fixed rate – specify date/* *Floating rate* – Interest Payment Date falling in/on or closest to [*specify month/date*]]

10.	Extended Final Maturity Date:	[*Fixed rate – specify date/Floating rate* – Interest Payment Date falling in or nearest to [*specify month*]; in each case falling one year after the Maturity Date] [If an Extended Final Maturity Date is specified and 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 [Condition 7(a) of the Terms and Conditions of the Notes other than VPS Notes/Condition 7(a) of the Terms and Conditions of the VPS Notes/ Condition 6(a) of the Terms and Conditions of the S.O. Bonds other than VPS S.O. Bonds/ Condition 6(a) of the Terms and Conditions of the VPS S.O. Bonds]]
11.	Interest Basis:	[[ ] per cent. Fixed Rate] [[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [*specify other*] (further particulars specified below)
12.	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [*specify other*] (*N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes/S.O. Bonds will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Regulation will apply*)
13.	Change of Interest Basis or Redemption/ Payment Basis:	[*Specify details of any provision for change of Notes or S.O. Bonds into another Interest Basis or Redemption/Payment Basis*]
14.	Put/Call Options:	[Investor Put][1] [Issuer Call] [(further particulars specified below)]
15.	Date Board approval of [Notes/S.O. Bonds obtained:	[ ] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or S.O. Bonds*)
16.	Method of distribution:	[Syndicated/Non-syndicated]

[1]Not applicable to issues of S.O. Bonds.

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17.	Fixed Rate Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Rate(s) of Interest:	[ ] per cent. per annum [payable [annually/semi-annually/quarterly/*specify other*/] in arrear] *(If payable other than annually, consider amending Condition 5 of the Terms and Conditions of the Notes other than VPS Notes/Condition 5 of the Terms and Conditions of the VPS Notes or Condition 4 of the Terms and Conditions of the S.O. Bonds other than VPS S.O. Bonds/Condition 4 of the Terms and Conditions of the VPS S.O. Bonds, as applicable)*
	(ii) Interest Payment Date(s):	[[ ] in each year up to and including the Maturity Date or the Extended Final Maturity Date, as applicable]/[*specify other*] *(N.B.: This will need to be amended in the case of long or short coupons)*
	(iii) Fixed Coupon Amount(s): *(Applicable to Notes and S.O. Bonds in definitive form)*	[ ] per Calculation Amount
	(iv) Broken Amount(s): *(Applicable to Notes and S.O. Bonds in definitive form)*	[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
	(v) Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or *specify other*]
	(vi) [Determination Date(s):	[ ] in each year *(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon* *N.B.: This will need to be amended in the case of regular interest payment dates which are not of equal duration.* *N.B.: Only relevant where Day Count Fraction is Actual/Actual (ICMA))*]
	(vii) Other terms relating to the method of calculating interest for Fixed Rate [Notes/S.O. Bonds]:	[None/*Give details*]
18.	Floating Rate [Note/S.O. Bonds] Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Specified Period(s)/Specified Interest Payment Dates:	[ ] *(NB: Specify the Specified Period(s)/Specified Interest Payment Date(s) up to and including the Extended Final Maturity Date, if applicable)*
	(ii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ [*specify other*]]
	(iii) Additional Business Centre(s):	[ ]
	(iv) Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/ *specify other*]

(v)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ]
(vi)	Screen Rate Determination:	
	– Reference Rate:	[ ] (*Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement*)
	– Interest Determination Date(s):	[ ] (*Second London Business Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR*) (*NB: Specify the Interest Determination Date(s) up to and including the Extended Final Maturity Date, if applicable*)
	– 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:	[ ]
(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/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 30E/360 (ISDA) *Other*] (*See Condition 5 of the Terms and Conditions of the Notes other than VPS Notes/Condition 5 of the Terms and Conditions of the VPS Notes or Condition 4 of the Terms and Conditions of the S.O. Bonds other than VPS S.O. Bonds/Condition 4 of the Terms and Conditions of the VPS S.O. Bonds for alternatives*)
(xii)	Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate [Notes/S.O. Bonds], if different from those set out in the Relevant Conditions:	[ ]

19.	Zero Coupon [Note/S.O. Bond] Provisions[1]	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Accrual Yield:	[ ] per cent. per annum
	(ii) Reference Price:	[ ]
	(iii) Any other formula/basis of determining amount payable:	[ ]
	(iv) Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 7(e)(iii) and 7(j) of the Terms and Conditions of the Notes other than VPS Notes/ Conditions 7(e)(iii) and 7(j) of the Terms and Conditions of the VPS Notes/apply/Condition 6(g) of the Terms and Conditions of the S.O. Bonds other than VPS S.O. Bonds/Condition 6(g) of the Terms and Conditions of the VPS S.O. Bonds applies/ *specify other*] *(Consider applicable day count fraction if not U.S. dollar denominated)*
20.	Index Linked Interest [Note/S.O. Bond] Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)* *(N.B.: If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes or S.O. Bonds will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
	(i) Index/Formula:	[*give or annex details*]
	(ii) Calculation Agent:	[*give name (and, if the Notes or S.O. Bonds are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)*]
	(iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and the Interest Amount (if not the Agent):	[ ]
	(iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(v) Specified Period(s)/Specified Interest Payment Dates:	[ ]
	(vi) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ *specify other*]
	(vii) Additional Business Centre(s):	[ ]
	(viii) Minimum Rate of Interest:	[ ] per cent. per annum
	(ix) Maximum Rate of Interest:	[ ] per cent. per annum
	(x) Day Count Fraction:	[ ]

[1]Zero Coupon Notes and Zero Coupon S.O. Bonds not to be issued with an Extended Final Maturity Date unless otherwise agreed with the Dealers.

21.	Dual Currency Interest [Note/S.O. Bond] Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) (*N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes or S.O. Bonds will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.*)
	(i) Rate of Exchange/method of calculating Rate of Exchange:	[*give or annex details*]
	(ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent):	[ ]
	(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(iv) Person at whose option Specified Currency(ies) is/are payable:	[ ]

PROVISIONS RELATING TO REDEMPTION

22.	Issuer Call:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount/*specify other*/see Appendix]
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[ ]
	(b) Higher Redemption Amount:	[ ]
	(iv) Notice period (if other than as set out in the Relevant Conditions):	[ ] (*N.B. If setting notice periods which are different to those provided in the Relevant Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
23.	Investor Put:	[Applicable/Not Applicable][2] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount/*specify other*/see Appendix]

[2]Select "Not Applicable" in the case of S.O. Bonds.

(iii) Notice period (if other than as set out in the Relevant Conditions): [ ]
(N.B. If setting notice periods which are different to those provided in the Relevant Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

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

(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes/S.O. Bonds will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Regulation will apply.)

25. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e) of the Terms and Conditions of the Notes other than VPS Notes or, as applicable, Condition 7(b) of the Terms and Conditions of the VPS Notes): [ ] [Per Calculation Amount/*specify other*/see Appendix][2]

GENERAL PROVISIONS APPLICABLE TO THE [NOTES/S.O. BONDS]

26. Form of [Notes/S.O. Bonds]:

(a) Form: [Temporary Global [Note/S.O. Bond] exchangeable for a Permanent Global [Note/S.O. Bond] which is exchangeable for Definitive [Notes/S.O. Bonds] [on 60 days' notice given at any time/only upon an Exchange Event].]

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

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

[VPS [Notes/S.O. Bonds] issued in uncertificated book entry form.]

(Ensure that this is consistent with the wording in the "Form of the Notes" or "Form of the S.O. Bonds" section, as applicable, in the Offering Circular and the Notes themselves. N.B. The exchange event upon notice should not be expressed to be applicable if the Specified Denominations of the Notes and S.O. Bonds in paragraph 7 includes language substantially to the following effect: "[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes or S.O. Bonds which is to be represented on issue by a Temporary Global Note or Temporary Global S.O. Bond exchangeable for Definitive Notes or S.O. Bonds)

[2]Select "Not Applicable" in the case of S.O. Bonds.

	(b) New Global [Note/S.O. Bond]	[Yes][No] (*If VPS Notes or VPS S.O. Bonds, must be "No".*)
27.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/*give details*] (*Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraph 18(iii) and 20(vii) relate*)
28.	Talons for future Coupons or Receipts to be attached to Definitive [Notes/S.O. Bonds] (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
29.	Details relating to Partly Paid [Notes/S.O. Bonds]: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the [Notes/S.O. Bonds] and interest due on late payment:	[Not Applicable/*give details. N.B.: a new form of Temporary Global Note, Temporary Global S.O. Bond, Permanent Global Note or Permanent Global S.O. Bond may be required for Partly Paid issues*]
30.	Details relating to Instalment [Notes/S.O. Bonds]:	
	(i) Instalment Amount(s):	[Not Applicable/*give details*]
	(ii) Instalment Date(s):	[Not Applicable/*give details*]
31.	Redenomination applicable:	Redenomination [not] applicable [(*If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates)*)]
32.	Other final terms:	[Not Applicable/*give details*/Subordinated (*if Notes are Subordinated, specify the subordination provisions including any disapplication of the Negative Pledge and any amendments to Events of Default*)] [(*When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive)*]

DISTRIBUTION

33.	(i) If syndicated, names of Managers:	[Not Applicable/*give names*] (*If the Notes or S.O. Bonds are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.*)
	(ii) Date of Subscription Agreement	(*The above is only relevant if the Notes or S.O. Bonds are derivative securities to which Annex XII of the Prospectus Directive Regulation applies*).
	(iii) Stabilising Manager (if any):	[Not Applicable/*give name*]
34.	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
35.	U.S. Selling Restrictions:	[Reg. S Compliance Category: TEFRA D/TEFRA C/TEFRA not applicable]
36.	Additional selling restrictions:	[Not Applicable/*give details*]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the London Stock Exchange's Regulated Market and listing on the Official List of the UK Listing Authority of the [Notes/S.O. Bonds] described herein pursuant to the €1,500,000,000 Euro Medium Term Note and S.O. Bond Programme of Landshypotek AB (publ).

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index of its components] 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 Landshypotek AB (publ):

By: .....

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Listing and admission to trading:	[Application has been made by the Issuer (or on its behalf) for the [Notes][S.O. Bonds] to be admitted to trading on the London Stock Exchange's Regulated Market and listing the Official List of the UK Listing Authority with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the [Notes][S.O. Bonds] to be admitted to trading on the London Stock Exchange's Regulated Market and listing the Official List of the UK Listing Authority with effect from [ ].] [Not Applicable.] (*Where documenting a fungible issue need to indicate that original securities are already admitted to trading.*)
(ii) Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

Ratings:	The [Notes/S.O. Bonds] to be issued have been rated: S & P: (*The above disclosure should reflect the rating allocated to Notes/S.O. 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/S.O. Bonds] has an interest material to the offer. – *Amend as appropriate if there are other interests*]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer:	[ ]
[(ii)] Estimated net proceeds:	[ ]
[(iii)] Estimated total expenses:	[ ] (*N.B. Delete unless the Notes/S.O. Bonds are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, in which case (i) above is required where the reasons for the offer are different from making a profit and/or hedging certain risks regardless of the minimum denomination of the securities and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also require.*)]

5. YIELD (*Fixed Rate Notes/S.O. Bonds only*)

Indication of yield:	[ ] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. **PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING** (*Index-Linked Notes/S.O. Bonds only*)

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

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]

[*Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.*]

[(*When completing the above paragraphs, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.*)]

The Issuer does not intend to provide post-issuance information.

(*N.B. This paragraph 6 only applies if the Notes or S.O. Bonds are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.*)

7. **PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT** (*Dual Currency Notes/S.O. Bonds only*)

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

[(*When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.*)]

(*N.B. This paragraph 7 only applies if the Notes or S.O. Bonds are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.*)

8. **OPERATIONAL INFORMATION**

(i)	ISIN Code:	[ ]
(ii)	Common Code:	[ ]
(iii)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*] [Verdipapirsentralen, Norway VPS Identification number [ ] The Issuer shall be entitled to obtain information from the register maintained by the VPS for the purpose of performing its obligations under the VPS Notes]
(iv)	Delivery:	Delivery [against/free of] payment
(v)	Names and addresses of additional Paying Agent(s) (if any):	[ ]
(vi)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes] [No] (*If VPS Notes or VPS S.O. Bonds, must be "No".*) [Note that the designation "yes" simply means that the [Notes/S.O. Bonds] are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the [Notes/S.O. 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 satisfaction of the Eurosystem eligibility criteria.] [*include this text if "yes" selected in which case the Notes must be issued in NGN form*]

TERMS AND CONDITIONS OF THE NOTES OTHER THAN VPS NOTES

The following are the Terms and Conditions of the Notes other than VPS Notes which will be incorporated by reference into each Global Note (as defined below) and each Definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" 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 Landshypotek AB (publ) (the **Issuer**) pursuant to the Agency Agreement (as defined below).

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

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

(ii) any Global Note; and

(iii) any definitive Notes issued in exchange for a Global Note.

The Notes, the Receipts (as defined below) 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 17 June 2009 and made between the Issuer, Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, 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. Definitive Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference 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 **Receiptholders** shall mean the holders of the Receipts and 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 are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the **Deed of Covenant**) dated 17 June 2009 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.

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. Copies of the applicable Final Terms

are available from the registered office of the Issuer and the specified offices of the Paying Agents save that, 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 Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. In addition, copies of each Final Terms relating to the Notes which are either admitted to trading on the London Stock Exchange's Regulated Market or offered in the United Kingdom in circumstances where a prospectus is required to be published under the Prospectus Directive will be available at the website of the Regulatory News Service operated by the London Stock Exchange. Copies of each Final Terms relating to Notes which are admitted to trading on any other regulated market in the European Economic Area or offered in any other Member State of the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will be published in accordance with Article 14(2) of the Prospectus Directive and the rules and regulations of the relevant regulated market. The Noteholders, the Receiptholders 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 these Terms and 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 these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. Form, Denomination and Title

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

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

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending on the Redemption/ Payment Basis shown in the applicable Final Terms.

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

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note, Receipt 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, société anonyme (**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 of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear

and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2. Status of the Notes

The Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

3. Negative Pledge

So long as any of the Notes remains outstanding (as defined in the Agency Agreement), the Issuer shall not, and shall procure that no member of the Group (as defined below) shall, create or permit to subsist any encumbrance over all or any of its present or future revenues or assets to secure any Debt Obligations, without at the same time securing the outstanding Notes or procuring that the outstanding Notes are secured equally and rateably therewith by the same security or by such other security as the Noteholders may by Extraordinary Resolution (as defined in the Agency Agreement) approve.

In these Terms and Conditions:

an **encumbrance** shall be construed as a reference to (a) a mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person, (b) any arrangement under which money or claims to, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect payment of sums owed or payable to any person or (c) any other type of preferential arrangement (including title transfer and retention arrangements) having a similar effect;

Group means the Issuer and its Subsidiaries for the time being;

a **Subsidiary** of a company or corporation shall be construed as a reference to any company or corporation:

(a) which is controlled, directly or indirectly, by the first-mentioned company or corporation;

(b) more than half the equity or issued share capital of which is beneficially owned, directly or indirectly, by the first-mentioned company or corporation; or

(c) which is a Subsidiary of another Subsidiary of the first-mentioned company or corporation

and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body; and

Debt Obligations means any indebtedness, which is in the form of, or represented by, notes, bonds or other securities which are, or are to be, quoted, listed or dealt in or on any stock exchange or over-the-counter market, other than Debt Obligations issued in accordance with the Swedish Act (2003: 1223) on Issuance of Covered Bonds (*Lag (2003: 1223) om utgivning av säkerställda obligationer*), as amended from time to time, (the **S.O. Act**).

4. Redenomination

(a) *Redenomination*

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

(i) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note and Receipt equal to the principal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Agent, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be

deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;

(ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;

(iii) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer:

(i) in the case of Relevant Notes in the denomination of euro 50,000 and/or such higher amounts as the Agent may determine and notify to the Noteholders and any remaining amounts less than euro 50,000 shall be redeemed by the Issuer and paid to the Noteholders in euro in accordance with Condition 6; and

(ii) in the case of Notes which are not Relevant Notes,

in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Agent may approve) euro 0.01 and such other denominations as the Agent shall determine and notify to the Noteholders;

(iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

(v) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

(vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:

(i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and

(ii) in the case of definitive Notes by applying the Rate of Interest to the Calculation Amount,

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

(vii) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and

(viii) such other changes shall be made to these Terms and Conditions as the Issuer may decide, after consultation with the Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro.

(b) *Definitions*

In these Terms and Conditions, the following expressions have the following meanings:

Established Rate means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

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

Redenomination Date means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

Relevant Notes means all Notes where the applicable final terms provide for a Minimum Specified Denomination in the Specified Currency which is equivalent to at least €50,000 and which are admitted to trading on a regulated market in the European Economic Area; and

Treaty means the Treaty establishing the European Community, as amended.

5. Interest

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest from and including the Interest Commencement Date to (but excluding) the Maturity Date or, if the applicable final terms specifies that an Extended Final Maturity Date applies, the Extended Final Maturity Date or any earlier Interest Payment Date occurring after the Extended Final Maturity Date on which the Notes are redeemed in full, provided that any amounts representing interest payable after the Maturity Date shall be paid at such rate and on such dates as specified in the Final Terms.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on 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.

Except in the case of Notes in definitive form where a 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, if they are Partly Paid Notes, the aggregate amount paid up); or

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

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

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5(a):

(i) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:

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

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

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

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

(ii) if **30/360** is specified in the applicable Final Terms, 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 12 30-day months) divided by 360.

In these Terms and Conditions:

Determination Period means the period from (and including) a Determination Date to but excluding the next Determination Date;

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; 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, means one cent.

(b) *Interest on Floating Rate Notes and Index Linked Interest Notes*

(i) Interest Payment Dates

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

(A) the Specified Interest Payment Date(s) (each an **Interest Payment Date**) in each year specified in the applicable Final Terms; or

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on 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:

(1) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and

the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) 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

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

(3) 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

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

In these Terms and Conditions, **Business Day** means a day which is both:

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and

(B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(A) 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 sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

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

(2) the Designated Maturity is a period specified in the applicable Final Terms; and

(3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

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

(B) 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:

(1) the offered quotation; or

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

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

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

If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) 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 (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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

The Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, 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. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Floating Rate Notes or Index Linked Interest 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 or an Index Linked Interest 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 5(b):

(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 (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) 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:

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

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

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

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

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

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

(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:

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

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

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

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

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

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

(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:

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

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

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

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

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

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

(v) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 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 or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14. 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 business in London.

(vi) 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 5(b), whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Dual Currency Notes*

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

(d) *Interest on Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

(e) *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, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(1) the date on which all amounts due in respect of such Note have been paid; and

(2) 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 14.

6. Payments

(a) *Method of payment*

Subject as provided below:

(i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively); and

(ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

(b) *Presentation of definitive Notes, Receipts and Coupons*

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) 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, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index Linked Notes or 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 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date or, as the case may be, the Extended 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, Dual Currency Note, Index Linked 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.

(c) *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 and otherwise in the manner specified in the relevant Global Note 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 against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

(d) *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:

(i) 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;

(ii) 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

(iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(e) *Payment Day*

If the date for payment of any amount in respect of any Note, Receipt 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 9) 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:

(A) the relevant place of presentation;

(B) each Additional Financial Centre specified in the applicable Final Terms; and

(ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(f) *Interpretation of principal and interest*

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

(i) any additional amounts which may be payable with respect to principal under Condition 8;

(ii) the Final Redemption Amount of the Notes;

(iii) the Early Redemption Amount of the Notes;

(iv) the Optional Redemption Amount(s) (if any) of the Notes;

(v) in relation to Notes redeemable in instalments, the Instalment Amounts;

(vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(e)); and

(vii) 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 these Terms and 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 8.

7. Redemption and Purchase

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date, subject as provided below if an Extended Final Maturity Date is specified in the applicable Final Terms.

If an Extended Final Maturity Date is specified as applicable in the Final Terms for a Series of Notes and the Issuer has failed to pay 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, 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.

The Issuer shall confirm to the Rating Agencies, any relevant swap provider and the Agent as soon as reasonably practicable and in any event at least four business days in London prior to the Maturity Date of any inability of the Issuer to pay in full the Final Redemption Amount in respect of a Series of Notes 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.

Where the applicable Final Terms for a relevant Series of Notes provides that such Notes are subject to any Extended Final Maturity Date, such failure to pay by the Issuer on the Maturity Date shall not constitute a default in payment.

If the maturity of a Series of Notes is extended to the Extended Final Maturity Date, in accordance with this Condition 7(a), for so long as such Notes remain in issue, the Issuer shall not issue any further Notes unless the proceeds of such further issue of Notes are applied by the Issuer in redeeming, in whole or in part, such Notes in accordance with the terms hereof.

For the purposes of these Conditions:

Extended Final Maturity Date means, in relation to any Series of Notes, the date if any specified as such in the applicable Final Terms to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Maturity Date.

(b) *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 neither a Floating Rate Note nor an Index Linked Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

(i) 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 8 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any political subdivision of, or any authority in, or of, a Tax Jurisdiction having power to tax, 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

(ii) 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 a certificate signed by two duly authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that 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 7(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) *Redemption at the option of the Issuer (Issuer Call).*

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

(i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and

(ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Higher 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 14 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 paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

(d) *Redemption at the option of the Noteholders (Investor Put)*

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, 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. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the Final Terms.

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 during normal business hours of such Paying Agent from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 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 and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 10.

(e) *Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 10, each Note will be redeemed at the Early Redemption Amount thereof;

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

(ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner 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

(iii) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

Early Redemption Amount = RP x $(1+AY)^x$ where:

RP means the Reference Price;
AY means the Accrual Yield expressed as a decimal; and
x is a fraction the numerator of which is 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 of which is 360,

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

(f) *Instalments*

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(g) *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

(h) *Purchases*

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

(i) *Cancellation*

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

(j) *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 paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 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 paragraph (e)(iii) 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:

(i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. Taxation

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

(a) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon;

(b) 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 6(e));

(c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein:

(i) **Tax Jurisdiction** means the Kingdom of Sweden (**Sweden**) 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 14.

9. Prescription

The Notes, Receipts and Coupons will become void unless presented for payment 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 8) 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 6(b) or any Talon which would be void pursuant to Condition 6(b).

10. Events of Default

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

(a) *Failure to pay*

The Issuer fails to pay any amount of principal or interest in respect of the Notes on the due date for payment thereof and, if such failure is due to a technical or administrative reason, such failure is not remedied within three Swedish Business Days; or

(b) *Other Obligations*

The Issuer fails duly to perform or comply with any other obligation under or in respect of the Notes, Receipts and Coupons and such failure, if capable of remedy, is not remedied within 20 Business Days after written notice thereof, addressed to the Issuer by any Noteholder, Receiptholder or Couponholder has been delivered to the Issuer or to the Agent; or

(c) *Cross Default*

Any indebtedness for borrowed money of the Issuer or any of its Subsidiaries becomes, or is declared, due and payable prior to the scheduled maturity as a result of a default thereunder or any such indebtedness for borrowed money or interest thereon is not paid when due or within any applicable grace period therefor or any guarantee or indemnity given by the Issuer or any of its Subsidiaries in respect of any borrowed money is not honoured when due and called upon or within any applicable grace period therefor provided that any such event shall not constitute an Event of Default unless the indebtedness for borrowed money or the liability of the Issuer or any of its Subsidiaries under the guarantee or indemnity concerned exceeds U.S.$10,000,000 (or its equivalent in other currencies); or

(d) *Insolvency and Rescheduling*

The Issuer or any of its Subsidiaries is unable to pay its debts as they fall due, commences negotiations with any one or more of its creditors with a view to the general readjustment or rescheduling of its indebtedness or makes a general assignment for the benefit of or a composition with its creditors; or

(e) *Winding-up*

Save in connection with a Permitted Merger, the Issuer or any of its Subsidiaries takes any corporate action or other steps are taken or legal proceedings are started for its winding-up, dissolution, administration or re-organisation or for the appointment of a liquidator, receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of any or all of its revenues and assets; or

(f) *Execution or Distress*

Any execution or distress is levied against, or an encumbrancer takes possession of, the whole or any part of, the property, undertaking or assets of the Issuer or any of its Subsidiaries; or

(g) *Analogous Events*

Any event occurs which under the laws of any jurisdiction has a similar or analogous effect to any of these events mentioned in paragraphs (d) (*Insolvency and Rescheduling*); (e) (*Winding-up*) or (f) (*Execution or Distress*); or

(h) *Repudiation*

The Issuer repudiates its obligations in respect of the Notes or does or causes to be done any act or thing evidencing an intention to repudiate such obligations; or

(i) *Validity and Admissibility*

At any time any act, condition or thing required to be done, fulfilled or performed in order (i) to enable the Issuer lawfully to enter into, exercise its rights under and perform the obligations expressed to be assumed by it under and in respect of the Notes, (ii) to ensure that those obligations are legal, valid, binding and enforceable or (iii) to make the Notes and the Coupons admissible in evidence in Sweden is not done, fulfilled or performed; or

(j) *Illegality*

At any time it is or becomes unlawful for the Issuer to perform or comply with any or all of its obligations under or in respect of the Notes or any of the obligations of the Issuer thereunder are not or cease to be legal, valid and binding, then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or the Agent, effective upon the date of receipt thereof by the Issuer or the Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at the Early Redemption Amount (as described in Condition 7(e)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

As used above:

Permitted Merger means:

(a) a reconstruction or amalgamation while solvent of any member or members of the Group other than the Issuer;

(b) a voluntary solvent winding-up or dissolution either in connection with, or following and as a result of, the transfer of the business, undertaking and assets of any member of the Group other than the Issuer to another member or members of the Group, in each case, where Net Worth is not reduced; or

(c) a voluntary merger of the Issuer with the Landshypotek Ekonomisk Förening or another company provided such company is a financial institution as set out in the Financing Business Act (1992:1610) as amended or replaced; and

Net Worth means the aggregate, immediately prior to a Permitted Merger, of the amounts paid up or credited as paid up on the issued share capital of the Group (other than any redeemable shares) and the aggregate amount of the reserves of the Group including:

(a) any amount credited to share premium account;

(b) any capital redemption reserve fund; and

(c) any balance standing to the credit of the profit and loss account of the Group, but deducting:

(i) any debit balance on the consolidated profit and loss account of the Group;

(ii) any dividend or distribution declared, recommended or made by any member of the Group to the extent payable to a person who is not a member of the Group and such distribution is not provided for in the most recent financial statements,

and so that no amount shall be included or excluded more than once; and

Swedish Business Day means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in Sweden.

11. Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, 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, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out below.

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, 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 any other relevant authority); and

(c) there will at all times be a Paying Agent in an EU Member State (if any) that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in code to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(d). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

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

Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

13. 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 9.

14. Notices

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations 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 such other relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange or any other relevant authority. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the 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.

15. Meetings of Noteholders, Modification and Waiver

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 Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing 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, the Receipts 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, the Receipts 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. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

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

(a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Receipts, the Coupons or Agency Agreement which is not prejudicial to the interests of the Noteholders; or

(b) any modification of the Notes, the Receipts, 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, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

16. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders 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 so that the same shall be consolidated and form a single Series with the outstanding Notes.

17. Third Party Rights

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

18. Governing Law and Submission to Jurisdiction

(a) *Governing law*

The Agency Agreement, the Deed of Covenant, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

(b) *Submission to jurisdiction*

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

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

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

(c) *Appointment of Process Agent*

The Issuer appoints the Swedish Trade Council at its registered office at 259-269 Old Marylebone Road, London NW1 5RA as its agent for service of process, and undertakes that, in the event of the Swedish Trade Council ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

(d) *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 VPS NOTES

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

Each VPS Note will be one of a Series (as defined below) of Notes issued by the Issuer under the Programme and each VPS Note will be issued in accordance with and subject to the trust agreement (such trust agreement as modified and/or supplemented and/or restated from time to time, the **VPS Trustee Agreement**) dated 24 June 2008 made between the Issuer and Norsk Tillitsmann ASA (the **VPS Trustee**, which expression shall include any successor as Trustee).

References herein to the VPS Notes shall be references to the VPS Notes of this Series and shall mean notes cleared through the Norwegian Central Securities Depositary, the Verdipapirsentralen (**VPS Notes** and the **VPS**, respectively).

The VPS Notes have the benefit of the VPS Agency Agreement dated 24 June 2008 as amended by the VPS Agency Amendment Agreement dated 17 June 2009 (together, the **VPS Agency Agreement**) between the Issuer and DnB NOR Bank ASA (the **VPS Agent**).

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

The Final Terms of each Tranche of VPS Notes (or the relevant provisions thereof) are set out in Part A of the Final Terms which supplement these terms and conditions of the VPS Notes (the **VPS Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these VPS Conditions, replace or modify these VPS Conditions for the purposes of the VPS Notes. References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

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

As used herein, **Tranche** means VPS Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of VPS Notes together with any further Tranche or Tranches of VPS Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the VPS Agency Agreement and the VPS Trustee Agreement are available for inspection during normal business hours at the specified office of the VPS Agent and at the registered office for the time being of the VPS Trustee at 17 June 2009 at Haakon VII Gate 1, 0161, Oslo, Norway. The VPS Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the VPS Agency Agreement, the VPS Trustee Agreement and the Final Terms which are applicable to them. The statements in these VPS Conditions include summaries of, and are subject to, the detailed provisions of the VPS Agency Agreement and the VPS Trustee Agreement.

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

1. Form, Denomination and Title

The VPS Notes are in uncertificated book entry form in the denomination of NOK 500,000 and/or such other currency and Specified Denomination(s) as shown in Part A of the relevant Final Terms provided that in the case of any Notes which are to be admitted to trading on a regulated market within the

European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a Prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €50,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes) and will be registered with a separate securities identification code in the VPS.

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

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

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

A VPS Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms.

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

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

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

2. Status of the VPS Notes

Each Tranche of VPS Notes will constitute unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

3. Negative Pledge

So long as any of the VPS Notes remains outstanding (as defined in the Agency Agreement), the Issuer shall not, and shall procure that no member of the Group (as defined below) shall, create or permit to subsist any encumbrance over all or any of its present or future revenues or assets to secure any Debt Obligations, without at the same time securing the outstanding VPS Notes or procuring that the outstanding VPS Notes are secured equally and rateably therewith by the same security or by such other security as the VPS Noteholders may approve (in accordance with the meeting provisions of the VPS Trustee Agreement).

In these VPS Conditions:

an **encumbrance** shall be construed as a reference to (a) a mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person, (b) any arrangement under which money or claims to, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect payment of sums owed or payable to any person or (c) any other type of preferential arrangement (including title transfer and retention arrangements) having a similar effect;

Group means the Issuer and its Subsidiaries for the time being;

a **Subsidiary** of a company or corporation shall be construed as a reference to any company or corporation:

(a) which is controlled, directly or indirectly, by the first-mentioned company or corporation;

(b) more than half the equity or issued share capital of which is beneficially owned, directly or indirectly, by the first-mentioned company or corporation; or

(c) which is a Subsidiary of another Subsidiary of the first-mentioned company or corporation

and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body; and

Debt Obligations means any indebtedness, which is in the form of, or represented by, notes, bonds or other securities which are, or are to be, quoted, listed or dealt in or on any stock exchange or over-the-counter market, other than Debt Obligations issued in accordance with the Swedish Act (2003: 1223) on Issuance of Covered Bonds (*Lag (2003: 1223) om utgivning av säkerställda obligationer*), as amended from time to time, (the **S.O. Act**).

4. Redenomination

(a) *Redenomination*

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the VPS Noteholders, on giving prior notice to the VPS Agent and the VPS and at least 30 days' prior notice to the VPS Noteholders in accordance with Condition 12, elect that, with effect from the Redenomination Date specified in the notice, the VPS Notes shall be redenominated in euro.

The election will have effect as follows:

(i) the VPS Notes shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each VPS Note equal to the principal amount of that Note in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the VPS Agent, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the VPS Noteholders, the VPS and the VPS Agent of such deemed amendments;

(ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the VPS Notes will be calculated by reference to the aggregate principal amount of VPS Notes presented for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;

(iii) VPS Notes issued prior to the Redenomination Date in the Specified Currency will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated VPS Notes are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any VPS Notes so issued will also become void on that date although those VPS Notes will continue to constitute valid exchange obligations of the Issuer. New euro-denominated VPS Notes will be issued in exchange for VPS Notes denominated in the Specified Currency in such manner as the VPS Agent may specify and as shall be notified to the VPS Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the VPS Notes;

(iv) after the Redenomination Date, all payments in respect of the VPS Notes, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the VPS Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

(v) if the VPS Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

(vi) if the VPS Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and

(vii) such other changes shall be made to these VPS Conditions as the Issuer may decide, after consultation with the VPS Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro.

(b) *Definitions*

In these VPS Conditions, the following expressions have the following meanings:

Established Rate means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

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

Redenomination Date means (in the case of interest bearing VPS Notes) any date for payment of interest under the VPS Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the VPS Noteholders pursuant to paragraph (a) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

Relevant Notes means all VPS Notes where the applicable final terms provide for a Minimum Specified Denomination in the Specified Currency which is equivalent to at least €50,000 and which are admitted to trading on a regulated market in the European Economic Area; and

Treaty means the Treaty establishing the European Community, as amended.

5. Interest

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest from and including the Interest Commencement Date to (but excluding) the Maturity Date or, if the applicable final terms specifies that an Extended Final Maturity Date applies, the Extended Final Maturity Date or any earlier Interest Payment Date occurring after the Extended Final Maturity Date on which the Notes are redeemed in full, provided that any amounts representing interest payable after the Maturity Date shall be paid at such rate and on such dates as specified in the Final Terms.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

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

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

In these VPS Conditions:

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5(a):

(i) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:

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

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

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

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

(ii) if **30/360** is specified in the applicable Final Terms, 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 12 30-day months) divided by 360.

Determination Period means the period from (and including) a Determination Date to but excluding the next Determination 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, means one cent.

(b) *Interest on Floating Rate Notes and Index Linked Interest Notes*

(i) Interest Payment Dates

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

(A) the Specified Interest Payment Date(s) (each an **Interest Payment Date**) in each year specified in the applicable Final Terms; or

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these VPS Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on 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:

(1) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) 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

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

(3) 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

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

In these VPS Conditions, **Business Day** means a day which is both:

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and

(B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(A) 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 sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

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

(2) the Designated Maturity is a period specified in the applicable Final Terms; and

(3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

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

(B) 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:

(1) the offered quotation; or

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

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if

there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of Condition 5(b)(ii)(B)(1), no offered quotation appears or, in the case of Condition 5(b)(ii)(B)(2), fewer than three offered quotations appear, in each case as at the Specified Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) 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).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(C) In these VPS Conditions:

(1) **Reference Banks** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified in the applicable Final Terms; and

(2) **Specified Time** means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR).

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

If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) 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 (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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

The Calculation Agent, in the case of Index Linked Interest Notes and Floating Rate Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Calculation Agent, in the case of either Floating Rate Notes or Index Linked Interest Notes, will calculate the amount of interest (the **Interest Amount**) payable on such Floating Rate Notes or Index Linked Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5(b):

(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 (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) 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:

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

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

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

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

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

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

(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:

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

Day Count Fraction =

where:

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

"Y_{21}" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

"M_{21}" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

(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:

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

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

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

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

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

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

(v) Notification of Rate of Interest and Interest Amounts

The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the VPS Agent, the VPS Trustee and the VPS and notice thereof to be published in accordance with Condition 14 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 or Index Linked Interest Notes are for the time being listed and to the VPS Noteholders in accordance with Condition 14. 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 business in London. The notification of any rate or amount, if applicable, shall be made to the VPS in accordance with and subject to the VPS rules and regulations for the time being in effect.

(vi) 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 5(b) by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on all parties and (in the absence of wilful default or bad faith) no liability shall attach to the Calculation Agent, or the VPS Trustee (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Dual Currency Notes*

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

(d) *Interest on Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

(e) *Accrual of interest*

Each VPS Note (or in the case of the redemption of part only of a VPS Note, that part only of such VPS Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(1) the date on which all amounts due in respect of such VPS Note have been paid; and

(2) five days after the date on which the full amount of the moneys payable in respect of such VPS Note has been received by the Agent and notice to that effect has been given to the VPS Noteholders in accordance with Condition 14.

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

For the purpose hereof, **outstanding** means, in relation to the VPS Notes of any Series, all such VPS Notes issued other than:

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

(b) those VPS Notes in respect of which the date for redemption in accordance with the VPS Conditions has occurred and the redemption moneys (including all interest (if any) accrued to the date for redemption and any interest (if any) payable under the VPS Conditions after that date) have been duly paid to or to the order of the VPS Agent (and where appropriate notice

to that effect has been given to the VPS Noteholders in accordance with the Conditions) and remain available for payment against presentation of the relevant VPS Notes;

(c) those VPS Notes which have been purchased and cancelled in accordance with the Conditions; and

(d) those VPS Notes in respect of which claims have become prescribed under the Conditions.

6. Payments

(a) *Method of payment*

Subject as provided below:

(i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively); and

(ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

(b) *Payment of Principal and Interest*

Payments of principal and interest in respect of VPS Notes and notification thereof to VPS Noteholders will be made to the VPS Noteholders shown in the records of the VPS and will be effected through and in accordance with and subject to the VPS Agency Agreement and the rules and regulations from time to time governing the VPS. The VPS Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any VPS Noteholder. The Issuer reserves the right at any time with the approval of the VPS Trustee to vary or terminate the appointment of the VPS Agent or the Calculation Agent and to appoint additional or other agents, provided that the Issuer shall at all times maintain (a) a VPS Agent authorised to act as an account operating institution with the VPS, (b) one or more Calculation Agent(s) where the VPS Conditions so require, and (c) such other agents as may be required by any other stock exchange on which the VPS Notes may be listed in each case.

Notice of any such change or of any change of any specified office shall promptly be given to the VPS Noteholders in accordance with Condition 12.

(c) *Payment Day*

If the date for payment of any amount in respect of any VPS Note is not a Payment Day, the holder thereof shall not be entitled to payment 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 9) 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:

(A) London; and

(B) each Additional Financial Centre specified in the applicable Final Terms; and

(ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(d) *Interpretation of principal and interest*

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

(i) any additional amounts which may be payable with respect to principal under Condition 8;

(ii) the Final Redemption Amount of the VPS Notes;

(iii) the Early Redemption Amount of the VPS Notes;

(iv) the Optional Redemption Amount(s) (if any) of the VPS Notes;

(v) in relation to VPS Notes redeemable in instalments, the Instalment Amounts;

(vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(e)); and

(vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the VPS Notes.

Any reference in these VPS Conditions to interest in respect of the VPS Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

7. Redemption and Purchase

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each VPS Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date, subject as provided below if an Extended Final Maturity Date is specified in the applicable Final Terms.

If an Extended Final Maturity Date is specified as applicable in the Final Terms for a Series of VPS Notes and the Issuer has failed to pay 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, 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.

The Issuer shall confirm to the Rating Agencies, the VPS Trustee, the VPS Agent and any relevant swap provider as soon as reasonably practicable and in any event at least four business days in London prior to the Maturity Date of any inability of the Issuer to pay in full the Final Redemption Amount in respect of a Series of Notes on that Maturity Date. Any failure by the Issuer to notify such parties (other than the VPS Agent) shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

Where the applicable Final Terms for a relevant Series of VPS Notes provides that such VPS Notes are subject to any Extended Final Maturity Date, such failure to pay by the Issuer on the Maturity Date shall not constitute a default in payment.

If the maturity of a Series of VPS Notes is extended to the Extended Final Maturity Date, in accordance with this Condition 7(a), for so long as such VPS Notes remain in issue, the Issuer shall not issue any further Notes unless the proceeds of such further issue of Notes are applied by the Issuer in redeeming, in whole or in part, such VPS Notes in accordance with the terms hereof.

For the purposes of these Conditions:

Extended Final Maturity Date means, in relation to any Series of VPS Notes, the date if any specified as such in the applicable Final Terms to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Maturity Date.

(b) *Redemption for tax reasons*

The VPS Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if such VPS Note is neither a Floating Rate Note nor an Index Linked Interest Note) or on any Interest Payment Date (if such VPS Note is either a Floating Rate Note or an Index Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the VPS Agent and, in accordance with Condition 14, the VPS Noteholders (which notice shall be irrevocable), if:

(i) on the occasion of the next payment due under the VPS Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any political subdivision of, or any authority in, or of, a Tax Jurisdiction having power to tax, 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 VPS Notes; and

(ii) 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 VPS Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the VPS Trustee a certificate signed by two duly authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

VPS Notes redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

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

(i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and

(ii) not less than 15 days before the giving of the notice referred to in (i), notice to the VPS Agent;

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

(d) *Redemption at the option of the Noteholders (Investor Put)*

If Investor Put is specified in the applicable Final Terms, upon the holder of any VPS Note giving to the Issuer in accordance with Condition 12 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such VPS 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. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the Final Terms.

To exercise the right to require redemption of the VPS Notes the holders of the VPS Notes must, within the notice period, give notice (the **Put Notice**) to the VPS Agent of such exercise in accordance with the standard procedures of the VPS from time to time.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 10.

(e) *Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 10, each VPS Note will be redeemed at the Early Redemption Amount thereof;

(i) in the case of a VPS Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(ii) in the case of a VPS Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the VPS Note is denominated, at the amount specified in, or determined in the manner 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

(iii) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

Early Redemption Amount = RP x $(1+AY)^x$ where:

RP means the Reference Price;
AY means the Accrual Yield expressed as a decimal; and
x is a fraction the numerator of which is 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 VPS 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 of which is 360,

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

(f) *Instalments*

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(g) *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

(h) *Purchases*

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

(i) *Cancellation*

All VPS Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be cancelled by causing such VPS Notes to be deleted from the records of the VPS.

All VPS Notes which are redeemed will forthwith be cancelled in the same manner. Any VPS Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such VPS Notes shall be discharged.

(j) *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 paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 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 paragraph (e)(iii) 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:

(i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the VPS Agent and notice to that effect has been given to the VPS Noteholders in accordance with Condition 14.

8. Taxation

All payments of principal and interest in respect of the VPS Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In 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 VPS Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the VPS Notes 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 VPS Note in respect of a holder who is liable for such taxes or duties in respect of such VPS Note by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such VPS Note.

As used herein:

Tax Jurisdiction means the Kingdom of Sweden (**Sweden**) or any political subdivision or any authority thereof or therein having power to tax.

9. Prescription

The VPS Notes will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

As used herein, **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 VPS Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the VPS Noteholders in accordance with Condition 12.

10. Events of Default

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

(a) *Failure to pay*

The Issuer fails to pay any amount of principal or interest in respect of the VPS Notes on the due date for payment thereof and, if such failure is due to a technical or administrative reason, such failure is not remedied within three Swedish Business Days; or

(b) *Other Obligations*

The Issuer fails duly to perform or comply with any other obligation under or in respect of the VPS Notes and such failure, if capable of remedy, is not remedied within 20 Business Days after written notice thereof, addressed to the Issuer by any VPS Noteholder has been delivered to the Issuer or to the VPS Agent; or

(c) *Cross Default*

Any indebtedness for borrowed money of the Issuer or any of its Subsidiaries becomes, or is declared, due and payable prior to the scheduled maturity as a result of a default thereunder or any such indebtedness for borrowed money or interest thereon is not paid when due or within any applicable grace period therefor or any guarantee or indemnity given by the Issuer or any of its Subsidiaries in respect of any borrowed money is not honoured when due and called upon or within any applicable grace period therefor provided that any such event shall not constitute an Event of Default unless the indebtedness for borrowed money or the liability of the Issuer or any of its Subsidiaries under the guarantee or indemnity concerned exceeds U.S.$10,000,000 (or its equivalent in other currencies); or

(d) *Insolvency and Rescheduling*

The Issuer or any of its Subsidiaries is unable to pay its debts as they fall due, commences negotiations with any one or more of its creditors with a view to the general readjustment or rescheduling of its indebtedness or makes a general assignment for the benefit of or a composition with its creditors; or

(e) *Winding-up*

Save in connection with a Permitted Merger, the Issuer or any of its Subsidiaries takes any corporate action or other steps are taken or legal proceedings are started for its winding-up, dissolution, administration or re-organisation or for the appointment of a liquidator, receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of any or all of its revenues and assets; or

(f) *Execution or Distress*

Any execution or distress is levied against, or an encumbrancer takes possession of, the whole or any part of, the property, undertaking or assets of the Issuer or any of its Subsidiaries; or

(g) *Analogous Events*

Any event occurs which under the laws of any jurisdiction has a similar or analogous effect to any of these events mentioned in paragraphs (d) (*Insolvency and Rescheduling*); (e) (*Winding-up*) or (f) (*Execution or Distress*); or

(h) *Repudiation*

The Issuer repudiates its obligations in respect of the VPS Notes or does or causes to be done any act or thing evidencing an intention to repudiate such obligations; or

(i) *Validity and Admissibility*

At any time any act, condition or thing required to be done, fulfilled or performed in order (i) to enable the Issuer lawfully to enter into, exercise its rights under and perform the obligations expressed to be assumed by it under and in respect of the VPS Notes, (ii) to ensure that those obligations are legal, valid, binding and enforceable or (iii) to make the VPS Notes admissible in evidence in Sweden is not done, fulfilled or performed; or

(j) *Illegality*

At any time it is or becomes unlawful for the Issuer to perform or comply with any or all of its obligations under or in respect of the VPS Notes or any of the obligations of the Issuer thereunder are not or cease to be legal, valid and binding,

then any VPS Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or the VPS Agent, effective upon the date of receipt thereof by the Issuer or the VPS Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at the Early Redemption Amount (as described in Condition 7(e)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

As used above:

Permitted Merger means:

(a) a reconstruction or amalgamation while solvent of any member or members of the Group other than the Issuer;

(b) a voluntary solvent winding-up or dissolution either in connection with, or following and as a result of, the transfer of the business, undertaking and assets of any member of the Group other than the Issuer to another member or members of the Group, in each case, where Net Worth is not reduced; or

(c) a voluntary merger of the Issuer with the Landshypotek Ekonomisk Förening or another company provided such company is a financial institution as set out in the Financing Business Act (1992:1610) as amended or replaced; and

Net Worth means the aggregate, immediately prior to a Permitted Merger, of the amounts paid up or credited as paid up on the issued share capital of the Group (other than any redeemable shares) and the aggregate amount of the reserves of the Group including:

(a) any amount credited to share premium account;

(b) any capital redemption reserve fund; and

(c) any balance standing to the credit of the profit and loss account of the Group, but deducting:

  (i) any debit balance on the consolidated profit and loss account of the Group;

  (ii) any dividend or distribution declared, recommended or made by any member of the Group to the extent payable to a person who is not a member of the Group and such distribution is not provided for in the most recent financial statements,

and so that no amount shall be included or excluded more than once; and

Swedish Business Day means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in Sweden.

11. Transfer and Exchange of VPS Notes

(i) *Transfers of Interests in VPS Notes*

Settlement of sale and purchase transactions in respect of VPS Notes will take place three Oslo Business Days after the date of the relevant transaction. VPS Notes may be transferred between accountholders at the VPS in accordance with the procedures and regulations, for the time being, of the VPS. A transfer of VPS Notes which is held in the VPS through Euroclear or Clearstream, Luxembourg is only possible by using an account operator linked to the VPS. For the purpose of this Condition, Oslo Business Day means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in Oslo.

(ii) *Registration of transfer upon partial redemption*

In the event of a partial redemption of VPS Notes under Condition 7, the Issuer shall not be required to register the transfer of any VPS Note, or part of a VPS Note, called for partial redemption.

(iii) *Costs of registration and administration of the VPS Register*

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

12. Notices

Notices to the VPS Noteholders shall be valid if the relevant notice is given to the VPS for communication by it to the VPS Noteholders and, so long as the VPS Notes are listed on a stock exchange, the Issuer shall ensure that notices are duly published in a manner which complies with the rules of such exchange. Any such notice shall be deemed to have been given on the date two days after delivery to the VPS.

13. Meetings of Noteholders, Modification and Waiver

Provisions with respect to Holders of VPS Notes

The VPS Trustee Agreement contains provisions for convening meetings of the VPS Noteholders to consider any matter affecting their interests, including sanctioning by a majority of votes (as more fully set out in the VPS Trustee Agreement) a modification of the VPS Notes or any of the provisions of the VPS Trustee Agreement (or, in certain cases, sanctioning by a majority of two thirds of votes). Such a meeting may be convened by the Issuer, the VPS Trustee, Oslo Børs or by VPS Noteholders holding not less than 10% of the Voting VPS Notes. (For the purpose of this Condition, **Voting VPS Notes** means the aggregate nominal amount of the total number of VPS Notes not redeemed or otherwise deregistered in the VPS, less the VPS Notes owned by the Issuer, any party who has decisive influence over the Issuer or any party over whom the Issuer has decisive influence.)

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

Modification

The VPS Trustee Agreement provides that:

(a) the VPS Trustee may in certain circumstances, without the consent of the VPS Noteholders, make decisions binding on all VPS Noteholders relating to the VPS Conditions, the VPS Trustee Agreement or the VPS Agency Agreement or that is not, in the Trustee's opinion, materially prejudicial to the interests of the VPS Noteholders; and

(b) that the Trustee may reach decisions binding for all VPS Noteholders.

14. VPS Trustee

The VPS Trustee Agreement contains provisions for the indemnification of the VPS Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction. VPS Noteholders are deemed to have accepted and will be bound by the Conditions and the terms of the VPS Trustee Agreement.

15. Further Issues

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

16. Third Party Rights

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

17. Governing Law and Submission to Jurisdiction

(a) *Governing law*

The VPS Notes and any non-contractual obligations arising out of or in connection with the VPS Notes are governed by, and shall be construed in accordance with, English law, save as to Conditions 13, 14 and 15 which are governed by and shall be construed in accordance with Norwegian law. The VPS Trustee Agreement and VPS Agency Agreement are governed by and shall be construed in accordance with Norwegian law.

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

(b) *Submission to jurisdiction*

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

(including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and the Coupons) may be brought in such courts.

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

The Issuer agrees, for the exclusive benefit of the VPS Trustee and the VPS Noteholders that the courts of Norway are to have jurisdiction to settle any disputes which may arise out of, or in connection with, the VPS Trustee Agreement and the VPS Agency Agreement.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

(c) *Appointment of Process Agent*

The Issuer appoints the Swedish Trade Council at its registered office at 259-269 Old Marylebone Road, London NW1 5RA as its agent for service of process, and undertakes that, in the event of the Swedish Trade Council ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

TERMS AND CONDITIONS OF THE S.O. BONDS OTHER THAN VPS S.O. BONDS

The following are the Terms and Conditions of the S.O. Bonds which will be incorporated by reference into each Global S.O. Bond (as defined below) and each definitive S.O. 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 S.O. Bond will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of S.O. Bonds may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such S.O. Bonds. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global S.O. Bond and definitive S.O. Bond. Reference should be made to "Form of the S.O. Bonds" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant S.O. Bonds.

The S.O. Bonds are issued in accordance with the Swedish Act (2003: 1223) on issuance of Covered Bonds (*Lag (2003: 1223) om utgivning av säkerställda obligationer*) (the **S.O. Act**).

This S.O. Bond is one of a Series (as defined below) of S.O. Bonds issued by Landshypotek AB (publ) (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **S.O. Bonds** shall be references to the S.O. Bonds of this Series and shall mean:

(i) in relation to any S.O. Bonds represented by a global S.O. Bonds (a **Global S.O. Bond**), units of each Specified Denomination in the Specified Currency;

(ii) any Global S.O. Bond; and

(iii) any definitive S.O. Bonds issued in exchange for a Global S.O. Bond.

The S.O. Bonds, the Receipts (as defined below) 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 17 June 2009 and made between the Issuer, Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive S.O. Bonds have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, 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. Definitive S.O. Bonds repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Global S.O. Bonds do not have Receipts, Coupons or Talons attached on issue.

The Final Terms for this S.O. Bond (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this S.O. Bond which supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this S.O. Bond. 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 S.O. Bond.

Any reference to **S.O. Bondholders** or **holders** in relation to any S.O. Bonds shall mean the holders of the S.O. Bonds and shall, in relation to any S.O. Bonds represented by a global S.O. Bond, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and 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 S.O. Bonds which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of S.O. Bonds together with any further Tranche or Tranches of S.O. Bonds which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The S.O. Bondholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the **Deed of Covenant**) dated 17 June 2009 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.

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. Copies of the applicable Final Terms are available from the registered office of the Issuer and the specified offices of the Paying Agents save that, if this S.O. 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 Directive, the applicable Final Terms will only be obtainable by an S.O. Bondholder holding one or more S.O. Bonds and such S.O. Bondholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such S.O. Bonds and identity. In addition, copies of each Final Terms relating to the S.O. Bonds which are either admitted to trading on the London Stock Exchange's Regulated Market or offered in the United Kingdom in circumstances where a prospectus is required to be published under the Prospectus Directive will be available at the website of the Regulatory News Service operated by the London Stock Exchange. Copies of each Final Terms relating to S.O. Bonds which are admitted to trading on any other regulated market in the European Economic Area or offered in any other Member State of the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will be published in accordance with Article 14(2) of the Prospectus Directive and the rules and regulations of the relevant regulated market. The S.O. Bondholders, the Receiptholders 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 these Terms and 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 these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. Form, Denomination and Title

The S.O. Bonds are in bearer form and, in the case of definitive S.O. Bonds, serially numbered, in the Specified Currency and the Specified Denomination(s). S.O. Bonds of one Specified Denomination may not be exchanged for S.O. Bonds of another Specified Denomination.

This S.O. Bond may be a Fixed Rate S.O. Bond, a Floating Rate S.O. Bond, a Zero Coupon S.O. Bond, an Index Linked Interest S.O. Bond, a Dual Currency Interest S.O. Bond or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This S.O. Bond may be an Index Linked Redemption S.O. Bond, an Instalment S.O. Bond, a Dual Currency Redemption S.O. Bond, a Partly Paid S.O. Bond or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive S.O. Bonds are issued with Coupons attached, unless they are Zero Coupon S.O. Bonds in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the S.O. Bonds, Receipts 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 S.O. Bond, Receipt 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 S.O. Bond, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the S.O. Bonds is represented by a Global S.O. Bond held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking, société anonyme (**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 S.O. Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such S.O. 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 S.O. Bonds for all purposes other than with respect to the payment of principal or interest on such nominal amount of such S.O. Bonds, for which purpose the bearer of the relevant Global S.O. Bonds shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such S.O. Bonds in accordance with and subject to the

terms of the relevant Global Note and the expressions **S.O. Bondholder** and **holder of S.O. Bonds** and related expressions shall be construed accordingly.

S.O. Bonds which are represented by a Global S.O. Bond will be transferable only in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2. Status of the S.O. Bonds

The S.O. Bonds constitute unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves. The S.O. Bonds are obligations issued in accordance with the S.O. Act and rank *pari passu* with all other obligations of the Issuer that have been provided the same priority as debt instruments issued in accordance with the terms of the S.O. Act.

3. Redenomination

(a) *Redenomination*

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the S.O. Bondholders, the Receiptholders and the Couponholders, on giving prior notice to the Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the S.O. Bondholders in accordance with Condition 12, elect that, with effect from the Redenomination Date specified in the notice, the S.O. Bonds shall be redenominated in euro.

The election will have effect as follows:

(i) the S.O. Bonds and the Receipts shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each S.O. Bond and Receipt equal to the principal amount of that S.O. Bond or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Agent, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the S.O. Bondholders, the stock exchange (if any) on which the S.O. Bonds may be listed and the Paying Agents of such deemed amendments;

(ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the S.O. Bonds will be calculated by reference to the aggregate principal amount of S.O. Bonds presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;

(iii) if definitive S.O. Bonds are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer;

(A) in the case of Relevant S.O. Bonds in the denomination of euro 50,000 and/or such higher amounts as the Agent may determine and notify to the S.O. Bondholders and any remaining amounts less than euro 50,000 shall be redeemed by the Issuer and paid to the S.O. Bondholders in euro in accordance with Condition 6; and

(B) in the case of S.O. Bonds which are not Relevant S.O. Bonds,

in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Agent may approve) euro 0.01 and such other denominations as the Agent shall determine and notify to the S.O. Bondholders;

(iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the S.O. Bonds) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated S.O. Bonds, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any S.O. Bonds and Receipts so issued will also become void on that date although those S.O. Bonds and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated S.O. Bonds, Receipts and Coupons

will be issued in exchange for S.O. Bonds, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the S.O. Bondholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the S.O. Bonds;

(v) after the Redenomination Date, all payments in respect of the S.O. Bonds, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the S.O. Bonds to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

(vi) if the S.O. Bonds are Fixed Rate S.O. Bonds and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:

(A) in the case of Fixed Rate S.O. Bonds which are represented by Global S.O. Bonds, by applying the Rate of Interest to the aggregate outstanding nominal amount of the S.O. Bonds represented by such Global S.O. Bonds (or, if they are Partly Paid S.O. Bonds, the aggregate amount paid up); or

(B) in the case of Fixed Rate S.O. Bonds in definitive form, by applying the Rate of Interest to the Calculation Amount;

and, in each case multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate S.O. Bond in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate S.O. 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;

(vii) if the S.O. Bonds are Floating Rate S.O. Bonds, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and

(viii) such other changes shall be made to these Terms and Conditions as the Issuer may decide, after consultation with the Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro.

(b) *Definitions*

In these Terms and Conditions, the following expressions have the following meanings:

Established Rate means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

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

Redenomination Date means (in the case of interest bearing S.O. Bonds) any date for payment of interest under the S.O. Bonds or (in the case of Zero Coupon S.O. Bonds) any date, in each case specified by the Issuer in the notice given to the S.O. Bondholders pursuant to paragraph (a) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

Treaty means the Treaty establishing the European Community, as amended; and

Relevant S.O. Bonds means all S.O. Bonds where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Currency which is equivalent to at least euro 50,000 and which are admitted to trading on a regulated market in the European Economic Area.

4. Interest

(a) *Interest on Fixed Rate S.O. Bonds*

Each Fixed Rate S.O. Bond bears interest from and including the Interest Commencement Date to (but excluding) the Maturity Date or, if the applicable Final Terms specifies that an Extended Final Maturity Date applies, the Extended Final Maturity Date or any earlier Interest Payment Date on which the S.O. Bonds are redeemed in full, provided that any amounts representing interest payable after the Maturity Date shall be paid at such rate and on such dates as specified in the Final Terms.

If the S.O. 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 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.

Except in the case of S.O. 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:

(A) in the case of Fixed Rate S.O. Bonds which are represented by a Global S.O. Bond, the aggregate outstanding nominal amount of the Fixed Rate S.O. Bonds represented by such Global S.O. Bond (or, if they are Partly Paid S.O. Bonds, the aggregate amount paid up); or

(B) in the case of Fixed Rate S.O. 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 Fixed Rate S.O. Bond in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate S.O. 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(a):

(i) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:

(a) in the case of S.O. 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 (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year; or

(b) in the case of S.O. Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

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

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

(ii) if **30/360** is specified in the applicable Final Terms, 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 12 30-day months) divided by 360.

In these Terms and Conditions:

Determination Period means the period from (and including) a Determination Date to but excluding the next Determination Date;

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; 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, means one cent.

(b) *Interest on Floating Rate S.O. Bonds and Index Linked Interest S.O. Bonds*

(i) Interest Payment Dates

Each Floating Rate S.O. Bond and Index Linked Interest S.O. Bond bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(A) the Specified Interest Payment Date(s) (each an **Interest Payment Date**) in each year specified in the applicable Final Terms; or

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on 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:

(1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) 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

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

(3) 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

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

In these Terms and Conditions, **Business Day** means a day which is both:

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and

(B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency

deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate S.O. Bonds and Index Linked Interest S.O. Bonds will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate S.O. 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 sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the S.O. Bonds (the **ISDA Definitions**) and under which:

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

(2) the Designated Maturity is a period specified in the applicable Final Terms; and

(3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

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

(B) Screen Rate Determination for Floating Rate S.O. 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:

(1) the offered quotation; or

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

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate S.O. Bonds is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such S.O. Bonds will be determined as provided in the applicable Final Terms.

(iii) 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 (ii) 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 (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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

The Agent, in the case of Floating Rate S.O. Bonds, and the Calculation Agent, in the case of Index Linked Interest S.O. Bonds, 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. In the case of Index Linked Interest S.O. Bonds, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate S.O. Bonds or Index Linked Interest S.O. Bonds for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate S.O. Bonds or Index Linked Interest S.O. Bonds which are represented by a Global S.O. Bond, the aggregate outstanding nominal amount of the S.O. Bonds represented by such Global S.O. Bond (or, if they are Partly Paid S.O. Bonds, the aggregate amount paid up); or

(B) in the case of Floating Rate S.O. Bonds or Index Linked Interest S.O. 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 S.O. Bond or an Index Linked Interest S.O. Bond in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such S.O. 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(b):

(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 (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) 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:

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

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

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

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

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

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

(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:

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

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

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

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

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

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

(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:

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

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

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

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

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

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

(v) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate S.O. Bonds or Index Linked Interest S.O. Bonds are for the time being listed 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 S.O. Bonds or Index Linked Interest S.O. Bonds are for the time being listed and to the S.O. 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 business in London.

(vi) 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(b), whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all S.O. Bondholders, Receiptholders and Couponholders and (in the absence or willful default or bad faith) no liability to the Issuer, the S.O. Bondholders, the Receiptholders or the Couponholders shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Dual Currency S.O. Bonds*

The rate or amount of interest payable in respect of Dual Currency Interest S.O. Bonds shall be determined in the manner specified in the applicable Final Terms.

(d) *Interest on Partly Paid S.O. Bonds*

In the case of Partly Paid S.O. Bonds (other than Partly Paid S.O. Bonds which are Zero Coupon S.O. Bonds), interest will accrue as aforesaid on the paid-up nominal amount of such S.O. Bonds and otherwise as specified in the applicable Final Terms and which are due and payable on such date.

(e) *Accrual of interest*

Each S.O. Bond (or in the case of the redemption of part only of a S.O. Bond, that part only of such S.O. Bond) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(1) the date on which all amounts due in respect of such S.O. Bond have been paid; and

(2) five days after the date on which the full amount of the moneys payable in respect of such S.O. Bond has been received by the Agent and notice to that effect has been given to the S.O. Bondholders in accordance with Condition 12.

5. Payments

(a) *Method of payment*

Subject as provided below:

(i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively); and

(ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

(b) *Presentation of definitive S.O. Bonds, Receipts and Coupons*

Payments of principal in respect of definitive S.O. Bonds will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive S.O. Bonds, and payments of interest in respect of definitive S.O. 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, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive S.O. Bonds, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant S.O. Bond in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive S.O. Bond to which it appertains. Receipts presented without the definitive S.O. Bond to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive S.O. Bond becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate S.O. Bonds in definitive form (other than Dual Currency S.O. Bonds, Index Linked S.O. Bonds or Long Maturity S.O. 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 below) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate S.O. Bond in definitive form becoming due and repayable prior to its Maturity Date or, as the case may be, the Extended Final Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

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

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

As used herein, 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 S.O. Bondholders in accordance with Condition 12.

(c) *Payments in respect of Global S.O. Bonds*

Payments of principal and interest (if any) in respect of S.O. Bonds represented by any Global S.O. Bond will (subject as provided below) be made in the manner specified above in relation to definitive S.O. Bonds and otherwise in the manner specified in the relevant Global S.O. Bond against presentation or surrender, as the case may be, of such Global S.O. Bond at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global S.O. Bond, distinguishing between any payment of principal and any payment of interest, will be made on such Global S.O. Bond by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

(d) *General provisions applicable to payments*

The holder of a Global S.O. Bond shall be the only person entitled to receive payments in respect of S.O. Bonds represented by such Global S.O. Bond and the Issuer will be discharged by payment to, or to the order of, the holder of such Global S.O. 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 S.O. Bonds represented by such Global S.O. 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 S.O. Bond.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of S.O. Bonds is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such S.O. Bonds will be made at the specified office of a Paying Agent in the United States if:

(i) 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 S.O. Bonds in the manner provided above when due;

(ii) 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

(iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(e) *Payment Day*

If the date for payment of any amount in respect of any S.O. Bond, Receipt 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:

(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:

(A) the relevant place of presentation;

(B) each Additional Financial Centre specified in the applicable Final Terms; and

(ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(f) *Interpretation of principal and interest*

Any reference in these Terms and Conditions to principal in respect of the S.O. Bonds shall be deemed to include, as applicable:

(i) the Final Redemption Amount of the S.O. Bonds;

(ii) the Optional Redemption Amount(s) (if any) of the S.O. Bonds;

(iii) in relation to S.O. Bonds redeemable in instalments, the Instalment Amounts;

(iv) in relation to Zero Coupon S.O. Bonds, the Amortised Face Amount (as defined in Condition 6(g)); and

(v) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the S.O. Bonds.

6. Redemption and Purchase

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each S.O. Bond (including each Index Linked Redemption S.O. Bond and Dual Currency Redemption S.O. Bond) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

If an Extended Final Maturity Date is specified as applicable in the Final Terms for a Series of S.O. Bonds and the Issuer has failed to pay 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, 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 occuring thereafter up to (and including) the relevent Extended Final Maturity Date.

The Issuer shall confirm to the Rating Agencies, any relevent swap provider and the Agent as soon as reasonably practicable and in any event at least four business days in London prior to the Maturity Date of any inability of the Issuer to pay in full the Final Redemption Amount in respect of a Series of S.O. 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.

Where the applicable Final Terms for a relevent Series of S.O. Bonds provides that such S.O. Bonds are subject to an Extended Final Maturity Date, such failure to pay by the Issuer on the Maturity Date shall not constitute a default in payment.

If the maturity of a Series of S.O. Bonds is extended to the Extended Final Maturity Date, in accordance with this Condition 6(a), for so long as any of such S.O. Bonds remain in issue, the Issuer shall not issue any further covered bonds unless the proceeds of such further issue of S.O. Bonds are applied by the Issuer in redeeming, in whole or in part, such S.O. Bonds in accordance with the terms hereof.

For the purposes of these Conditions:

Extended Final Maturity Date means, in relation to any Series of S.O. Bonds, the date if any specified as such in the applicable Final Terms to which the payment of all or (as applicable) part of

the Final Redemption Amount payable on the Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Maturity Date.

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

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

(i) not less than 15 nor more than 30 days' notice to the S.O. Bondholders in accordance with Condition 12; and

(ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the S.O. Bonds then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of S.O. Bonds, the S.O. Bonds to be redeemed (**Redeemed S.O. Bonds**) will be selected individually by lot, in the case of Redeemed S.O. Bonds represented by definitive S.O. 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 S.O. Bonds represented by a Global S.O. 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 S.O. Bonds represented by definitive S.O. Bonds, a list of the serial numbers of such Redeemed S.O. 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 S.O. Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the S.O. Bondholders in accordance with Condition 12 at least five days prior to the Selection Date.

(c) *Instalments*

Instalment S.O. Bonds will be redeemed in the Instalment Amounts and on the Instalment Dates.

(d) *Partly Paid S.O. Bonds*

Partly Paid S.O. Bonds will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

(e) *Purchases*

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

(f) *Cancellation*

All S.O. Bonds which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All S.O. Bonds so cancelled and the S.O. Bonds purchased and cancelled pursuant to paragraph (h) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(g) *Late payment on Zero Coupon S.O. Bonds*

If the amount payable in respect of any Zero Coupon S.O. Bond upon redemption of such Zero Coupon S.O. Bond pursuant to paragraph (a) or (b) above is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon S.O. Bond shall be an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

Amortised Face Amount = RP x $(1+AY)^x$ where:

RP means the Reference Price;
AY means the Accrual Yield expressed as a decimal; and
x is a fraction the numerator of which is 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 which is the earlier of:

(i) the date on which all amounts due in respect of such Zero Coupon S.O. Bond have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon S.O. Bonds has been received by the Agent and notice to that effect has been given to the S.O. Bondholders in accordance with Condition 12,

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

7. Taxation

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

Tax Jurisdiction means the Kingdom of Sweden (**Sweden**) or any political subdivision or any authority thereof or thereon having the power to tax.

8. Prescription

The S.O. Bonds, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 5) 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(b) or any Talon which would be void pursuant to Condition 5(b).

9. Replacement of S.O. Bonds, Receipts, Coupons and Talons

Should any S.O. Bond, Receipt, 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 S.O. Bonds, Receipts, 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.

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 S.O. Bonds are listed on any stock exchange or 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 any other relevant authority); and

(c) there will at all times be a Paying Agent in an EU Member State (if any) that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

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(d). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders 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 S.O. Bondholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

11. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the S.O. Bond to which it appertains) a further Talon, subject to the provisions of Condition 8.

12. Notices

All notices regarding the S.O. Bonds will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the S.O. 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 S.O. Bonds are issued, there may, so long as any Global S.O. Bonds representing the S.O. 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 S.O. Bonds and, in addition, for so long as any S.O. Bonds are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or such other relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange or any other relevant authority. Any such notice shall be deemed to have been given to the holders of the S.O. Bonds on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any S.O. Bondholder shall be in writing and given by lodging the same, together (in the case of any S.O. Bond in definitive form) with the relative S.O. Bond or S.O. Bonds, with the Agent. Whilst any of the S.O. Bonds are represented by a Global S.O. Bond, such notice may be given by any holder of an S.O. 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 S.O. Bondholders, Modification and Waiver

The Agency Agreement contains provisions for convening meetings of the S.O. Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the S.O. Bonds, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or S.O. Bondholders holding not less than ten per cent. in nominal amount of the S.O. 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 S.O. Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing S.O. Bondholders whatever the nominal amount of the S.O. Bonds so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the S.O. Bonds, the Receipts or the Coupons (including modifying the date of maturity of the S.O. 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 S.O. Bonds or altering the currency of payment of the S.O. Bonds, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the S.O. Bonds for the time being outstanding, or at any such adjourned meeting one or more persons holding or representing not less than one-third in nominal amount of the S.O. Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of the S.O. Bondholders shall be binding on all the

S.O. Bondholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Agent and the Issuer may agree, without the consent of the S.O. Bondholders, Receiptholders or Couponholders, to:

(a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the S.O. Bonds, the Receipts, the Coupons or Agency Agreement which is not prejudicial to the interests of the S.O. Bondholders; or

(b) any modification of the S.O. Bonds, the Receipts, 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 S.O. Bondholders, the Receiptholders and the Couponholders and any such modification shall be notified to the S.O. Bondholders in accordance with Condition 12 as soon as practicable thereafter.

14. Further Issues

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

15. Third Party Rights

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this S.O. Bond, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

16. Governing Law and Submission to Jurisdiction

(a) *Governing law*

The Agency Agreement, the Deed of Covenant, the S.O. Bonds, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the S.O. Bonds, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law except that the provisions of the S.O. Bonds under Condition 2 are governed by, and shall be construed in accordance with, the laws of Sweden.

(b) *Submission to jurisdiction*

The Issuer agrees, for the exclusive benefit of the S.O. Bondholders, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the S.O. Bonds, the Receipts and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the S.O. Bonds, the Receipts and/or the Coupons) and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the S.O. Bonds, the Receipts and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the S.O. Bonds, the Receipts and the Coupons) may be brought in such courts.

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

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

(c) *Appointment of Process Agent*

The Issuer appoints the Swedish Trade Council at its registered office at 259-269 Old Marylebone Road, London NW1 5RA as its agent for service of process, and undertakes that, in the event of the Swedish Trade Council ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

(d) *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 VPS S.O. BONDS

The following are the Terms and Conditions of the VPS S.O. Bonds. VPS S.O. Bonds will not be evidenced by any physical note or document of title other than a statement of account made by the VPS. Ownership of VPS S.O. Bonds will be recorded and transfer effected only through the book entry system and register maintained by the VPS. The applicable Final Terms in relation to any Tranche of VPS S.O. Bonds may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such VPS S.O. Bonds. Reference should be made to "Form of the S.O. Bonds" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant S.O. Bonds.

The S.O. Bonds are issued in accordance with the Swedish Act (2003: 1223) on issuance of Covered Bonds (*Lag (2003: 1223) om utgivning av säkerställda obligationer*) (the **S.O. Act**).

Each VPS S.O. Bond will be one of a Series (as defined below) of VPS S.O. Bonds issued by the Issuer under the Programme and each VPS S.O. Bond will be issued in accordance with and subject to the trust agreement (such trust agreement as modified and/or supplemented and/or restated from time to time, the **VPS Trustee Agreement**) dated 24 June 2008 made between the Issuer and Norsk Tillitsmann ASA (the **VPS Trustee**, which expression shall include any successor as Trustee).

References herein to the VPS S.O. Bonds shall be references to the VPS S.O. Bonds of this Series and shall mean notes cleared through the Norwegian Central Securities Depositary, the Verdipapirsentralen (**VPS S.O. Bonds** and the **VPS**, respectively).

The VPS S.O. Bonds have the benefit of the VPS Agency Agreement dated 24 June 2008 as amended by the VPS Agency Amendment Agreement dated 17 June 2009 (together, the **VPS Agency Agreement**) between the Issuer and DnB NOR Bank ASA (the **VPS Agent**).

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

The Final Terms for each Tranche of VPS S.O. Bonds (or the relevant provisions thereof) are set out in Part A of the Final Terms which supplement these terms and conditions of the VPS S.O. Bonds (the **VPS S.O. Bond Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these VPS S.O. Bond Conditions, replace or modify these VPS S.O. Bond Conditions for the purposes of the S.O. Bonds. 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 S.O. Bond.

The VPS Trustee acts for the benefit of the holders for the time being of the VPS S.O. Bonds (the **VPS S.O. Bondholders** and the **holders of VPS S.O. Bonds**), in accordance with the provisions of the VPS Trustee Agreement and these VPS S.O. Bond Conditions.

As used herein, **Tranche** means VPS S.O. Bonds which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of VPS S.O. Bonds together with any further Tranche or Tranches of VPS S.O. Bonds which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the VPS Agency Agreement and the VPS Trustee Agreement are available for inspection during normal business hours at the specified office of the VPS Agent and at the registered office for the time being of the VPS Trustee at 17 June 2009, Haakon VII Gate 1, 0161, Oslo, Norway. The VPS S.O. Bondholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the VPS Agency Agreement, the VPS Trustee Agreement and the Final Terms which are applicable to them. The statements in these VPS S.O. Bond Conditions include summaries of, and are subject to, the detailed provisions of the VPS Agency Agreement and the VPS Trustee Agreement.

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

1. Form, Denomination and Title

The VPS S.O. Bonds are in uncertificated book entry form in the denomination of NOK 500,000 and/or such other currency and Specified Denomination(s) as shown in Part A of the relevant Final Terms provided that in the case of any S.O. Bonds which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a Prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €50,000 (or its equivalent in any other currency as at the date of issue of the relevant S.O. Bonds) and will be registered with a separate securities identification code in the VPS.

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

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

A VPS S.O. Bond may be a Fixed Rate S.O. Bond, a Floating Rate S.O. Bond, a Zero Coupon S.O. Bond, an Index Linked Interest S.O. Bond, a Dual Currency Interest S.O. Bond or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

A VPS S.O. Bond may be an Index Linked Redemption S.O. Bond, an Instalment S.O. Bond, a Dual Currency Redemption S.O. Bond, a Partly Paid S.O. Bond or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms.

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

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

Each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of the VPS as the holder of a particular nominal amount of such VPS S.O. Bonds shall be treated by the Issuer, the VPS Trustee and the VPS Agent, as the holder of such nominal amount of such VPS S.O. Bonds for all purposes. VPS S.O. Bonds will be transferable only in accordance with the rules and procedures for the time being of the VPS.

2. Status of the VPS S.O. Bonds

Each Tranche of VPS S.O. Bonds constitute unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves. The VPS S.O. Bonds are obligations issued in accordance with the S.O. Act and rank *pari passu* with all other obligations of the Issuer that have been provided the same priority as debt instruments issued in accordance with the terms of the S.O. Act.

3. Redenomination

(a) *Redenomination*

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the VPS S.O. Bondholders on giving prior notice to the VPS Agent and the VPS at least 30 days' prior notice to the VPS S.O. Bondholders in accordance with Condition 10, elect that, with effect from the Redenomination Date specified in the notice, the VPS S.O. Bonds shall be redenominated in euro.

The election will have effect as follows:

(i) the VPS S.O. Bonds shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each VPS S.O. Bond equal to the principal amount of that VPS S.O. Bond in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the VPS Agent, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be

amended so as to comply with such market practice and the Issuer shall promptly notify the VPS S.O. Bondholders, the VPS and the VPS Agents of such deemed amendments;

(ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iii) below, the amount of interest due in respect of the VPS S.O. Bonds will be calculated by reference to the aggregate principal amount of VPS S.O. Bonds presented for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;

(iii) VPS S.O. Bonds issued prior to the Redenomination Date in the Specified Currency will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated VPS S.O. Bonds are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any VPS S.O. Bonds so issued will also become void on that date although those VPS S.O. Bonds will continue to constitute valid exchange obligations of the Issuer. New euro-denominated VPS S.O. Bonds will be issued in exchange for VPS S.O. Bonds denominated in the Specified Currency in such manner as the VPS Agent may specify and as shall be notified to the VPS S.O. Bondholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the VPS S.O. Bonds;

(iv) after the Redenomination Date, all payments in respect of the VPS S.O. Bonds other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the VPS S.O. Bonds to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

(v) if the VPS S.O. Bonds are Fixed Rate S.O. Bonds and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

(vi) if the VPS S.O. Bonds are Floating Rate S.O. Bonds, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and

(vii) such other changes shall be made to these VPS S.O. Bond Conditions as the Issuer may decide, after consultation with the VPS Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro.

(b) *Definitions*

In these VPS S.O. Bond Conditions, the following expressions have the following meanings:

Established Rate means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

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

Redenomination Date means (in the case of interest bearing VPS S.O. Bonds) any date for payment of interest under the VPS S.O. Bonds or (in the case of Zero Coupon S.O. Bonds) any date, in each case specified by the Issuer in the notice given to the VPS S.O. Bondholders pursuant to paragraph (a) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

Treaty means the Treaty establishing the European Community, as amended; and

Relevant VPS S.O. Bonds means all VPS S.O. Bonds where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Currency which is equivalent to at least euro 50,000 and which are admitted to trading on a regulated market in the European Economic Area.

4. Interest

(a) *Interest on Fixed Rate S.O. Bonds*

Each Fixed Rate S.O. Bond bears interest from and including the Interest Commencement Date to (but excluding) the Maturity Date or, if the applicable Final Terms specifies that an Extended Final Maturity Date applies, the Extended Final Maturity Date or any earlier Interest Payment Date on which the S.O. Bonds are redeemed in full, provided that any amounts representing interest payable after the Maturity Date shall be paid at such rate and on such dates as specified in the Final Terms.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

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

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

In these VPS S.O. Bond Conditions:

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

(i) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:

(a) in the case of VPS S.O. 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 (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year; or

(b) in the case of VPS S.O. Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

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

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

(ii) if **30/360** is specified in the applicable Final Terms, 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 12 30-day months) divided by 360.

Determination Period means the period from (and including) a Determination Date to but excluding the next Determination 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, means one cent.

(b) *Interest on Floating Rate S.O. Bonds and Index Linked Interest S.O. Bonds*

(i) Interest Payment Dates

Each Floating Rate S.O. Bond and Index Linked Interest S.O. Bond bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(A) the Specified Interest Payment Date(s) (each an **Interest Payment Date**) in each year specified in the applicable Final Terms; or

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these VPS S.O. Bond Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on 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:

(1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) 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

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

(3) 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

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

In these VPS S.O. Bond Conditions, **Business Day** means a day which is both:

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and

(B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate S.O. Bonds and Index Linked Interest S.O. Bonds will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate S.O. 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 sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the S.O. Bonds (the **ISDA Definitions**) and under which:

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

(2) the Designated Maturity is a period specified in the applicable Final Terms; and

(3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

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

(B) Screen Rate Determination for Floating Rate S.O. 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:

(1) the offered quotation; or

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

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of Condition 4(b)(ii)(B)(1), no offered quotation appears or, in the case of Condition 4(b)(ii)(B)(2), fewer than three offered quotations appear, in each case as at the Specified Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) 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).

If the Reference Rate from time to time in respect of Floating Rate S.O. Bonds is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such S.O. Bonds will be determined as provided in the applicable Final Terms.

(C) In these VPS Conditions:

(1) **Reference Banks** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified in the applicable Final Terms; and

(2) **Specified Time** means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR).

(iii) 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 (ii) 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 (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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

The Calculation Agent, in the case of Index Linked Interest S.O. Bonds and Floating Rate S.O. Bonds, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Calculation Agent, in the case of either Floating Rate S.O. Bonds or Index Linked Interest S.O. Bonds, will calculate the amount of interest (the **Interest Amount**) payable on

such Floating Rate S.O. Bonds or Index Linked Interest S.O. Bonds in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b):

(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 (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) 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:

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

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

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

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

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

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

(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:

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

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

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

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

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

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

(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:

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

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

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

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

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

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

(v) Notification of Rate of Interest and Interest Amounts

The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the VPS Agent, the VPS Trustee and the VPS and notice thereof to be published in accordance with Condition 10 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 S.O. Bonds or Index Linked Interest S.O. Bonds are for the time being listed and to the VPS S.O. Bondholders in accordance with Condition 10. 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 business in London. The notification of any rate or amount, if applicable, shall be made to the VPS in accordance with and subject to the VPS rules and regulations for the time being in effect.

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

(c) *Interest on Dual Currency S.O. Bonds*

The rate or amount of interest payable in respect of Dual Currency Interest S.O. Bonds shall be determined in the manner specified in the applicable Final Terms.

(d) *Interest on Partly Paid S.O. Bonds*

In the case of Partly Paid S.O. Bonds (other than Partly Paid S.O. Bonds which are Zero Coupon S.O. Bonds), interest will accrue as aforesaid on the paid-up nominal amount of such S.O. Bonds and otherwise as specified in the applicable Final Terms and which are due and payable on such date.

(e) *Accrual of interest*

Each VPS S.O. Bond (or in the case of the redemption of part only of a VPS S.O. Bond, that part only of such VPS S.O. Bond) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(1) the date on which all amounts due in respect of such VPS S.O. Bond have been paid; and

(2) five days after the date on which the full amount of the moneys payable in respect of such VPS S.O. Bond has been received by the Agent and notice to that effect has been given to the VPS S.O. Bondholders in accordance with Condition 10.

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

For the purpose hereof, **outstanding** means, in relation to the VPS S.O. Bonds of any Series, all such VPS S.O. Bonds issued other than:

(a) those VPS S.O. Bonds which have been redeemed and cancelled pursuant to the VPS S.O. Bond Conditions;

(b) those VPS S.O. Bonds in respect of which the date for redemption in accordance with the VPS S.O. Bond Conditions has occurred and the redemption moneys (including all interest (if any) accrued to the date for redemption and any interest (if any) payable under the VPS S.O. Bond Conditions after that date) have been duly paid to or to the order of the VPS Agent (and where appropriate notice to that effect has been given to the VPS S.O Bondholder in accordance with the Conditions) and remain available for payment against presentation of the relevant VPS S.O. Bonds;

(c) those VPS S.O. Bonds which have been purchased and cancelled in accordance with the VPS S.O. Bond Conditions; and

(d) those VPS S.O. Bonds in respect of which claims have become prescribed under the Conditions VPS S.O. Bond.

5. Payments

(a) *Method of payment*

Subject as provided below:

(i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively); and

(ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

(b) *Payment of Principal and Interest*

Payments of principal and interest in respect of VPS S.O. Bonds and notification thereof to VPS S.O. Bondholders will be made to the VPS S.O. Bondholders shown in the records of the VPS and will be effected through and in accordance with and subject to the VPS Agency Agreement and the rules and regulations from time to time governing the VPS. The VPS Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any VPS S.O. Bondholder. The Issuer reserves the right at any time with the approval of the VPS Trustee to vary or terminate the appointment of the VPS Agent or the Calculation Agent and to appoint additional or other agents, provided that the Issuer shall at all times maintain (a) a VPS Agent authorised to act as an account operating institution with the VPS, (b) one or more Calculation Agent(s) where the VPS S.O. Bond Conditions so require, and (c) such other agents as may be required by any other stock exchange on which the VPS S.O. Bonds may be listed in each case.

Notice of any such change or of any change of any specified office shall promptly be given to the VPS S.O. Bondholders in accordance with Condition 10.

(c) *Payment Day*

If the date for payment of any amount in respect of any VPS S.O. Bond 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:

(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:

(A) London; and

(B) each Additional Financial Centre specified in the applicable Final Terms; and

(ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(d) *Interpretation of principal and interest*

Any reference in these VPS S.O. Bond Conditions to principal in respect of the VPS S.O. Bonds shall be deemed to include, as applicable:

(i) the Final Redemption Amount of the VPS S.O. Bonds;

(ii) the Optional Redemption Amount(s) (if any) of the VPS S.O. Bonds;

(iii) in relation to VPS S.O. Bonds redeemable in instalments, the Instalment Amounts;

(iv) in relation to Zero Coupon S.O. Bonds, the Amortised Face Amount (as defined in Condition 6(g)); and

(v) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the VPS S.O. Bonds.

6. Redemption and Purchase

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each VPS S.O. Bond (including each Index Linked Redemption S.O. Bond and Dual Currency Redemption S.O. Bond) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

If an Extended Final Maturity Date is specified as applicable in the Final Terms for a Series of VPS S.O. Bonds and the Issuer has failed to pay 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, 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 occuring thereafter up to (and including) the relevent Extended Final Maturity Date.

The Issuer shall confirm to the Rating Agencies, the VPS Trustee, the VPS Agent and any relevent swap provider as soon as reasonably practicable and in any event at least four business days in London prior to the Maturity Date of any inability of the Issuer to pay in full the Final Redemption Amount in respect of a Series of S.O. Bonds on that Maturity Date. Any failure by the Issuer to notify such parties (other than the VPS Agent) shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

Where the applicably Final Terms for a relevent Series of VPS S.O. Bonds provides that such VPS S.O. Bonds are subject to an Extended Final Maturity Date, such failure to pay by the Issuer on the Maturity Date shall not constitute a default in payment.

If the maturity of a Series of VPS S.O. Bonds is extended to the Extended Final Maturity Date, in accordance with this Condition 6(a), for so long as any of such VPS S.O. Bonds remain in issue, the Issuer shall not issue any further covered bonds unless the proceeds of such further issue of S.O. Bonds are applied by the Issuer in redeeming, in whole or in part, such VPS S.O. Bonds in accordance with the terms hereof.

For the purposes of these Conditions:

Extended Final Maturity Date means, in relation to any Series of VPS S.O. Bonds, the date if any specified as such in the applicable Final Terms to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Maturity Date.

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

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

(i) not less than 15 nor more than 30 days' notice to the VPS S.O. Bondholders in accordance with Condition 10; and

(ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the VPS S.O. Bonds then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of VPS S.O. Bonds, the VPS S.O. Bonds to be redeemed will be selected in accordance with the rules of the VPS not more than 30 days prior to the date fixed for redemption.

(c) *Instalments*

Instalment S.O. Bonds will be redeemed in the Instalment Amounts and on the Instalment Dates.

(d) *Partly Paid S.O. Bonds*

Partly Paid S.O. Bonds will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

(e) *Purchases*

The Issuer or any Subsidiary of the Issuer may at any time purchase VPS S.O. Bonds at any price in the open market or otherwise.

(f) *Cancellation*

All VPS S.O. Bonds purchased by or on behalf of the Issuer or any of its Subsidiaries may be cancelled by causing such VPS S.O. Bonds to be deleted from the records of the VPS.

All VPS S.O. Bonds which are redeemed will forthwith be cancelled in the same manner. Any VPS S.O. Bonds so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such VPS S.O. Bonds shall be discharged.

(g) *Late payment on Zero Coupon S.O. Bonds*

If the amount payable in respect of any Zero Coupon S.O. Bond upon redemption of such Zero Coupon S.O. Bond pursuant to paragraph (a) or (b) above is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon S.O. Bond shall be an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

Amortised Face Amount = RP x $(1+AY)^x$ where:

RP means the Reference Price;
AY means the Accrual Yield expressed as a decimal; and
x is a fraction the numerator of which is 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 which is the earlier of:

(i) the date on which all amounts due in respect of such Zero Coupon S.O. Bond have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon S.O. Bonds has been received by the Agent and notice to that effect has been given to the VPS S.O. Bondholders in accordance with Condition 10,

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

7. Taxation

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

Tax Jurisdiction means the Kingdom of Sweden (**Sweden**) or any political subdivision or any authority thereof or thereon having the power to tax.

8. Prescription

The VPS S.O. Bonds will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

As used herein **Relevant Date** means the date on which such payment first becomes due, except that, if one full amount of the moneys payable has not been duly received by the VPS Agent on or prior to such due date, it means the date on which the full amount of its moneys having been so received, notice to that effect is duly given to the VPS Noteholders in accordance with Condition 10.

9. Transfer and Exchange of VPS S.O. Bonds

(i) *Transfers of Interests in VPS S.O. Bonds*

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

As used herein **Oslo Business Days** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in Oslo.

(ii) *Registration of transfer upon partial redemption*

In the event of a partial redemption of VPS S.O. Bonds under Condition 6, the Issuer shall not be required to register the transfer of any VPS S.O. Bond, or part of a VPS S.O. Bond, called for partial redemption.

(iii) *Costs of registration and administration of the VPS Register*

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

10. Notices

Notices to the VPS S.O. Bondholders shall be valid if the relevant notice is given to the VPS for communication by it to the VPS S.O. Bondholders and, so long as the VPS S.O. Bond are listed on a stock exchange, the Issuer shall ensure that notices are duly published in a manner which complies with the rules of such exchange. Any such notice shall be deemed to have been given on the date two days after delivery to the VPS.

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

11. Meetings of S.O. Bondholders, Modification and Waiver

Provisions with respect to Holders of VPS S.O. Bonds

The VPS Trustee Agreement contains provisions for convening meetings of the VPS S.O. Bondholders to consider any matter affecting their interests, including sanctioning by a majority of votes (as more fully set out in the VPS Trustee Agreement) a modification of the VPS S.O. Bonds or any of the provisions of the VPS Trustee Agreement (or, in certain cases, sanctioning by a majority of two thirds of votes). Such a meeting may be convened by the Issuer, the VPS Trustee, Oslo Børs or by VPS S.O. Bondholders holding not less than 10% of the Voting VPS S.O. Bonds. (For the purpose of this Condition, **Voting VPS S.O. Bonds** means the aggregate nominal amount of the total number of VPS S.O. Bonds not redeemed or otherwise deregistered in the VPS, less the VPS S.O. Bonds owned by the Issuer, any party who has decisive influence over the Issuer or any party over whom the Issuer has decisive influence.)

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

S.O. Bonds. A resolution passed at any meeting of the VPS S.O. Bondholders shall be binding on all the VPS S.O. Bondholders, whether or not they are present at such meeting.

Modification

The VPS Trustee Agreement provides that:

(a) the VPS Trustee may in certain circumstances, without the consent of the VPS S.O. Bondholders, make decisions binding on all VPS S.O. Bondholders relating to the VPS Conditions, the VPS Trustee Agreement or the VPS Agency Agreement or that is not, in the Trustee's opinion, materially prejudicial to the interests of the VPS S.O. Bondholders; and

(b) that the Trustee may reach decisions binding for all VPS S.O. Bondholders.

12. VPS Trustee

The VPS Trustee Agreement contains provisions for the indemnification of the VPS Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction. VPS S.O. Bondholders are deemed to have accepted and will be bound by the Conditions and the terms of the VPS Trustee Agreement.

13. Further Issues

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

14. Third Party Rights

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of a VPS S.O. Bond, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

15. Governing Law and Submission to Jurisdiction

(a) *Governing law*

The VPS S.O. Bonds and any non-contractual obligations arising out of or in connection with the VPS S.O. Bonds are governed by, and shall be construed in accordance with, English law, save as to Conditions 11, 12 and 13 which are governed by and shall be construed in accordance with Norwegian law. The VPS Trustee Agreement and VPS Agency Agreement are governed by and shall be construed in accordance with Norwegian law.

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

The provisions of the VPS S.O. Bonds under Condition 2 are governed by and should be construed in accordance with the laws of Sweden.

(b) *Submission to jurisdiction*

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

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

The Issuer agrees, for the exclusive benefit of the VPS Trustee and the VPS S.O. Bondholders that the courts of Norway are to have jurisdiction to settle any disputes which may arise out of, or in connection with, the VPS Trustee Agreement and the VPS Agency Agreement.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

(c) *Appointment of Process Agent*

The Issuer appoints the Swedish Trade Council at its registered office at 259-269 Old Marylebone Road, London NW1 5RA as its agent for service of process, and undertakes that, in the event of the Swedish Trade Council ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

SUMMARY OF THE SWEDISH LEGISLATION REGARDING COVERED BONDS

*The following is a brief summary of certain features of the Swedish Covered Bonds Issuance Act (Sw: lag (2003:1223) om utgivning av säkerställda obligationer) (the "**Covered Bonds Issuance Act**") as of the date of this Offering Circular. The summary does not purport to be, and is not, a complete description of all aspects of the Swedish legislative and regulatory framework for covered bonds. Please also refer to the section Risk Factors, sub-section "Risks related to S.O. Bonds only", on pages 16 to 17 above.*

Introduction

The Covered Bonds Issuance Act entered into force on 1 July 2004. It enables Swedish banks and credit market undertakings ("**Institutions**"), which have been granted a specific licence by the Swedish Financial Supervisory Authority (Sw: *Finansinspektionen*) (the "**Swedish FSA**"), to issue full-recourse debt instruments secured by a pool of mortgage credits and/or public sector credits.

The Swedish FSA has issued regulations and recommendations under the authority conferred on it by the Covered Bonds Issuance Act (Sw: *Finansinspektionens föreskrifter och allmänna råd om säkerställda obligationer (FFFS 2004:11)*) (the "**SFSA Regulations**").

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

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

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

Registration

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

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

Eligibility criteria for assets in the Cover Pool

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

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

Public credits are defined as certain loans to (or guaranteed by) *inter alia* the Swedish State, Swedish municipalities and comparable public bodies, the European Communities, certain foreign states and central banks and certain foreign municipalities and comparable public bodies with powers of taxation.

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

Loan-to-value ratios and certain other restrictions

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

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

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

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

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

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

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

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

Matching requirements

The Covered Bonds Issuance Act prescribes that the nominal value of the Cover Pool shall at all times exceed the aggregate nominal value of claims that may be asserted against an Institution by reference to covered bonds. The calculation shall be made on the basis of current book values and shall take into account the effect of relevant derivative contracts.

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

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

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

Supervision by the Swedish FSA and the independent monitor

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

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

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

Benefit of a priority right in the Cover Pool

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

By virtue of the aforementioned priority, holders of covered bonds and relevant derivative counterparties rank ahead of unsecured creditors and all other creditors of the Institution in respect of assets in the Cover Pool (except the administrator-in-bankruptcy as regards fees for his administration of assets in the Cover Pool and costs for such administration). The priority right also covers cash received by an Institution and deriving from the Cover Pool or relevant derivative contracts, provided that certain administrative procedures have been complied with.

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

Administration of the Cover Pool in the event of bankruptcy

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

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

bonds or to derivative counterparties, so long as the Cover Pool continues to meet the requirements of the Covered Bonds Issuance Act.

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

USE OF PROCEEDS

The net proceeds from each issue of Notes and S.O. Bonds will be applied by the Issuer for its general corporate purposes, which include making a profit. If, in respect of any particular issue of Notes which are derivative securities for the purposes of Article 15 of the Commission Regulation No 809/2004 implementing the Prospectus Directive, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

LANDSHYPOTEK AB (PUBL)

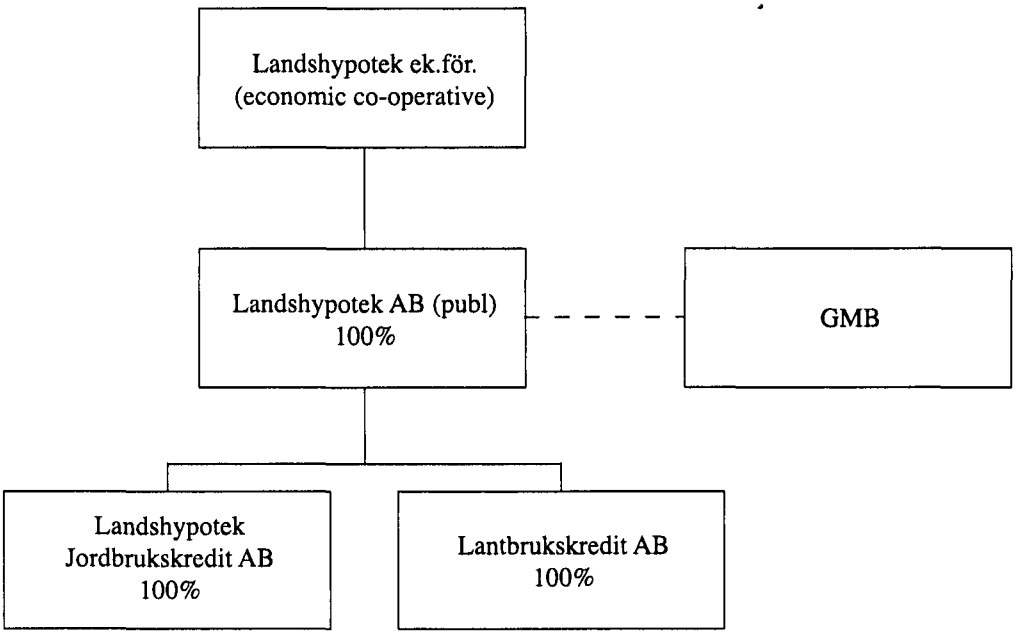
History

Landshypotek AB (publ) (the **Issuer**) was incorporated in Stockholm on 3 November 1994 (with an indefinite life) as a public limited liability company under Swedish law, with ID number 556500-2762, as part of the re-organisation of the General Mortgage Bank (Sveriges Allmänna Hypoteksbank) (**GMB**) and the county mortgage bank associations (the **associations**). The address of the Issuer's registered office is Strandvägen 1, Stockholm, Sweden, telephone number +46(0)8 459 04 00.

GMB was formed in 1861 as part of a government policy to increase the supply of capital to the agricultural sector. GMB's role was to fund its owners, the associations, through the issuance of bonds and debentures. The associations in turn provided funding for agricultural, forestry and horticultural purposes. A government guarantee fund was made available to GMB, but as there is no longer any debt outstanding, the guarantee fund is no longer in force.

The associations were re-organised as an economic co-operative on 1 January 1995 under the name Landshypotek ekonomisk förening (**Landshypotek, ek. för.**). At the same time, the business activities formerly carried out by GMB and the associations were transferred into a new subsidiary Landshypotek AB (publ). GMB was responsible for the borrowing during a transitional period to 30 June 1997. Since then the Issuer has been responsible for its own borrowing without the support of the guarantee fund. During 2006 all outstanding bonds in GMB were repurchased and as from 31 December 2006 there is no debt outstanding. The GMB is being phased out.

Organisational Structure



The Issuer is wholly-owned by Landshypotek, ek. för (incorporated association) (the **Association**) which is an economic co-operative whose members are Landshypotek's loan debtors. Since 31 December 2001, the Association has been under the supervision of the Swedish Financial Supervisory Authority (the **SFSA**) as parent company in the financial corporate group. The Issuer has two wholly-owned operating subsidiaries, Landshypotek Jordbrukskredit AB (**Jordbrukskredit**) and Lantbrukskredit AB (**Lantbrukskredit**). As used in this Offering Circular only (except as defined otherwise in the Terms and Conditions of the Notes), the Group (the **Group**) consists of the Issuer, Jordbrukskredit, Lantbrukskredit and GMB.

The Issuer and its two subsidiaries are public limited liability companies incorporated in Sweden and regulated under the Swedish Companies Act. In addition, they are defined as credit market companies for purposes of the Act on Banking and Financing Activities (2004: 297) and, accordingly, come under the supervision of the SFSA. GMB operates under special legislation but also comes under the supervision of the SFSA.

The Issuer is dependent upon the Association which is the sole owner of Landshypotek AB. The Issuer is not dependent on any other entity within the Group.

Board of Directors

Ulf Dinkelspiel, (Chairman)

Born 1939, Ambassador. Mr Dinkelspiel is Chairman of Landshypotek AB, Landshypotek Jordbrukskredit AB and The General Mortgage Bank of Sweden, Chairman of Stiftelsen Sverige i Europa, AB Ångpanneföreningen, Springtime AB, ICC Sverige and Föreningen Svenskar i Världen. He is a Director of E. Öhman J:or AB, Nordnet AB, Premiefinans AB and Bockholmen Hav och Restaurang AB.

Charlotte Önnestedt

Born 1963, Ödeshög. Director of Landshypotek AB and Landshypotek Jordbrukskredit AB. Mrs Önnestedt is a holder of a University Diploma in Agriculture and Rural Management.

Anders Johansson

Born 1948, Läckeby. Director of Landshypotek AB, Landshypotek Jordbrukskredit AB, Landshypotek, ek för and The General Mortgage Bank. Mr Johansson is also a Director of Lyckeby Stärkelse, Solanum Kalmar AB and Director of H.S. Kalmar Kronoberg. Mr Johansson is a holder of a University Diploma in Agriculture and Rural Management.

Richard Montgomery

Born 1955, Flen. Director of Landshypotek AB and Landshypotek Jordbrukskredit. Mr Montgomery, Bachelor of Science (Econ.), is also a director of Ånhammar Säteri AB and Tham Invest AB.

Kjell Stillman (Managing Director)

Born 1948, Västerås. Mr Stillman was appointed to his present position in 2001. He is also a Director of Landshypotek, ek. för, and Landshypotek Jordbrukskredit AB. Mr Stillman is also Chairman of Lantbrukskredit AB.

Lars-Erik Folkmer

Born 1946, Kvänum. Mr Folkmer, who holds a University Diploma in Agricultural and Rural Management is a Director of Landshypotek AB, Landshypotek Jordbrukskredit AB and Landshypotek, ek. för.

Henrik Toll

Born 1954, Sorunda. Mr Toll is a Director of Landshypotek AB, Landshypotek, ek. för and Landshypotek Jordbrukskredit AB. Mr Toll is also a Director of Stora Sundby Lantbruks-och Fritids AB, Vidbynäs Förvaltnings AB, Harry Cullbergs Fund and Djursnäs säteri AB. He is Chairman of Jacobsbergs Gårdsforvaltning and Chairman of Jacobsbergs Invest AB. Tham Invest AB, Östra Borgaren AB and Vastra Borgaren AB.

The business address of the Directors is Landshypotek AB (publ), Box 14092, 104 41, Stockholm.

There are no potential conflicts of interest between the duties to the Issuer of the persons listed above and their private interests or other duties.

Business

The Issuer is a member-owned credit institution specialising in lending to Swedish agriculture and forestry with real property as collateral. The Issuer offers first mortgage loans on competitive terms and conditions.

Lending is primarily undertaken by the Issuer, but certain lending activities are also conducted by its subsidiaries Jordbrukskredit and Lantbrukskredit. The Issuer is responsible for all borrowing. The Issuer uses the capital market as its funding source and achieves the desired flexibility by offering a variety of borrowing instruments that attract different types of investors.

The Issuer is owned by the Association. All of the Issuer's customers automatically become members of the Association. The Association is a democratic organisation where all members have one vote at the annual general meeting.

Lending Policy

The Issuer

At 31 December 2008, the Issuer's lending amounted to SEK 40 billion representing a market share of about 40 per cent. of the mortgage lending to the agricultural sector in Sweden. All lending is at present domestic and almost all such lending is made in Swedish krona.

The average remaining time until reset of the loans is approximately one year and six months. Loans can have original maturities of up to thirteen years and are secured by first priority mortgages on real estate or state guarantees. Each party may terminate the loan to take effect on the last day of the reset period without any charge. The Issuer's lending is based on the principle of individual evaluation of financed properties. All loans are made against mortgage deeds within 75 per cent. of internally determined loan value based on an assessment of the actual value of the collateral.

The value is usually determined based on price data, tax assessment values or other circumstances known about the property. In case of doubt, a physical on-site inspection of the property is always performed. Such investigation is performed by the Issuer's representatives, or by other appraisers authorised by the Issuer. In both cases the value is documented in an appraisal opinion in writing, which forms the basis for determining the loan value.

Depending on risk classification of the debtor and loan-to-value, there are different ways to complement the loan application, for example by a business analysis or living cost calculation.

There are various stages in the decision-making process before a loan is granted to a borrower. Depending on the amount of the loan, risk classification and loan-to-value, the decision making process will involve a combination of the regional branch, the Credit Committee and the Board of Directors. The regional branch has a discretionary limit of up to SEK 0-20 million, depending on the risk classification of the debtor and the loan-to-value. If the loan amount, the risk classification and loan-to-value are not admitting the loan being decided by the regional branch, the Credit Committee will make the decision and report to the Board of Directors. If the loan amount is greater than the limit of the Credit Committee (SEK 9-25 million, depending on the risk classification of the borrower and loan-to-value), then the loan application is decided by the Board of Directors or most often by the Credit Committee of the Board. The Board of Directors meets approximately ten times a year to review the lending decisions by such delegation. If necessary the Board of Directors will hold an extraordinary meeting to review specific loans.

Mortgages in Swedish real estate are granted by the registered owner of the property signing a deed of pledge and are perfected by the mortgagee receiving one or more mortgage certificate(s) (*Sw. pantbrev*) or being noted as the holder of the mortgage in the applicable public Land Register in which case no mortgage certificate is issued; i.e. it can be said to be dematerialised (*Sw. datapantbrev*).

A Swedish mortgage certificate, whether in physical form or dematerialised, is always for a sum certain. In case of enforcement of a pledge, the claims of mortgagees have priority in accordance with the priority set out for the relevant mortgage certificates in the applicable Swedish Land Register.

If a pledge over Swedish real estate is to be enforced, the Enforcement Service Authority (*Sw. Kronofogdemyndigheten*) will conduct a forced sale, usually by public auction. The proceeds of the auction are then, when certain claims preferred by law have been paid, distributed to the mortgagees (or the owner of the property should there be a mortgage certificate not securing any debt) in the order of priority accorded to their mortgage certificates and to the extent the nominal amount (with certain add-ons) of the relevant mortgagee's certificates suffice. Should a mortgagee's claim not have been satisfied in full following such distribution, the debtor will remain liable but the claim will be unsecured.

The subsidiaries

The loans granted by Lantbrukskredit are normally secured by mortgages, although floating charges, guarantees and other collateral also have been accepted. The loan size is normally in the range of SEK 5 to 15 million. At 31 March 2008 there are two loans granted for larger amounts, the largest being a loan amounting to SEK 35 million. Since July 2003, and until further notice, there is no new lending by Lantbrukskredit.

The lending granted by Jordbrukskredit may be secured by other collateral than real estate property, such as a personal guarantee or floating charge, while such collateral is only permitted as a complement to real estate mortgage debts in Landshypotek AB. The decision making process for the granting of loans by the subsidiaries is organised so that loan applications up to SEK 7 million are decided by the President together with a credit officer. The loan applications should be recommended by the regional branch. Loan applications for amounts exceeding SEK 7 million are decided by the Credit Committee with the same members as the Credit Committee of the Issuer. In case of applications for amounts exceeding SEK 12 million, the decision is made by the Board of Directors.

Loan applications for Jordbrukskredit AB higher than SEK 15-20 million, depending on customers' risk classification, will be decided by the Board of Directors. All other credit decisions will take place in the Credit Committee of the Issuer. Loan applications should be recommended by the regional branch.

Loan Analysis

The Group's asset quality is supported by a number of factors:

- The portfolio is well diversified both geographically and in terms of size.
- The traditionally long-term commitment of farmers to their occupation and properties together with a correspondingly strong repayment ethic.
- The agricultural sector is less speculative than other areas of the real estate market, as many farms remain in the family and are passed down through the generations.
- There is a good spread of risk because many farmers have diversified into forestry and other activities.
- The Group's excellent understanding of its customers' business combined with local insight into each farmer.

In 2003, 2004 and 2005 the losses were relatively high, which was attributable to one single exposure, which is now closed out, in Lantbrukskredit AB. The losses of the Group for the end of these years amounted to 0.28, 0.22 and 0.58 per cent. respectively. However, in 2006, 2007 and 2008 recovery and reversals of prior provisions exceeded write-offs and provisions by SEK 21 million, 19 million and 12.6 million, respectively.

At the end of 2008 claims on non-performing loans (being loans for which interest payments are more than 60 days overdue) amounted to SEK 258 million. Problem loans (mostly non-performing loans for which security is considered inadequate to cover expected losses in full) amounted to SEK 0.3 million.

Derivative instruments

The Issuer had as at 31 December 2008 unrealised gain on derivative instruments amounting to SEK 362 million and unrealised losses amounting to SEK 327 million. These positions are disclosed in the published accounts pursuant to IFRS.

Competitors

The Issuer's competitors are the savings banks and the commercial banks, which have shown an increasing interest in expanding their agricultural and forestry customer bases.

Expected Future Development

The choice of an economic co-operative as a corporate structure for the Landshypotek, ek. för. reflects the strong tradition of co-operatives in the Swedish agricultural and forestry sectors and the desire of members to control the business. The Swedish agricultural co-operative movement emerged around 1880, mostly as local dairy and supply and crop marketing associations. Landshypotek, ek. för.'s principal goal is to promote the financial interests of its members. In this respect, a co-operative structure is considered the most effective way of returning surpluses to the members. This in turn is expected to produce a loyal ownership and customer group with a strong incentive in the performance of the Issuer. Landshypotek, ek. för. has a highly diversified ownership base with approximately 52,000 members.

Capital Adequacy

Landshypotek, ek. för. has been subject to capital adequacy requirements since 31 December 2001 and reports capital adequacy in accordance with rules for financial corporate groups together with the Issuer,

GMB, Lantbrukskredit and Jordbrukskredit. The capital adequacy ratio for the Group and the Association was 9.02 per cent. at year-end 2008 according to transitional rules. Based on the Basel II regulation without transitional rules, the capital adequacy was 38.38 per cent.

Material Contracts

The Issuer has not entered into any material contracts outside the ordinary course of its business.

Recent Developments

There have been no events since 31 December 2008 which are particular to the Issuer and which are to a material extent relevant to the evaluation of the Issuer's solvency.

TAXATION

Swedish Taxation

The following summary outlines Swedish tax consequences to holders of Notes and S.O. Bonds who are not residents of Sweden for income tax purposes. Purchasers are urged to consult their professional advisers as to the tax consequences of holding or transferring Notes and S.O. Bonds.

Under Swedish law as presently in effect, payments of any principal or any amount that is considered to be interest for Swedish tax purposes to the holder of any Note or S.O. Bond will not be subject to Swedish income tax, provided that such holder is neither resident in Sweden nor engaged in trade or business in Sweden through a permanent establishment to which the Notes or S.O. Bonds are effectively connected. A person is resident in Sweden if he (i) is domiciled in Sweden or (ii) has his habitual abode in Sweden or (iii) is present in Sweden for six consecutive months, or (iv) earlier has been domiciled in Sweden and after having moved abroad continues to have an essential connection with Sweden (for example is engaged in trade or business in Sweden).

Under Swedish tax law (which is, however, varied by the applicable tax treaty for the avoidance of double taxation for a large number of jurisdictions when it comes to this particular rule), a holder of Notes or S.O. Bonds who is a private individual not resident in Sweden but who has been resident in Sweden at any time during the calendar year of disposal or redemption or during the preceding ten calendar years, is subject to capital gains taxation in Sweden upon disposal or redemption of certain Notes or S.O. Bonds that are deemed equity-related for Swedish tax purposes.

Swedish law, as presently in effect, does not provide for deduction or withholding for or on account of taxes on payments of any principal or interest to the holder of any Notes or S.O. Bonds, except on payment of interest to a holder who is a private individual or an estate of a deceased individual with tax residence in Sweden.

EU Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement dated 17 June 2009 as supplemented and/or amended and/or restated from time to time, the **Programme Agreement**) agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes or S.O. Bonds. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes other than the VPS Notes*", "*Terms and Conditions of the VPS Notes*", "*Form of the S.O. Bonds*", "*Terms and Conditions of the Notes*", "*Terms and Conditions of the S.O. Bonds*" and "*Terms and Conditions of the VPS S.O. Bonds*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the update of the Programme and the issue of Notes and S.O. Bonds under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes and S.O. 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.

The Notes and S.O. 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. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

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 S.O. Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes or S.O. Bonds on a syndicated basis, the relevant lead manager, of all Notes or S.O. Bonds of the Tranche of which such Notes or S.O. 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 or S.O. Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Notes or S.O. 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 S.O. Bonds an offer or sale of such Notes or S.O. 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.

Each issuance of Index Linked Notes, Index Linked S.O. Bonds, Dual Currency S.O. Bonds, or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes or S.O. Bonds, which additional selling restrictions shall be set out in the applicable Final Terms.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes or S.O. Bonds which are the subject of the offering contemplated in this Offering Circular as completed by the Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes or S.O. Bonds to the public in that Relevant Member State:

(a) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual

net turnover of more than €50,000,000, as shown in its last (or in Sweden its last two) annual or consolidated accounts; or

(c) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes and S.O. Bonds referred to in (a) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospective Directive or supplement a prospectus pursuant to Article 16 of the Prospective Directive.

For the purposes of this provision, the expression "an offer of Notes or S.O. Bonds to the public" in relation to any Notes or S.O. Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes or S.O. Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Notes or S.O. Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) in relation to Notes and S.O. Bonds which have a maturity of one year or more and which are not to be admitted to the Official List, it has not offered or sold and, prior to the expiry of the period of six months from the issue date of such Notes or S.O. Bonds, will not offer or sell any such Notes or S.O. Bonds to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);

(ii) 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 S.O. Bonds in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and

(iii) 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 S.O. Bonds in, from or otherwise involving the United Kingdom.

Japan

The Notes and S.O. Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law 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 S.O. 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 Control Law (Law 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.

The Netherlands

Each Dealer has represented and agreed that any Notes with a maturity of less than 12 months and a denomination of less than €50,000 will only be offered in the Netherlands to professional market parties as defined in the Financial Supervision Act (*Wet op het financieel toezicht*) and the decrees issued pursuant thereto.

Norway

Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes or S.O. Bonds will not be offered to or sold within Norway or outside Norway to Norwegian citizens whose tax residence is in Norway without the Notes or S.O. Bonds, as the case may be, prior thereto having been registered in the VPS.

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 S.O. Bonds or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes or S.O. 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 S.O. 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 current update of the Programme has been duly authorised in accordance with resolutions of the Board of Directors of the Issuer dated 11 June 2009.

Listing of Notes and S.O. Bonds on the Official List

It is expected that each Tranche of Notes or S.O. Bonds which is to be admitted to the Official List and to trading on the London Stock Exchange's Regulated Market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes or Global S.O. Bond or S.O. Bonds initially representing the Notes or S.O. Bonds of such Tranche. Application has been made to the UK Listing Authority for Notes and S.O. Bonds issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes and S.O. Bonds to be admitted to trading on the London Stock Exchange's Regulated Market. The renewed listing of the Programme in respect of Notes and S.O. Bonds is expected to be granted on or around 17 June 2009.

Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg:

(i) the Articles of Association and the Certificate of Registration (with an English translation thereof) of the Issuer;

(ii) the consolidated and non-consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2007 and 31 December 2008, in each case together with the audit reports prepared in connection therewith (with an English translation thereof);

(iii) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer (in each case with an English translation thereof), in each case together with any audit or review reports prepared in connection therewith;

(iv) the Programme Agreement, the Agency Agreement, the Deed of Covenant, the VPS Trust Deed, the VPS Agency Agreement and the forms of the Global Notes and the Global S.O. Bonds, the Notes and S.O. Bonds in definitive form, the Receipts, the Coupons and the Talons;

(v) a copy of this Offering Circular;

(vi) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Note or S.O. Bond which is neither admitted to trading on a Regulated Market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note or S.O. Bond and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes or S.O. Bonds and identity) to this Offering Circular and any other documents incorporated herein or therein by reference; and

(vii) in the case of each issue of Notes and S.O. Bonds admitted to trading on the London Stock Exchange's Regulated Market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

In addition, copies of this Offering Circular and any supplement to this Offering Circular, any documents incorporated by reference and each Final Terms relating to Notes or S.O. Bonds which are either admitted to trading on the Market or offered in the United Kingdom will also be available on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/en-gb/pricesnews/marketnews/.

Copies of each Final Terms relating to Notes or S.O. Bonds which are either admitted to trading on any other regulated market in the European Economic Area or offered in any other Member State of the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will be available for viewing in accordance with the Prospectus Directive. Copies of each Final Terms relating to any other Notes or S.O. Bonds will only be available for inspection by a

holder of such Notes or S.O. Bonds upon production of evidence satisfactory to the Principal Paying Agent as to the identity of such holder.

Clearing Systems

The Notes and S.O. 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 S.O. Bonds allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes or S.O. Bonds are to clear through an additional or alternative clearing system (including the VPS) 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 Brusssels 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 S.O. 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.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer or Group since 31 March 2009 and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2008.

Litigation

Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

The auditors of the Issuer are Anna Hesselman and Bengt Fröander of Öhrlings PricewaterhouseCoopers AB, who have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in Sweden for each of the two financial years ended 31 December 2007 and 31 December 2008 and issued unqualified audit reports thereon. Anna Hesselman and Bengt Fröander are members of FAR SRS, the professional institute for authorised public accountants, approved public accountants and other highly qualified professionals in the accountancy sector in Sweden.

The auditors of the Issuer have no material interest in the Issuer.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes or S.O. Bonds.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

THE ISSUER

Landshypotek AB (publ)
Box 14092, 104 41 Stockholm

THE PRINCIPAL PAYING AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB

THE OTHER PAYING AGENT

Deutsche Bank Luxembourg S.A
2 Boulevard Konrad Adenauer
L-1115 Luxembourg

LEGAL ADVISERS

To the Issuer as to Swedish law

Wistrand Advokatbyrå
Regeringsgatan 65
P.O. Box 7543
SE-103 93 Stockholm

To the Dealers as to English law

Allen & Overy LLP
One Bishops Square
London E1 6AD

AUDITORS

To the Issuer

Öhrlings PricewaterhouseCoopers AB
SE-113 97 Stockholm

DEALERS

Bayerische Hypo- und Vereinsbank AG
Arabellastrasse 12
81925 Munich
Germany

Danske Bank A/S
2-12 Holmens Kanal
DK-1092 Copenhagen K

Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ

Skandinaviska Enskilda Banken AB (publ)
Kungsträdgårdsgatan 8
106 40 Stockholm
Sweden

Svenska Handelsbanken AB (publ)
Blasieholmstorg 11
SE-106 70 Stockholm

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR

RF64003

Printed by Royle Financial Print