



SANTANDER CONSUMER BANK AS

(Incorporated with limited liability in the Kingdom of Norway)

€2,500,000,000

EURO MEDIUM TERM NOTE PROGRAMME

This base prospectus (this "**Base Prospectus**") has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority for the purpose of Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"). The Central Bank only approves this base prospectus as meeting the requirements imposed under EU and Irish law pursuant to the Prospectus Directive for the purpose of giving information with regard to the issue of notes ("**Notes**") issued under the Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus by Santander Consumer Bank AS (the "**Issuer**") during the period of twelve months after the date hereof. Such approval only relates to Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the purposes of Directive 2014/65/EU or which are offered to the public in any Member State of the European Economic Area. Applications have been made to Euronext Dublin to admit Notes issued under the Programme during the period of twelve months after the date hereof to listing on the official list of Euronext Dublin (the "**Official List**") and to trading on the regulated market of Euronext Dublin which is a regulated market for the purposes of Directive 2014/65/EU. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

There are certain risks related to any issue of Notes under the Programme, which investors should ensure they fully understand (see "**Risk Factors**" on pages 5 to 44 of this Base Prospectus).

Tranches (as defined herein) of Notes issued under the Programme may be rated or unrated. If a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms or Drawdown Prospectus, as defined below. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**"), or (2) issued by a credit rating agency which is not established in the European Union nor registered under the CRA Regulation, or (3) issued by a credit rating agency which is not established in the European Union but will be endorsed by a credit rating agency which is established in the European Union and registered (or which has applied for registration and not been refused) under the CRA Regulation, or (4) issued by a credit rating agency which is not established in the European Union but which is certified in accordance with the CRA Regulation, will be disclosed in the relevant Final Terms or Drawdown Prospectus. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the European Union but is endorsed by a credit rating agency established in the European Union and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the European Union which is certified in accordance with the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Each of Moody's Investors Service Cyprus Limited ("**Moody's**") and Fitch Ratings Limited ("**Fitch**") has rated the Issuer. In addition, the Programme has been rated A3 (Senior Preferred Notes, as defined herein), Baa3 (Senior Non-Preferred Notes, as defined herein) and Baa3 (Subordinated Notes, as defined herein) by Moody's and A- (Senior Preferred Notes) by Fitch. Each of Moody's and Fitch is established in the European Union and is registered under the CRA Regulation and are, as of the date of this Base Prospectus, included in the list of credit rating agencies published by the European Securities and Market Authority ("**ESMA**") on its website, <http://www.esma.europa.eu/page/List-registered-and-certified-CRAS> in accordance with the CRA Regulation.

Amounts payable on Floating Rate Notes may be calculated by reference to one of LIBOR or EURIBOR, as specified in the relevant Final Terms or Drawdown Prospectus, which are administered by ICE Benchmark Administration Limited ("**ICE**") and the European Money Markets Institutes ("**EMMI**"), respectively. As at the date of this Base Prospectus, ICE is included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**"). EMMI is not included in ESMA's register of administrators. As far as the Issuer is aware, the transitional provisions of Article 51 of the Benchmarks Regulation apply to EMMI, such that it is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the securities laws of the applicable state or other jurisdiction of the United States.

Arranger

Barclays

Dealers

Barclays
BofA Merrill Lynch
Commerzbank
Danske Bank
DNB Bank ASA
Handelsbanken Capital Markets
ING
Natixis
Nordea
Santander Corporate & Investment Banking (SCIB)
Société Générale Corporate & Investment Banking

UniCredit Bank

BNP PARIBAS
Citigroup
Crédit Agricole CIB
Deutsche Bank
Goldman Sachs International
HSBC
Morgan Stanley
NatWest Markets
Nykredit Markets
SEB
Swedbank AB

The date of this Base Prospectus is 27 June 2019

Responsibility for this Base Prospectus

Santander Consumer Bank AS (the "**Issuer**") accepts responsibility for the information contained in this Base Prospectus and any relevant Final Terms or Drawdown Prospectus, and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Final Terms/Drawdown Prospectus

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms and Drawdown Prospectuses*" below.

Other relevant information

This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms. This Base Prospectus and each Final Terms may only be used for the purposes for which they have been published.

The Issuer has confirmed to the Dealers named under "*Subscription and Sale*" below that this Base Prospectus (including for this purpose, each relevant Final Terms or Drawdown Prospectus) contains all information which is (in the context of the Programme, the issue, offering and sale of the Notes material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

Unauthorised information

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus or any supplement hereto, or any Final Terms or Drawdown Prospectus or any document incorporated herein by reference. Neither the delivery of this Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Restrictions on distribution

The distribution of this Base Prospectus and any Final Terms or Drawdown Prospectus, as the case may be, and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, Notes

have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Base Prospectus nor any Final Terms or Drawdown Prospectus, as the case may be, constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

Programme limit

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €2,500,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement as defined under "*Subscription and Sale*"). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement.

Certain definitions

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**U.S. \$**", "**USD**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**€**", "**EUR**" or "**euro**" are to the single currency of participating Member States of the European Union, references to "**£**" are to pounds sterling, and references to "**NOK**" are to Norwegian Krone.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Language

The language of the prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Tranches of Notes

Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms or Drawdown Prospectus. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued by a credit rating agency established in the European Union and registered (or which has applied for registration and not been refused) under the CRA Regulation, or (2) issued by a credit rating agency which is not established in the European Union nor registered under the CRA Regulation, or (3) issued by a credit rating agency which is not established in the European Union but will be endorsed by a credit rating agency which is established in the European Union and registered under the CRA Regulation, or (4) issued by a credit rating agency which is not established in the European Union but which is certified under the CRA Regulation, will be disclosed in the Final Terms or Drawdown Prospectus. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the European Union but is endorsed by a credit rating agency established in the European Union and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the European Union which is certified under the CRA Regulation.

Stabilisation

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

EEA Retail Investors

If the Final Terms or Drawdown Prospectus in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II product governance / target market

The Final Terms or Drawdown Prospectus in respect of any Notes will include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")

Unless otherwise stated in the relevant Final Terms or relevant Drawdown Prospectus, all Notes shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**")) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the "**MAS**") Notice SFA 04-N12: Notice on the Sale of Investment Product and the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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OVERVIEW

This overview must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of this Base Prospectus as a whole, including any information incorporated by reference. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this overview.

Issuer:	Santander Consumer Bank AS
Issuer Legal Entity Identifier (LEI):	549300A08LH2961IPN13
Parent Company:	Santander Consumer Finance, S.A.
Issuer Group	As at 31 December 2018, the Issuer has branches in both Denmark and Sweden as well as a wholly owned subsidiary in Finland.
Santander Group:	The Issuer belongs to the consolidated group of credit institutions, the parent company of which is Banco Santander, S.A.
Risk Factors:	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under " <i>Risk Factors</i> ".
Arranger:	Barclays Bank PLC
Dealers:	Banco Santander, S.A., Barclays Bank Ireland PLC, Barclays Bank PLC, BNP Paribas, BofA Securities Europe SA, Citigroup Global Markets Europe AG, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Credit Agricole Corporate and Investment Bank, Danske Bank A/S, Deutsche Bank AG, London Branch, DNB Bank ASA, Goldman Sachs International, HSBC Bank plc, HSBC France, ING Bank N.V., Merrill Lynch International, Morgan Stanley & Co. International plc, Natixis, NatWest Markets N.V., NatWest Markets Plc, Nordea Bank Abp, Nykredit Bank A/S, Skandinaviska Enskilda Banken AB (publ), Société Générale, Swedbank AB (publ), Svenska Handelsbanken AB (publ), UniCredit Bank AG, and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Issue and Paying Agent:	Citibank, N.A., London Branch
Listing Agent:	A&L Listing Limited
Final Terms or Drawdown Prospectus:	Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Conditions of the Notes as completed by the relevant Final Terms or, as the case may be, as supplemented and/or amended in the relevant Drawdown Prospectus.
Listing and Trading:	Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on its regulated market. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

Clearing Systems:	Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms or Drawdown Prospectus.
Initial Programme Amount:	Up to EUR 2,500,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time.
Issuance in Series:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
Forms of Notes:	Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms or Drawdown Prospectus. Each Global Note which is not intended to be issued in new global note form (a " Classic Global Note " or " CGN "), as specified in the relevant Final Terms or Drawdown Prospectus, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear Bank S.A./N.V. (" Euroclear ") and/or Clearstream Banking S.A. (" Clearstream, Luxembourg ") and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a " New Global Note " or " NGN "), as specified in the relevant Final Terms or Drawdown Prospectus, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms or Drawdown Prospectus, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms or Drawdown Prospectus as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.
Currencies:	Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Status of the Notes:	Notes may be issued on a senior preferred, senior non-preferred or subordinated basis, as specified in the relevant Final Terms or Drawdown Prospectus.
Issue Price:	Notes may be issued at any price, as specified in the relevant Final Terms or Drawdown Prospectus. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
Maturities:	Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements. Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment

maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies), only be transferred in part if the minimum redemption value of that part is £100,000 (or its equivalent in other currencies) and be issued only 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 who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer.

Redemption: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on their stated Maturity Date at 100 per cent. of their nominal amount.

Optional Redemption: Senior Preferred Notes and Senior Non-Preferred Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms or Drawdown Prospectus.

Subordinated Notes may not be redeemed prior to the Maturity Date stated in the relevant Final Terms or Drawdown Prospectus unless otherwise permitted in writing by the Financial Supervisory Authority of the Kingdom of Norway (or successor authority exercising supervision with respect to prudential matters of the Issuer from time to time) (the "**Relevant Regulator**").

Subordinated Notes – Regulatory Call: Where the relevant Final Terms or Drawdown Prospectus specify that Regulatory Call is applicable, if a Regulatory Event (as defined in the Conditions) occurs, the Issuer shall be entitled to redeem Subordinated Notes subject to the prior written consent of the Relevant Regulator (and as further provided in Condition 5.7).

Senior Preferred Notes and Senior Non-Preferred Notes – MREL Disqualification Event: Where the relevant Final Terms specify that Condition 5.8 applies, if a MREL Disqualification Event occurs, the Issuer shall be entitled to redeem the Senior Preferred Notes or the Senior Non-Preferred Notes, as the case may be (subject, in the case of Restricted Senior Preferred Notes and Senior Non-Preferred Notes, to the prior written permission of the Relevant Regulator).

Tax Redemption: Early redemption will be permitted if the Issuer has or will become obliged to pay certain additional amounts in respect of the Notes as a result of any change in the tax laws of the Kingdom of Norway.

Subordinated Notes – Substitution or Variation: Where the relevant Final Terms or Drawdown Prospectus specify that Condition 5.9 applies, if at any time a Regulatory Event occurs and is continuing, the Issuer may, subject to the provisions of Condition 5.17, (if, and to the extent so required), either substitute all (but not some only) Subordinated Notes for, or vary the terms of all (but not some only) of the Subordinated Notes so that they remain or, as appropriate, become, Qualifying Subordinated Securities, as further provided in Condition 5.9.

Senior Preferred Notes and Senior Non-Preferred Notes – Substitution or Variation: Where the relevant Final Terms specify that Condition 5.10 applies, if at any time a MREL Disqualification Event occurs and is continuing, or in order to ensure the effectiveness and enforceability of Condition 17.6, the Issuer may, subject to the provisions of Condition 5.17 (if applicable and to the extent so required), either substitute all (but not some only) Senior Preferred Notes or Senior Non-Preferred Notes (as the case may be) for, or vary their terms so that they remain or, as appropriate, become, Qualifying MREL Securities (as defined in

Condition 5.10, as further provided in Condition 5.10.

- Interest:** Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
- Denominations:** No Notes may be issued under the Programme which have a minimum denomination of less than EUR100,000 (or equivalent in another currency). Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms or Drawdown Prospectus, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
- Cross-Default:** Senior Preferred Notes where Unrestricted Events of Default is specified as being applicable in the relevant Final Terms will have the benefit of a cross default as described in Condition 6.1(iii) (*Events of Default – Cross default*) subject to a threshold of U.S.\$50,000,000 (or its equivalent in any other currency on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates).
- Taxation:** All payments in respect of Notes will be made free and clear of withholding taxes of the Kingdom of Norway unless the withholding is required by law. In that event, the Issuer will (subject to customary exceptions and, in the case of Subordinated Notes, only in respect of the payment of interest) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
- Governing Law:** English law, except for Conditions 3.2, 3.3 and any write-down or conversion of the Notes in accordance with Norwegian law and regulation applicable to the Issuer from time to time, which are governed by Norwegian law.
- Enforcement of Notes in Global Form:** In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 27 June 2019, a copy of which will be available for inspection at the specified office of the Issue and Paying Agent.
- Selling Restrictions:** For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the European Economic Area, the United States of America, the EEA, the United Kingdom, the Kingdom of Norway, the Kingdom of Spain, Japan, France, Italy, Switzerland, Belgium and Singapore. See "*Subscription and Sale*".

RISK FACTORS

Prospective investors should read the entire Base Prospectus. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section.

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most 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 risk associated with Notes issued under the Programme are detailed below. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay any amounts due on or in connection with any Notes or the Deed of Covenant, may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

CONTENTS OF THE RISK FACTORS

1. **Macro-Economic and Political Risks**
2. **Risks relating to the Issuer and the Issuer Group Business**
3. **Risks in relation to the Notes**

Investing in the Notes issued under the Programme involves certain risks. Prospective investors should consider, among other things, the following:

1. **Macro-Economic and Political Risks**

The Issuer Group's growth, asset quality and profitability may be adversely affected by volatile macroeconomic and political conditions

As at 31 December 2018, the Issuer has branches in both Denmark and Sweden as well as a wholly owned subsidiary in Finland (the "**Issuer Group**"). The Issuer Group's consumer loan and credit card portfolio is mainly concentrated in the Nordic countries (the Kingdom of Norway, Finland, Denmark and Sweden, together the "**Nordic countries**"). Adverse changes affecting the economies of the Nordic countries where the Issuer Group operates, would likely have a significant adverse impact on the Issuer Group's consumer loan and credit card portfolio and, as a result, on its financial condition, cash flows and results of operations.

The economies of some of the countries where the Issuer Group operates have been affected by a series of political events, including the United Kingdom's vote to leave the European Union in June 2016 and the UK's subsequent negotiations with the EU, which are causing significant volatility and have given rise to increasing anti-EU sentiment and populist movements in other EU member states. There can be no assurance that the European and global economic environments will not continue to be affected by political developments, including potential future events arising from political developments in Italy and Spain, all of which could affect the financial condition, cash flows and results of operations of the Issuer Group.

The economies of some of the countries where the Issuer Group operates have experienced volatility since the recent global financial crisis. This volatility resulted in fluctuations in the levels of deposits and in the relative economic strength of various segments of the economies to which the Issuer Group lends. In addition, some of the countries where it operates are particularly affected by commodities' price fluctuations, which in turn may affect financial market conditions through exchange rate fluctuations, interest rate volatility and deposits volatility. Negative and fluctuating economic conditions, such as slowing or negative growth and a changing interest rate environment, impact the Issuer Group's profitability by causing lending margins to decrease and credit quality to decline and leading to decreased demand for higher margin products and services.

There is uncertainty over the long-term effects of the monetary and fiscal policies that have been adopted by the central banks and financial authorities of some of the world's leading economies. Negative and fluctuating economic conditions in the countries in which it operates, such as those that certain European countries have experienced recently, could also result in government defaults on public debt. This could

affect the Issuer Group indirectly, through instabilities that a default in public debt could cause to the Banking system as a whole, particularly since other commercial banks' exposure to government debt is high in these regions or countries.

In addition, the Issuer Group's revenues are subject to risk of loss from unfavourable political and diplomatic developments, social instability, and changes in governmental policies, including expropriation, nationalisation, international ownership legislation, interest-rate caps and tax policies.

The Issuer Group's earnings are affected by global and local economic and market conditions. There is a rise in protectionism, including as may be driven by populist sentiment and structural challenges facing developed economies. This rise could contribute to weaker global trade, potentially affecting the Issuer Group's traditional lines of business. In particular, the US may impose tariffs on European car manufacturers, which would have a negative impact on the automotive sector. In addition, there is the potential for changes in immigration policies in multiple jurisdictions around the world, including the United States. Growing protectionism and restrictions on immigration could have a negative impact on the economies of the countries where the Issuer Group operates, which would also impact its operating results, financial condition and prospects.

Exposure to UK political developments, including the negotiations between the UK and the European Union, could have a material adverse effect on the Issuer Group

On 23 June 2016, the UK held a non-binding referendum (the "**UK EU Referendum**") on its membership of the EU, in which a majority voted for the UK to leave the EU ("**Brexit**"). Immediately following the result, the UK and global stock and foreign exchange markets commenced a period of significant volatility, including a steep devaluation of the pound sterling. There remains significant uncertainty relating to the UK's exit from, and future relationship with, the EU and the basis of the UK's future trading relationship with the rest of the world.

On 29 March 2017, the UK Prime Minister gave notice under Article 50(2) of the Treaty on European Union of the UK's intention to withdraw from the EU. The delivery of the Article 50(2) notice triggered a two year period of negotiation to determine the terms on which the UK will exit the EU and the framework for the UK's future relationship with the EU (the "**Article 50 Withdrawal Agreement**"). On 10 April 2019, this withdrawal date was extended to 31 October 2019, with a review to be held on 30 June 2019. As part of these negotiations, a transitional period has been agreed in principle which would extend the application of European Union law, and provide for continuing access to the European Union single market, until the end of 2020.

It remains uncertain whether the Article 50 Withdrawal Agreement will be finalised and ratified by the UK and the EU. There are also ongoing political discussions around Brexit, including discussions on delaying the timing for the UK's exit from the EU to provide more time for the UK and the EU to finalise negotiations on and ratify the Article 50 Withdrawal Agreement. If the Article 50 Withdrawal Agreement is not ratified and the timing is not or is not sufficiently extended, the Treaty on European Union and the Treaty on the Functioning of the European Union will cease to apply to the UK from 31 October 2019. Whilst continuing to negotiate the Article 50 Withdrawal Agreement, the UK Government has commenced preparations for a "hard Brexit" or "no-deal Brexit" to minimise the risks for firms and businesses associated with an exit with no transitional agreement. This has included publishing legislation under powers provided in the European Union (Withdrawal) Act 2018 to ensure that there is a functioning statute book on the UK's exit from the EU. The European authorities have not provided UK firms and businesses with similar assurances in preparation for a "hard" Brexit although some member states have individually announced or introduced their own measures to mitigate relevant issues. Due to the ongoing political uncertainty as regards the terms of the UK's withdrawal from the EU and the structure of the future relations, it is not possible to determine the precise impact on general economic conditions in the UK and/or on the business of the Issuer Group. There is a possibility that the UK's membership ends at such time without reaching any agreement on the terms of its relationship with the EU going forward, and currently the Article 50 Withdrawal Agreement, which provides for a transitional period whilst the future relationship between the UK and the EU is negotiated, has not been ratified by the UK Parliament.

A general election in the UK was held on 8 June 2017 (the "**General Election**"). The General Election resulted in a hung parliament with no political party obtaining the majority required to form an outright government. On 26 June 2017, it was announced that the Conservative Party had reached an agreement with the Democratic Unionist Party (the "**DUP**") in order for the Conservative Party to form a minority government with legislative support ("confidence and supply") from the DUP. On 24 May 2019, Ms.

Theresa May announced her resignation as Prime Minister, which became effective on 7 June 2019. Ms. May will remain as “caretaker” Prime Minister until the conclusion of the UK Conservative Party leadership election, likely to be in July 2019. There is an ongoing possibility of an early general election ahead of 2022 and of a change of government. The continuing uncertainty surrounding the Brexit outcome has had an effect on the UK economy, particularly towards the end of 2018, and this uncertainty continues into 2019. Consumer and business confidence indicators have continued to fall (for example, the GfK consumer confidence index fell to -14 in January 2019) and this has had a significant impact on consumer spending and investment, both of which are vital components of economic growth. The outcome of Brexit remains unclear. However, a “no-deal Brexit” continues to remain a possibility and the consensus view is that this would have a negative impact on the UK economy, affecting its growth prospects, based on scenarios put forward by such institutions as the Bank of England, the UK Government and other economic forecasters.

While the longer-term effects of the UK’s imminent departure from the EU are difficult to predict, there is short term political and economic uncertainty. The Governor of the Bank of England warned that the UK exiting the EU without a deal could lead to considerable financial instability, a very significant fall in property prices, rising unemployment, depressed economic growth and higher inflation and interest rates. The Governor also warned that the Bank of England would not be able to apply interest rate reductions. This could inevitably affect the UK’s attractiveness as a global investment centre and likely have a detrimental impact on UK economic growth.

If a no-deal Brexit did occur, it would be likely that economic growth would slow significantly, and it would be possible that there would be severely adverse economic effects.

The UK's imminent departure from the EU has also given rise to further calls for a second referendum on Scottish independence and raised questions over the future status of Northern Ireland. These developments, or the perception that they could occur, could have a material adverse effect on economic conditions and the stability of financial markets in the UK, and could significantly reduce market liquidity and restrict the ability of key market participants to operate in certain financial markets in this country.

Asset valuations, currency exchange rates and credit ratings may be particularly subject to increased market volatility if the negotiation of the UK’s exit from the EU continues without an agreement. The major credit rating agencies changed their outlook to negative on the UK's sovereign credit rating, and in some cases downgraded such rating, following the UK EU Referendum. In addition, the Issuer Group is subject to substantial EU-derived regulation and oversight. Although legislation has now been passed transferring the EU acquis into UK law, there remains significant uncertainty as to the respective legal and regulatory environments in which the Issuer Group will operate when the UK is no longer a member of the EU, and the basis on which cross-border financial business will take place after the UK leaves the EU.

Ongoing uncertainty within the UK Government and Parliament, and the rejection of the Article 50 Withdrawal Agreement by the House of Commons, and the risk that this results in the UK Government falling could cause significant market and economic disruption, which could have a material adverse effect on the Issuer Group’s operations, financial condition and prospects.

Continued ambiguity relating to the UK's withdrawal from the EU, along with any further changes in government structure and policies, may lead to further market volatility and changes to the fiscal, monetary and regulatory landscape in which the Issuer Group operates and could have a material adverse effect on it, including the Issuer Group’s ability to access capital and liquidity on financial terms acceptable to the Issuer Group and, more generally, on its operating results, financial condition and prospects.

The Issuer Group is vulnerable to the risks of a slowdown in one or more of the economies in which it operates, as well as disruptions and volatility in the global financial markets

Global economic conditions deteriorated significantly between 2007 and 2009, and many of the countries in which the Issuer Group operates fell into recession. Although most countries have recovered, this recovery may not be sustainable. Many major financial institutions, including some of the world’s largest global commercial banks, investment banks, mortgage lenders, mortgage guarantors and insurance companies experienced, and some continue to experience, significant difficulties. Around the world, there were runs on deposits at several financial institutions, numerous institutions have sought additional capital or have been assisted by governments, and many lenders and institutional investors reduced or ceased providing funding to borrowers (including to other financial institutions). In the European Union, the principal concern as of the date of this Base Prospectus is the risk of slowdown of activity, because tax and financial integration,

although not completed, has limited an individual country's ability to address potential economic crises with its own fiscal and monetary policies.

In particular, the Issuer Group faces, among others, the following risks related to the economic downturn:

- Reduced demand for the Issuer Group's products and services.
- Increased regulation of the Issuer Group's industry. Compliance with such regulation will continue to increase the Issuer Group's costs and may affect the pricing for its products and services, increase its conduct and regulatory risks related to non-compliance and limit the Issuer Group's ability to pursue business opportunities.
- Inability of the Issuer Group's borrowers to timely or fully comply with their existing obligations. Macroeconomic shocks may negatively impact the household income of its retail customers and may adversely affect the recoverability of its retail loans, resulting in increased loan losses.
- The process the Issuer Group uses to estimate losses inherent in its credit exposure requires complex judgments, including forecasts of economic conditions and how these economic conditions might impair the ability of the Issuer Group's borrowers to repay their loans. The degree of uncertainty concerning economic conditions may adversely affect the accuracy of the Issuer Group's estimates, which may, in turn, impact the reliability of the process and the sufficiency of the Issuer Group's loan loss allowances.
- The value and liquidity of the portfolio of investment securities that the Issuer Group holds may be adversely affected.
- Any worsening of global economic conditions may delay the recovery of the international financial industry and impact the Issuer Group's financial condition and results of operations.

Despite recent improvements in certain segments of the global economy, uncertainty remains concerning the future economic environment. Such economic uncertainty could have a negative impact on the Issuer Group's business and results of operations. A slowing or failing of the economic recovery would likely aggravate the adverse effects of these difficult economic and market conditions on the Issuer Group and on others in the financial services industry.

A return to volatile conditions in the global financial markets could have a material adverse effect on the Issuer Group, including its ability to access capital and liquidity on financial terms acceptable to it, if at all. If capital markets financing ceases to become available, or becomes excessively expensive, the Issuer Group may be forced to raise the rates paid on deposits to attract more customers and become unable to maintain certain liability maturities. Any such increase in capital markets funding availability or costs or in deposit rates could have a material adverse effect on the Issuer Group's interest margins and liquidity.

If all or some of the foregoing risks were to materialise, this could have a material adverse effect on the Issuer Group's financing availability and terms and, more generally, on its results, financial condition and prospects.

The Issuer Group may suffer adverse effects as a result of economic and sovereign debt tensions in the Eurozone

Conditions in the capital markets and the economy generally in the Eurozone showed signs of fragility and volatility, with political tensions in Europe being particularly heightened in the past three years. In addition, interest rate spreads among Eurozone countries affected government funding and borrowing rates in those economies. A reappearance of political tensions in the Eurozone could have a material adverse effect on the Issuer Group's operating results, financial condition and prospects.

The UK EU Referendum and subsequent negotiations are causing significant volatility in the global stock and foreign exchange markets. The risk of further instability in the Eurozone cannot be excluded.

In the past, the European Central Bank ("ECB") and European Council have taken actions with the aim of reducing the risk of contagion in the Eurozone and beyond and improving economic and financial stability. Notwithstanding these measures, a significant number of financial institutions throughout Europe have substantial exposures to sovereign debt issued by Eurozone (and other) nations, which may be under financial stress. Should any of those nations default on their debt, or experience a significant widening of

credit spreads, major financial institutions and banking systems throughout Europe could be adversely affected, with wider possible adverse consequences for global financial market conditions.

The Issuer Group has direct and indirect exposure to financial and economic conditions throughout the Eurozone economies. Concerns relating to sovereign defaults or a partial or complete break-up of the European Monetary Union, including potential accompanying redenomination risks and uncertainties, still exist in light of the political and economic factors mentioned above. A deterioration of the economic and financial environment could have a material adverse impact on the whole financial sector, creating new challenges in sovereign and corporate lending and resulting in significant disruptions in financial activities at both the market and retail levels. This could materially and adversely affect the Issuer Group's operating results, financial position and prospects.

2. Risks Relating to the Issuer and the Issuer Group Business

The Issuer Group is exposed to risk of loss from legal and regulatory proceedings

The Issuer Group faces risk of loss from legal and regulatory proceedings, including tax proceedings, that could subject the Issuer Group to monetary judgments, regulatory enforcement actions, fines and penalties. The current regulatory and tax enforcement environment in the jurisdictions in which the Issuer Group operates reflects an increased supervisory focus on enforcement, combined with uncertainty about the evolution of the regulatory regime, and may lead to material operational and compliance costs.

The Issuer Group is from time to time subject to certain claims and is a party to certain legal proceedings incidental to the normal course of its business, including in connection with conflicts of interest, lending activities, relationships with the Issuer Group's employees and other commercial or tax matters. In view of the inherent difficulty of predicting the outcome of legal matters, particularly where the claimants seek very large or indeterminate damages, or where the cases present novel legal theories, involve a large number of parties or are in the early stages of discovery, the Issuer Group cannot state with confidence what the eventual outcome of these pending matters will be or what the eventual loss, fines or penalties related to each pending matter may be. The amount of the Issuer Group's reserves in respect of these matters is substantially less than the total amount of the claims asserted against the Issuer Group and, in light of the uncertainties involved in such claims and proceedings, there is no assurance that the ultimate resolution of these matters will not significantly exceed the reserves currently accrued by the Issuer Group. As a result, the outcome of a particular matter may be material to the Issuer Group's operating results for a particular period.

The Issuer Group is subject to substantial regulation and regulatory and governmental oversight which could adversely affect its business, operations and financial condition

As a financial institution, the Issuer Group is subject to extensive regulation, which materially affects its businesses. The statutes, regulations and policies to which the Issuer Group is subject may be changed at any time. In addition, the interpretation and the application by regulators of the laws and regulations to which the Issuer Group is subject may also change from time to time. Extensive legislation and implementing regulation affecting the financial services industry has recently been adopted in regions that directly or indirectly affect the Issuer Group's business, including the Kingdom of Norway, Spain, the EU and other jurisdictions, and further regulations are in the process of being implemented. The manner in which those laws and related regulations are applied to the operations of financial institutions is still evolving. Moreover, to the extent these regulations are implemented inconsistently in the various jurisdictions in which the Issuer Group operates, the Issuer Group may face higher compliance costs. Any legislative or regulatory actions and any required changes to the business operations of the Issuer Group resulting from such legislation and regulations, as well as any deficiencies in the Issuer Group's compliance with such legislation and regulation, could result in significant loss of revenue, limit the ability of the Issuer Group to pursue business opportunities in which it might otherwise consider engaging and provide certain products and services, affect the value of assets that it holds, require the Issuer Group to increase its prices and therefore reduce demand for its products, impose additional compliance and other costs on the Issuer Group or otherwise adversely affect its businesses. In particular, legislative or regulatory actions resulting in enhanced prudential standards, in particular with respect to capital and liquidity, could impose a significant regulatory burden on the Issuer or on the Issuer's subsidiaries, and could limit the Issuer's subsidiaries ability to distribute capital and liquidity to the Issuer, thereby negatively impacting the Issuer. Future liquidity standards could require the Issuer to maintain a greater proportion of its assets in highly-liquid but lower-yielding financial Notes, which would negatively affect its net interest margin. Moreover, the regulatory authorities, as part of their supervisory function, periodically review the Issuer's allowance for loan losses.

Such regulators may require the Issuer to increase its allowance for loan losses or to recognise further losses. Any such additional provisions for loan losses, as required by these regulatory agencies, whose views may differ from those of the Issuer's management, could have an adverse effect on the Issuer's earnings and financial condition. Accordingly, there can be no assurance that future changes in regulations or in their interpretation or application will not adversely affect the Issuer Group.

Although the Kingdom of Norway is not a member of the EU, it is a member of the European Free Trade Association ("**EFTA**"), and a party to the European Economic Area agreement (the "**EEA Agreement**") which provides for the free movement of persons, goods, services and capital within the European single market. As a member of the EEA Agreement, the Kingdom of Norway is committed to adopt most EU directives and regulations concerning the European single market in its national legislation, including regulations relating to capital requirements, funding and liquidity. However, there has been a delay of including the relevant EU legislation in the EEA Agreement and national Norwegian legislation, in particular since the authority granted to the supervision authorities EBA, ESMA and EIOPA (together the "**ESAs**") in various EU regulations raised certain constitutional challenges for the Kingdom of Norway. Following a voting by the Norwegian parliament in June 2016 (and corresponding decisions made by the authorities of other relevant EFTA countries), the challenge has been solved, with the outcome that binding decisions, which otherwise would have been adopted by the ESAs, must be made by the EFTA Surveillance Authority based on proposals from the ESAs, as far as market participants incorporated in the EFTA countries are concerned. While there are no longer any formal obstacles preventing the Kingdom of Norway to incorporate EU legislation on the financial area, the delay has resulted in a back-log of a significant number of EU legislation now pending to be included in the EEA Agreement, and the exact timing of implementation of the various legislation is uncertain.

The wide range of regulations, actions and proposals which most significantly affect the Issuer, or which could most significantly affect the Issuer in the future, relate to capital requirements, funding and liquidity and development of a fiscal and banking union in the EU, which are discussed in further detail below. These and other regulatory reforms adopted or proposed in the wake of the financial crisis have increased and may continue to materially increase the Issuer Group's operating costs and negatively impact the Issuer Group's business model. Furthermore, regulatory authorities have substantial discretion in how to regulate banks, and this discretion, and the means available to the regulators, have been increasing during recent years. Regulation may be imposed on an ad hoc basis by governments and regulators in response to a crisis. In addition, the volume, granularity, frequency and scale of regulatory and other reporting requirements necessitate a clear data strategy to enable consistent data aggregation, reporting and management. Inadequate management information systems or processes, including those relating to risk data aggregation and risk reporting, could lead to a failure to meet regulatory reporting requirements or other internal or external information demands and the Issuer Group may face supervisory measures as a result.

Pending the outcome of the constitutional challenge as referred to above (which now has been resolved), the Kingdom of Norway has, outside of the EEA Agreement, incorporated a significant amount of capital, funding and liquidity requirements in its national legislation, which in all material aspects, correspond to the EU legislation. The main regulations and regulatory and governmental oversight that can adversely impact the Issuer Group include but are not limited to the following:

Capital requirements, liquidity, funding and structural reform

Increasingly onerous capital requirements constitute one of the Issuer's main regulatory challenges. Increasing capital requirements may adversely affect the Issuer's profitability and create regulatory risk associated with the possibility of failure to maintain required capital levels.

In December 2010, the Basel Committee on Banking Supervision (the "**Basel Committee**") proposed a number of fundamental reforms to the regulatory capital framework for internationally active banks ("**Basel III**"). Basel III raised the quantity and quality of capital required to be held by a financial institution with an emphasis on CET1 capital and introduced an additional requirement for both a capital conservation buffer and a countercyclical buffer to be met with CET1 capital.

The EU began implementing the Basel III capital reforms from 1 January 2014 by the enactment of the Capital Requirements Regulation (Regulation (EU) No 575/2013) ("**CRR**") and the Capital Requirements Directive (Directive 2013/36/EU) ("**CRD IV Directive**", and together with CRR and any implementing measures of both CRR and CRD IV Directive, "**CRD IV**"). While the CRD IV Directive required national transposition, the CRR was directly applicable in all the EU member states. This regulation is complemented

by several binding technical standards and guidelines issued by the European Banking Authority (“**EBA**”), directly applicable in all EU member states, without the need for national implementation measures.

On 23 November 2016, the European Commission published, among others, proposals for European Directives amending CRD IV Directive and BRRD (as defined below) and European Regulations amending CRR and the Regulation (EU) No. 806/2014 (as amended, the “**SRM Regulation**”) (said proposals together, the “**Proposals**”). The Proposals covered multiple areas, including the Pillar 2 framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of “non-preferred” senior debt that should only be bailed-in after junior ranking instruments but before other senior liabilities, changes to the definitions of Tier 2 and Additional Tier 1 instruments, the MREL framework and the integration of the TLAC standard into EU legislation as mentioned above. The Proposals also covered harmonised rules for national insolvency ranking of unsecured debt instruments to facilitate the issuance by credit institutions of such “non-preferred” senior debt. The Proposals were finally adopted and have been published in the Official Journal of the EU on 7 June 2019 (the Proposals, as published in the Official Journal of the EU on 7 June 2019, the “**New Banking Regulations**”).

On 7 December 2017, the Governors and Heads of Supervision (“**GHOS**”) published the finalisation of the Basel III post-crisis regulatory reform agenda. This review of the regulatory framework covers credit, operational and credit valuation adjustment (“**CVA**”) risks, introduces a floor to the consumption of capital by internal ratings-based methods (“**IRB**”) and the revision of the calculation of the leverage ratio. The GHOS have extended the implementation of the revised minimum capital requirements for market risk until January 2022, to coincide with the implementation of the reviews of credit, operational and CVA risks.

As a Norwegian financial institution, the Issuer is subject to the capital adequacy requirements as set out in *finansforetaksloven* (LOV-2015-04-10-17) (the “**Financial Undertakings Act**”) and *kapitalkravforskriften* (FOR-2006-12-14-1506). The requirements are based on, and correspond in all material aspects, to the capital requirements set out in CRR and CRD IV. The CRR and CRD IV are not yet included in the EEA Agreement, but on 29 March 2019 the EEA Committee resolved that the CRR and CRD IV shall be included in the agreement once all relevant EFTA countries have lifted their conditions. This is expected to happen during the second half of 2019. Certain technical amendment of the Norwegian capital requirements have been proposed in order to ensure full alignment with the CRR and CRD IV from the time the CRR and CRD IV are included in the EEA Agreement. The New Banking Regulations are not yet included in the EEA Agreement and as such are not enforceable in Norway.

Under the Financial Undertakings Act, the Issuer is required, on a consolidated basis, to hold a minimum amount of regulatory capital of 8 per cent. of risk-weighted assets (“**RWAs**”), of which at least 4.5 per cent. of RWAs must be common equity tier 1 (“**CET1**”) capital and at least 6 per cent. of RWAs must be Tier 1 capital (together, the “**Pillar 1 requirements**”).

In addition, there is also a “combined buffer requirement” which is required to be satisfied with CET1 capital. The “combined buffer requirement” has introduced four new capital buffers: (i) a capital conservation buffer of 2.5 per cent of RWA, (ii) a systemic risk buffer of 3 per cent of RWA, (iii) a systemically important institution buffer of 2 per cent of RWA, and (iv) a countercyclical buffer which is determined on annual basis by the Norwegian Ministry of Finance set between 0 – 2.5 per cent of RWA. The Issuer is not classified as a systemically important institution and is, therefore, not required to hold a systemically important institution buffer.

Pursuant to the Regulation on the Level of the Countercyclical Buffer (regulation no. 1440 of 12 December 2013, as amended), the countercyclical buffer determined by other EEA countries shall be applied in case Norwegian financial institutions operate in the relevant EEA countries. The level of the countercyclical buffer varies, therefore, among the jurisdictions where the Issuer Group's assets have been originated. As at the date of this Base Prospectus, the level of the countercyclical buffer is 2 per cent. of RWAs in the Kingdom of Norway (but will increase to 2.5 per cent. of RWAs as of 31 December 2019), 2 per cent. of RWAs in Sweden (but will increase to 2.5 per cent. on 19 September 2019), 0.5 per cent. of RWAs in Denmark (but will increase to 1 per cent on 30 September 2019) and 0 per cent. of RWAs in Finland..

In addition to the Pillar 1 requirements (and the “combined buffer requirement”), supervisory authorities may impose further “Pillar 2” capital requirements to cover other risks, including those not considered to be fully captured by the minimum capital requirements under the CRD IV Directive or to address to address macro-prudential considerations. This may result in the imposition of additional capital requirements on the Issuer Group pursuant to this “Pillar 2” framework.

The minimum CET1 regulatory requirements of the Issuer Group, as at 31 December 2018, are as set out in the table below:

Capital / buffer requirement	Per cent of RWAs
Minimum core equity	4.50
Countercyclical buffer	1.14
Capital conservation buffer	2.50
Systemic risk buffer	3.00
"Pillar 2" capital requirement	2.30
CET1 regulatory requirements	13.44

The Issuer Group's CET1 capital ratio as at 31 December 2018 was 15.73 per cent and as of the first quarter of 2019 is 15.82 per cent.

Building on changes made to requirements in relation to the quality and aggregate quantity of capital that banks must hold, the Basel Committee is currently in the process of reviewing and issuing recommendations in relation to risk asset weightings which may lead to increased regulatory scrutiny of risk asset weightings in the jurisdictions who are members of the Basel Committee.

Minimum requirement of own funds and eligible liabilities (MREL)

Directive 2014/59/EU establishes a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**") and is deemed as relevant for the EEA. On 6 March 2018, the Norwegian Parliament adopted changes to the Financial Undertakings Act in order to implement the BRRD into Norwegian law. The BRRD was implemented in Norway with effect from 1 January 2019. The legislation sets forth that any further possible supplements and regulation of the details for the implementation of the BRRD and related technical standards can be determined through regulations passed by the Ministry under the Financial Institutions Act. The Financial Supervisory Authority of the Kingdom of Norway (the "**FSAN**"), on behalf of the Ministry, on 29 June 2018 published a proposal for changes in the Regulations on financial institutions and financial groups of 9 December 2016 No. 1502 (the "**Financial Institutions Regulation**"). After a public consultation, the Ministry of Finance adopted the final rules on 19 December 2018 with entry into force on 1 January 2019.

In addition to the minimum capital requirements under CRD IV, the BRRD regime as adopted by the Norwegian Parliament prescribes that banks may be imposed to hold a minimum level of own funds and eligible liabilities in relation to total liabilities and own funds (known as "**MREL**"). The MREL shall be calculated as the amount of own funds and eligible liabilities expressed as a percentage of the total liabilities and own funds of the institution. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining maturity of at least one year and, if governed by a non-EU law, they must be able to be written down or converted under that law (including through contractual provisions). On 3 July 2015, the EBA published the final draft technical standards on the criteria for determining MREL, which was adopted with certain amendments by the European Commission pursuant to Commission Delegated Regulation (EU) 2016/1450, of 23 May.

On 19 December 2018, the Norwegian Ministry of Finance passed and published the final Norwegian MREL requirements (the "**MREL Rules**"). According to the MREL Rules, the FSAN shall determine a minimum level of own funds and eligible liabilities that each financial institution must comply with. The FSAN has indicated that such requirements will be determined for the nine largest and most complex institutions during 2019, and that a further six institutions during 2020. The Issuer Group is not one of the nine largest and most complex institutions, so its MREL requirements are not expected to be determined in 2019. Norwegian financial institutions (excluding credit institutions issuing covered bonds) which Norwegian authorities have designated as systemically important must have eligible debt instruments of approximately 17 per cent. of RWAs (excluding RWAs stemming from covered bond entities) on top of the current own funds requirement. Further, according to the MREL Rules, after 31 December 2022, only debt instruments that rank junior to ordinary debt instruments issued by the institution will count as eligible liabilities. The EU has introduced a cap on the subordination requirement. Such a cap on subordination may also become effective in Norway.

On 9 November 2015, the Financial Stability Board (the "**FSB**") published its final principles and term sheet containing an international standard to enhance the loss absorbing capacity of G-SIBs. The final standard consists of an elaboration of the principles on loss absorbing and recapitalisation capacity of G-SIBs in resolution and a term sheet setting out a proposal for the implementation of these proposals in the form of an

internationally agreed standard on total loss absorbing capacity ("**TLAC**") for G-SIBs. Once implemented in the relevant jurisdictions, these principles and terms will form a new minimum TLAC standard for G-SIBs, and in the case of G-SIBs with more than one resolution group, each resolution group within the G-SIB. The FSB will undertake a review of the technical implementation of the TLAC principles and term sheet by the end of 2019. The TLAC principles and term sheet established a minimum TLAC requirement to be determined individually for each G-SIB at the greater of (a) 16 per cent. of RWAs as of 1 January 2019 and 18 per cent. as of 1 January 2022, and (b) 6 per cent. of the Basel III Tier 1 leverage ratio exposures as of 1 January 2019, and 6.75 per cent. as of 1 January 2022. Under the FSB TLAC standard, capital buffers stack on top of TLAC.

Although the Issuer has not been classified as a G-SIB by the FSB and, thus, in principle, TLAC should not apply to it, it cannot be disregarded that in future TLAC requirements may apply to the Issuer in addition to other capital requirements.

In light of the above, new and more demanding additional capital requirements may be applied to the Issuer in the future. Additionally, if it is found that there could exist any obstacles to resolvability by the Issuer, a higher MREL requirement could be imposed.

According to the New Banking Regulations, any failure by an institution to meet the applicable minimum TLAC/MREL requirements is intended to be treated in the same manner as a failure to meet minimum regulatory capital requirements (the imposition of restrictions or prohibitions on discretionary payments), where resolution authorities must ensure that they intervene and place an institution into resolution sufficiently early if it is deemed to be failing or likely to fail and there is no reasonable prospect of recovery.

Liquidity requirements

In December 2010 the Basel Committee published its global quantitative liquidity framework, comprising the Liquidity Coverage Ratio ("**LCR**") and Net Stable Funding Ratio ("**NSFR**") metrics, seeking to (i) promote the short-term resilience of banks' liquidity risk profiles by ensuring they have sufficient high-quality liquid assets to survive a significant stress scenario; and (ii) promote resilience over a longer time horizon by creating incentives for banks to fund their activities with more stable sources of funding on an ongoing basis. This liquidity framework was revised by the Basel Committee in January 2013 and in January 2014.

The CRR also includes a requirement for institutions to calculate a leverage ratio, report it to their supervisors and disclose it publicly from 1 January 2015 onwards. In January 2014, the Basel Committee finalised a definition of how the leverage ratio should be prepared and set an indicative benchmark (namely, 3 per cent. of Tier 1 capital). Such 3 per cent. Tier 1 leverage ratio has been tested during a monitoring period until the end of 2017 although the Basel Committee had already proposed the final calibration at 3 per cent. Tier 1 leverage ratio. The New Banking Regulations amending the CRR contain a binding 3% Tier 1 leverage ratio requirement that will be added to the own funds requirements in the CRR (Pillar 1 leverage ratio requirements), and which institutions must meet in addition to their risk-based requirements.

The current liquidity framework in the Kingdom of Norway is based on the liquidity framework set out in CRR and CRDIV. CRD IV and CRR are not yet implemented in Norway, but rules reflecting the liquidity framework in CRD IV and CRR have been implemented into Norwegian law by way of *forskrift om beregning av likvide eiendeler, utbetalinger og innbetalinger i likviditetsreserven* (LCR) (FOR-2015-12-22-1841) and *forskrift om kapitalkrav og nasjonal tilpasning av CRR/CRD IV* (FOR-2014-08-22-1097) ("**FOR-2014-08-22-1097**"). All Norwegian credit institutions are required to report LCR and NSFR to FSAN.

LCR has been a requirement by law in Norway from October 2015. As of September 2017, the law was further amended, introducing a requirement to be LCR compliant in each significant currency, in addition to on a consolidated basis. The requirements per currency were set to 50 per cent. LCR in NOK for entities which have EUR or USD as one of their significant currencies, and 100 per cent. LCR for other significant currencies. For the Issuer, NOK, EUR, SEK and DKK are significant currencies, and the Issuer has since September 2017 been compliant in all four currencies and at a consolidated level. NSFR is as of today not a formal requirement in Norway.

As of the first quarter of 2018, the Issuer's LCR was 119.47 per cent., the NSFR was 95.87 per cent. and the leverage ratio was 11.67 per cent.

The current leverage ratio framework in the Kingdom of Norway has been implemented into Norwegian law by way of FOR-2014-08-22-1097. Pursuant to section 5 (Part III) of FOR-2014-08-22-1097, all Norwegian banks shall have a leverage ratio of at least 3 per cent. of Tier 1 capital based on the institutions' exposure, and a leverage ratio buffer of at least 2 per cent. of Tier 1 capital based on the institutions' exposure. Banks that are of systemic importance shall have an additional leverage ratio buffer of at least 1 per cent. of Tier 1 capital based on the institutions' exposure.

The leverage ratio requirement for the Issuer Group as at the date of this Base Prospectus is 5.00 per cent. The Issuer Group's leverage ratio as at 31 December 2018 is 11.96 per cent.

General Data Protection Regulation

The Norwegian Parliament (Stortinget) has adopted a new Personal Data Act, which implements the EU General Data Protection Regulation (GDPR) in Norway. The new Act entered into force on 20 July 2018. New Personal Data Regulations and separate transitional Regulations have also been adopted.

The implementation of the GDPR has required substantial amendments to the Issuer Group's procedures and policies. The changes have impacted, and could further adversely impact, the Issuer Group's business by increasing its operational and compliance costs. Further, there is a risk that the measures may not be implemented correctly or that there may be partial non-compliance with the new procedures. If there are breaches of the GDPR obligations, the Issuer could face significant administrative and monetary sanctions as well as reputational damage which could have a material adverse effect on operations, financial condition and prospects.

Other regulatory reforms adopted or proposed in the wake of the financial crisis deemed as EEA relevant

On 16 August 2012, Regulation (EU) No 648/2012 on over-the-counter ("**OTC**") derivatives, central counterparties and trade repositories entered into force ("**EMIR**"). EMIR introduced a number of requirements, including clearing obligations for certain classes of OTC derivatives, exchange of initial and variation margin and various reporting and disclosure obligations. Although some of the particular effects brought about by EMIR are not yet fully foreseeable, many of its elements have led and may lead to changes which may negatively impact the Issuer Group's profit margins, require it to adjust its business practices or increase its costs (including compliance costs). EMIR was implemented in the Kingdom of Norway on 1 July 2017. The various EMIR-specific technical standards and delegated regulations promulgated by the European Commission were implemented in Norwegian law as of 1 July 2018.

The new Markets in Financial Instruments legislation (which comprises Regulation (EU) No 600/2014 ("**MiFIR**") and Directive 2014/65/EU ("**MiFID II**")), introduces a trading obligation for those OTC derivatives which are subject to mandatory clearing and which are sufficiently standardised. Additionally, it includes other requirements such as enhancing the investor protection's regime and governance and reporting obligations. It also extends transparency requirements to OTC operations in non-equity Notes. MiFID II was initially intended to enter into effect on 3 January 2017. In order to ensure legal certainty and avoid potential market disruption, the European Commission delayed the effective date of MiFID II by 12 months until 3 January 2018. On 4 December 2017, the FSAN passed two new regulations which had the effect of implementing MiFID II and MiFIR into Norwegian law from 1 January 2018. These regulations were substituted by amendments of the Norwegian Securities Trading Act and Securities Trading Regulations as of 1 January 2019.

These and any additional legislative or regulatory actions in the Kingdom of Norway, the Kingdom of Spain, the European Union or other countries, and any required changes to the Issuer Group's business operations resulting from such legislation and regulations, could result in significant loss of revenue, limit the ability of the Issuer Group to pursue business opportunities in which it might otherwise consider engaging, affect the value of assets that the Issuer Group holds, require the Issuer Group to increase its prices and therefore reduce demand for its products, impose additional costs on the Issuer Group or otherwise adversely affect its business. Accordingly, the Issuer Group cannot provide assurance that any such new legislation or regulations would not have an adverse effect on its business, results of operations or financial condition in the future.

The Issuer Group is subject to potential intervention by any of its regulators or supervisors, particularly in response to customer complaints

As noted above, the Issuer Group's business and operations are subject to increasingly significant rules and regulations that are required to conduct banking and financial services business. These apply to business operations, affect financial returns, include reserve and reporting requirements, and prudential and conduct of business regulations. These requirements are set by the relevant central banks and regulatory authorities that authorise, regulate and supervise the Issuer Group in the jurisdictions in which it operates.

In their supervisory roles, the regulators seek to maintain the safety and soundness of financial institutions with the aim of strengthening the protection of customers and the financial system. The supervisors' continuing supervision of financial institutions is conducted through a variety of regulatory tools, including the collection of information by way of prudential returns, reports obtained from skilled persons, visits to firms and regular meetings with management to discuss issues such as performance, risk management and strategy. In general, these regulators have a more outcome-focused regulatory approach that involves more proactive enforcement and more punitive penalties for infringement. As a result, the Issuer Group faces increased supervisory scrutiny (resulting in increasing internal compliance costs and supervision fees), and in the event of a breach of its regulatory obligations it is likely to face more stringent regulatory fines. Some of the regulators are focusing intently on consumer protection and on conduct risk and will continue to do so. This has included a focus on the design and operation of products, the behaviour of customers and the operation of markets. Such a focus could result, for example, in usury regulation that could restrict the Issuer Group's ability to charge certain levels of interest in credit transactions or in regulation that would prevent it from bundling products that it offers to its customers. Some of the laws in the relevant jurisdictions in which the Issuer Group operates, give the regulators the power to make temporary product intervention rules either to improve a firm's systems and controls in relation to product design, product management and implementation, or to address problems identified with financial products. These problems may potentially cause significant detriment to consumers because of certain product features or governance flaws or distribution strategies. Such rules may prevent institutions from entering into product agreements with customers until such problems have been solved. Some of the regulatory regimes in the relevant jurisdictions in which the Issuer Group operates require it to be in compliance across all aspects of its business, including the training, authorisation and supervision of personnel, systems, processes and documentation. If the Issuer Group fails to comply with the relevant regulations, there would be a risk of an adverse impact on its business from sanctions, fines or other actions imposed by the regulatory authorities. Customers of financial services institutions, including the Issuer Group's customers, may seek redress if they consider that they have suffered loss as a result of the mis-selling of a particular product, or through incorrect application of the terms and conditions of a particular product. Given the inherent unpredictability of litigation and the evolution of judgments by the relevant authorities, it is possible that an adverse outcome in some matters could harm the Issuer Group's reputation or have a material adverse effect on its operating results, financial condition and prospects arising from any penalties imposed or compensation awarded, together with the costs of defending such an action, thereby reducing its profitability.

Further, on 12 February 2019 a new regulation on financial institutions' unsecured lending to consumers entered into force in Norway (with a "grace period" that expired on 15 May 2019).

The regulation sets out requirements regarding inter alia (i) the financial institutions' assessment of the creditworthiness of prospective borrowers (including a requirement to assess whether the borrower is financially able to handle an increase in the interest rate of five percentage points), (ii) the borrowers' debt to income ratio (borrowers may not have aggregated debt exceeding 5 times their yearly income) and (iii) a requirement that unsecured consumer loans shall be repaid over a term of maximum five years. The regulation is in all material aspects a codification of guidelines the FSAN has previously published, but the new regulations may nevertheless have an impact on the number and size of loans the Issuer may grant. If the Issuer is not able to grant the same number and size of loans, it could have a material adverse effect on the Issuer Group's operating results, financial condition and prospects.

The Issuer Group is subject to review by taxing authorities and an incorrect interpretation by the Issuer Group of tax laws and regulations may have a material adverse effect on the Issuer Group

The preparation of the Issuer Group's tax returns requires the use of estimates and interpretations of complex tax laws and regulations and is subject to review by taxing authorities. The Issuer Group is subject to the income tax laws of the Kingdom of Norway and of the other jurisdictions in which it operates. These tax laws are complex and subject to different interpretations by the taxpayer and relevant governmental taxing authorities, which are sometimes subject to prolonged evaluation periods until a final resolution is reached. In establishing a provision for income tax expense and filing returns, the Issuer Group must make judgments and interpretations about the application of these inherently complex tax laws. If the judgment, estimates and assumptions the Issuer Group use in preparing its tax returns are subsequently found to be incorrect,

there could be a material adverse effect on its results of operations. In some jurisdictions, the interpretations of the taxing authorities are unpredictable and frequently involve litigation, which introduces further uncertainty and risk as to tax expense.

Changes in taxes and other assessments may adversely affect the Issuer Group

The legislatures and tax authorities in the tax jurisdictions in which the Issuer Group operates regularly enact reforms to the tax and other assessment regimes to which the Issuer Group and its customers are subject. Such reforms include changes in tax rates and, occasionally, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes. The effects of these changes and any other changes that result from enactment of additional tax reforms cannot be quantified and there can be no assurance that any such reforms would not have a material adverse effect upon the Issuer Group's business.

Payments on the Notes may be subject to U.S. withholding under FATCA

Whilst the Notes are in global form and held within Euroclear Bank SA/NV or Clearstream Banking, S.A. (together the "ICSDs"), in all but the most remote circumstances it is not expected that the withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("FATCA") will affect the amount of any payment received by the ICSDs (see Taxation - FATCA). However, FATCA may affect payments received by financial institutions which participate in the ICSDs or by custodians and intermediaries in the subsequent payment chain leading to the ultimate investor if any such participant, custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or to an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose their custodians or other intermediaries with care (to ensure that each is compliant with FATCA and other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the ICSDs or their agents and the Issuer therefore has no responsibility for any amount deducted under FATCA from payments made thereafter to participants, custodians, intermediaries, or ultimate investors.

Withholding tax on interest payments may be introduced in the Kingdom of Norway

In a White Paper to the Norwegian Parliament in October 2015 (Meld. St. 4 (2015-2016)), the Government advised that it will look further into the possible introduction of a Norwegian withholding tax on interest. A detailed proposal is expected to be submitted for public consultation when ready.

In the event of the withholding tax being implemented and the payments of interest in respect of an issue of Notes is subject to withholding tax, the Issuer would be required to gross up the payments in accordance with (but subject to the exceptions set out in) Condition 7 of the Terms and Conditions of the Notes. If the Issuer has or will become obliged to pay additional amounts as provided in Condition 7 of the Terms and Conditions of the Notes, the Issuer may (subject to the conditions set out therein) exercise its right to redeem the Notes at the Early Redemption Amount pursuant to Condition 5.2 of the Terms and Conditions of the Notes.

The Issuer Group may not be able to detect or prevent money laundering and other financial crime activities fully or on a timely basis, which could expose the Issuer Group to additional liability and could have a material adverse effect on it

The Issuer Group is required to comply with applicable anti-money laundering ("AML"), anti-terrorism, anti-bribery and corruption, sanctions and other laws and regulations applicable to it. These laws and regulations require it, among other things, to conduct full customer due diligence (including sanctions and politically-exposed person screening), keep its customer, account and transaction information up to date and have implemented financial crime policies and procedures detailing what is required from those responsible. The Issuer Group is also required to conduct AML training for its employees and to report suspicious transactions and activity to appropriate law enforcement following full investigation by its local AML team.

Financial crime has become the subject of enhanced regulatory scrutiny and supervision by regulators globally. AML, anti-bribery and corruption and sanctions laws and regulations are increasingly complex and detailed. Compliance with these laws and regulations requires automated systems, sophisticated monitoring and skilled compliance personnel.

The Issuer Group maintains updated policies and procedures aimed at detecting and preventing the use of its banking network for money laundering and other financial crime related activities. However, emerging technologies, such as cryptocurrencies and blockchain, could limit the Issuer Group's ability to track the movement of funds. The Issuer Group's ability to comply with the legal requirements depends on its ability to improve detection and reporting capabilities and reduce variation in control processes and oversight accountability. These require implementation and embedding within the Issuer Group's business effective controls and monitoring, which in turn requires on-going changes to systems and operational activities. Financial crime is continually evolving and, as noted, is subject to increasingly stringent regulatory oversight and focus. This requires proactive and adaptable responses from the Issuer Group so that it is able to deter threats and criminality effectively. As a multinational bank, the Issuer Group is particularly exposed to this risk. Even known threats can never be fully eliminated, and there will be instances where it may be used by other parties to engage in money laundering and other illegal or improper activities. In addition, the Issuer Group relies heavily on its employees to assist it by spotting such activities and reporting them, and the Issuer Group's employees have varying degrees of experience in recognising criminal tactics and understanding the level of sophistication of criminal organisations. Where the Issuer Group outsource any of its customer due diligence, customer screening or anti financial crime operations, it remains responsible and accountable for full compliance and any breaches. If the Issuer Group is unable to apply the necessary scrutiny and oversight of third parties to whom the Issuer Group outsources certain tasks and processes, there remains a risk of regulatory breach.

If the Issuer Group is unable to fully comply with applicable laws, regulations and expectations, its regulators and relevant law enforcement agencies have the ability and authority to impose significant fines and other penalties on the Issuer Group, including requiring a complete review of its business systems, day-to-day supervision by external consultants and ultimately the revocation of its banking license.

The reputational damage to the Issuer Group's business and global brand would be severe if it were found to have breached AML, anti-bribery and corruption or sanctions requirements. The Issuer Group's reputation could also suffer if it is unable to protect its customers' bank products and services from being used by criminals for illegal or improper purposes.

In addition, while the Issuer Group reviews its relevant counterparties' internal policies and procedures with respect to such matters, the Issuer Group, to a large degree, relies upon its relevant counterparties to maintain and properly apply their own appropriate compliance procedures and internal policies. Such measures, procedures and internal policies may not be completely effective in preventing third parties from using the Issuer Group's (and its relevant counterparties') services as a conduit for illicit purposes (including illegal cash operations) without its (and its relevant counterparties') knowledge. If the Issuer Group is associated with, or even accused of being associated with, breaches of AML, anti-terrorism, or sanctions requirements the Issuer Group's reputation could suffer and/or it could become subject to fines, sanctions and/or legal enforcement (including being added to "black lists" that would prohibit certain parties from engaging in transactions with it), any one of which could have a material adverse effect on the Issuer Group's operating results, financial condition and prospects.

Any such risks could have a material adverse effect on the Issuer Group's operating results, financial condition and prospects.

Liquidity and financing risks

Liquidity and funding risks are inherent in the Issuer Group's business and could have a material adverse effect on the Issuer Group

Liquidity risk is the risk that the Issuer Group either does not have available sufficient financial resources to meet its obligations as they fall due or can secure them only at excessive cost. This risk is inherent in any retail and commercial banking business and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding, changes in credit ratings or market-wide phenomena such as market dislocation. While the Issuer Group implements liquidity management processes to seek to mitigate and control these risks, unforeseen systemic market factors make it difficult to eliminate completely these risks. Continued constraints in the supply of liquidity, including in inter-Issuer lending, has

affected and may materially and adversely affect the cost of funding the Issuer Group's business, and extreme liquidity constraints may affect the Issuer Group's current operations and its ability to fulfil regulatory liquidity requirements, as well as limit growth possibilities.

The Issuer Group's cost of obtaining funding is directly related to prevailing interest rates and to the Parent Company group's credit spreads. Increases in prevailing market interest rates and in the Issuer Group's credit spreads can significantly increase the cost of its funding. Changes in the Issuer Group's credit spreads may be influenced by market perceptions of its creditworthiness. Changes to interest rates and the Issuer Group's credit spreads occur continuously and may be unpredictable and highly volatile.

The Issuer Group anticipates that its customers will continue, in the near future, to make deposits (particularly demand deposits and short-term time deposits), and the Issuer Group intends to maintain its emphasis on the use of banking deposits as a source of funds. The short-term nature of some deposits could cause liquidity problems for the Issuer Group in the future if deposits are not made in the volumes the Issuer Group expects or are not renewed. If a substantial number of its depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, the Issuer Group may be materially and adversely affected.

Central banks have taken extraordinary measures to increase liquidity in the financial markets as a response to the financial crisis. If current facilities were rapidly removed or significantly reduced, this could have an adverse effect on the Issuer Group's ability to access liquidity and on its funding costs.

The Issuer Group cannot assure that in the event of a sudden or unexpected shortage of funds in the banking system, it will be able to maintain levels of funding without incurring high funding costs, a reduction in the term of funding Notes or the liquidation of certain assets. If this were to happen, the Issuer Group could be materially adversely affected.

The Issuer Group is partly financed through deposits, loans, drawing rights and hybrid capital from the Parent Company and companies within the Santander Group. Such loans are priced at prevailing market rates. Whilst the Issuer Group is taking steps to diversify its funding sources it remains reliant on such financing arrangements with the Parent Company. Lack of liquidity in the interbank market and subsequent increases in the cost of funding are likely to raise the costs of funding for the Parent Company group and therefore, in turn, for the Issuer Group.

The widespread crisis in investor confidence and resulting liquidity crisis experienced in 2008 and into early 2009 increased both the Issuer Group's and the Parent Company group's cost of funding and limited its access to some of its other traditional sources of liquidity such as the domestic and international capital markets, and the interbank market, as the case may be, and there is no assurance that these conditions could not occur in the future.

Credit, market and liquidity risk may have an adverse effect on the Issuer Group's credit ratings and its cost of funds. Any downgrade in the Issuer Group's credit rating would likely increase its cost of funding, require the Issuer Group to post additional collateral or take other actions under some of its derivative contracts and adversely affect its interest margins and results of operations

While certain potential impacts of these downgrades are contractual and quantifiable, the full consequences of a credit rating downgrade are inherently uncertain, as they depend upon numerous dynamic, complex and inter-related factors and assumptions, including market conditions at the time of any downgrade, whether any downgrade of the Issuer Group's long-term credit rating precipitates downgrades to the Issuer Group's short-term credit rating, and assumptions about the potential behaviours of various customers, investors and counterparties. Actual outflows could be higher or lower than the preceding hypothetical examples, depending upon certain factors including which credit rating agency downgrades the Issuer Group's credit rating, any management or restructuring actions that could be taken to reduce cash outflows and the potential liquidity impact from loss of unsecured funding (such as from money market funds) or loss of secured funding capacity. Although unsecured and secured funding stresses are included in the Issuer Group's stress testing scenarios and a portion of its total liquid assets is held against these risks, a credit rating downgrade could still have a material adverse effect on the Issuer Group.

There can be no assurance that the rating agencies will maintain the current ratings or outlooks. Failure to maintain favourable ratings and outlooks could increase the Issuer Group's cost of funding and adversely affect interest margins, which could have a material adverse effect on the Issuer Group.

Credit Risks

The credit quality of the Issuer Group's loan portfolio may deteriorate and its loan loss reserves could be insufficient to cover the Issuer Group's actual loan losses, which could have a material adverse effect on the Issuer Group

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Issuer Group's businesses. Non-performing or low credit quality loans have in the past negatively impacted the Issuer Group's results of operations and could do so in the future. In particular, the amount of the Issuer Group's reported Non-Performing Loans ("NPL") may increase in the future as a result of growth in total loan portfolio, including as a result of loan portfolios that the Issuer Group may acquire in the future (the credit quality of which may turn out to be worse than the Issuer Group had anticipated), or factors beyond the Issuer Group's control, such as adverse changes in the credit quality of borrowers and counterparties or a general deterioration in economic conditions in the regions where the Issuer Group operates or in global economic and political conditions. If the Issuer Group were unable to control the level of non-performing or poor credit quality loans, this could have a material adverse effect on the Issuer Group.

The Issuer Group's loan loss reserves are based on current assessment of and expectations concerning various factors affecting the quality of the Issuer Group's loan portfolio. These factors include, among other things, the Issuer Group's borrowers' financial condition, repayment abilities and repayment intentions, the realisable value of any collateral, the prospects for support from any guarantor, government macroeconomic policies, interest rates and the legal and regulatory environment. Because many of these factors are beyond the Issuer Group's control and there is no precise method for predicting loan and credit losses, the Issuer Group cannot assure that its current or future loan loss reserves will be sufficient to cover actual losses. If the Issuer Group's assessment of and expectations concerning the above mentioned factors differ from actual developments, if the quality of the Issuer Group's total loan portfolio deteriorates, for any reason, or if the future actual losses exceed the Issuer Group's estimates of incurred losses, the Issuer Group may be required to increase its loan loss reserves, which may adversely affect the Issuer Group. Additionally, in calculating its loan loss reserves, the Issuer Group employs qualitative tools and statistical models which may not be reliable in all circumstances and which are dependent upon data that may not be complete. The implementation of financial reporting standard IFRS 9 caused an increase in the Issuer Group's loan loss reserves (see "*Changes in procedures around financial reporting standards or policies introduced by IFRS 9 could materially affect Issuer Group's reported results and financial condition and may have a material adverse effect on capital ratios*" below for further detail).

The Issuer Group's NPL ratio increased slightly from 1.96 per cent. at 31 December 2017 to 2.03 per cent. at 31 December 2018, and the Issuer Group can provide no assurance that its NPL ratio will not further increase as a result of the aforementioned and other factors. Consumer confidence, unemployment rates and housing indicators are among the factors that often impact consumer spending behaviour, and poor economic conditions could in turn could have a material adverse effect on the Issuer Group's business, financial condition and results of operations.

The value of the collateral securing the loans of the Issuer Group may not be sufficient, and the Issuer Group may be unable to realise the full value of the collateral securing its loan portfolio

The value of the collateral securing loan portfolios under the Issuer Group securitisation transactions may fluctuate or decline due to factors beyond the Issuer Group's control, including macroeconomic factors affecting Europe. The value of the collateral securing the loan portfolios may be adversely affected by force majeure events, such as natural disasters, which could impair the asset quality of the Issuer Group's loan portfolio and have an adverse impact on the economy of the affected region. The Issuer Group may also not have sufficiently recent information on the value of collateral, which may result in an inaccurate assessment for impairment losses of the Issuer Group's loans secured by such collateral. If any of the above were to occur, the Issuer Group may need to make additional provisions to cover actual impairment losses of its loans, which may materially and adversely affect the Issuer Group's results of operations and financial condition.

The Issuer Group depends on the accuracy and completeness of information about borrowers and counterparties and any misrepresented information could adversely affect the Issuer Group's business, results of operations, and financial condition

In deciding whether to approve loans or to enter into other transactions with borrowers and counterparties in the Issuer Group's retail lending and commercial lending businesses, the Issuer Group may rely on information furnished to it by or on behalf of borrowers and counterparties, including financial statements and other financial information. The Issuer Group also may rely on representations of borrowers and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. If any of this information is intentionally or negligently misrepresented and such misrepresentation is not detected prior to loan funding, the value of the loan may be significantly lower than expected. Whether a misrepresentation is made by the loan applicant, another third party, or one of the Issuer Group's employees, it generally bears the risk of loss associated with the misrepresentation. The Issuer Group's controls and processes may not have detected or may not detect all misrepresented information in its loan originations or from its business clients. Any such misrepresented information could adversely affect the Issuer Group's business, financial condition, and results of operations.

The Issuer Group is subject to counterparty risk in its business

The Issuer Group is exposed to counterparty risk in addition to credit risks associated with lending activities. Counterparty risk may arise from, for example, investing in securities of third parties, entering into derivative contracts under which counterparties have obligations to make payments to the Issuer Group or executing securities, futures, currency or commodity trades from proprietary trading activities that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, clearing houses or other financial intermediaries.

The Issuer Group transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. Defaults by, and even rumours or questions about the solvency of, certain financial institutions and the financial services industry generally have led to market-wide liquidity problems and could lead to losses or defaults by other institutions. These liquidity concerns have had, and may continue to have, a cool-down effect on inter-institutional financial transactions in general. Many of the routine transactions the Issuer Group enters into expose it to significant credit risk in the event of default by one of its significant counterparties. A default by a significant financial counterparty, or liquidity problems in the financial services industry in general, could have a material adverse effect on the Issuer Group's business, financial condition and results of operations.

Market Risks

The Issuer Group's financial results are constantly exposed to market risk. The Issuer Group is subject to fluctuations in interest rates and other market risks, which may materially and adversely affect the Issuer Group and its profitability

Changes in market interest rates could affect the interest rates charged on interest earning assets in a different manner to that paid on interest bearing liabilities. This difference could result in an increase in interest expenses relative to interest income leading to a reduction in the Issuer Group's net interest income. Rising interest rates may also bring about an increase in the non-performing loan portfolio. Interest rates are sensitive to many factors beyond the Issuer Group's control, including increased regulation of the financial sector, monetary policies, domestic and international economic and political conditions and other factors.

Market risks associated with fluctuations in bond prices and other market factors are inherent in the Issuer Group's business. Protracted market decline can reduce liquidity in the markets, making it harder to sell assets and leading to material losses

The performance of financial markets may cause changes in the value of the Issuer Group's investments. In some of the Issuer Group's business, protracted adverse market movements, particularly asset price decline, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Issuer Group cannot close out deteriorating positions in a timely manner. This may especially be the case for the Issuer Group's assets for which there are less liquid markets to begin with. Assets that are not traded on stock exchanges or other public trading markets, such as derivative contracts between banks, may have values that the Issuer Group calculates using models other than publicly quoted prices. Monitoring the deterioration of asset prices like these is difficult and could lead to losses that the Issuer Group may not anticipate.

The increasing volatility of world equity markets due to the recent economic uncertainty is having a particular impact on the financial sector. Continued volatility may affect the value of the Issuer Group's

investments in entities in this sector and, depending on their fair value and future recovery expectations, could become a permanent impairment which would be subject to write-offs against their results.

Market conditions have resulted and could result in material changes to the estimated fair values of the Issuer Group's financial assets. Negative fair value adjustments could have a material adverse effect on the Issuer Group's operating results, financial condition and prospects

In the past ten years, financial markets have been subject to significant stress resulting in steep falls in perceived or actual financial asset values, particularly due to volatility in global financial markets and the resulting widening of credit spreads. The Issuer Group has material exposures to securities, loans and other investments that are recorded at fair value and are therefore exposed to potential negative fair value adjustments. Asset valuations in future periods, reflecting then-prevailing market conditions, may result in negative changes in the fair values of the Issuer Group's financial assets and these may also translate into increased impairments. In addition, the value ultimately realised by the Issuer Group on disposal may be lower than the current fair value. Any of these factors could require the Issuer Group to record negative fair value adjustments, which may have a material adverse effect on its operating results, financial condition or prospects.

In addition, to the extent that fair values are determined using financial valuation models, such values may be inaccurate or subject to change, as the data used by such models may not be available or may become unavailable due to changes in market conditions, particularly for illiquid assets, and particularly in times of economic instability. In such circumstances, the Issuer Group's valuation methodologies require it to make assumptions, judgments and estimates in order to establish fair value, and reliable assumptions are difficult to make and are inherently uncertain and valuation models are complex, making them inherently imperfect predictors of actual results. Any consequential impairments or write-downs could have a material adverse effect on the Issuer Group's operating results, financial condition and prospects.

Foreign exchange rate fluctuations may negatively affect the Issuer Group's earnings and the value of its assets and shares

In the ordinary course of its business, the Issuer Group has a percentage of its assets and liabilities denominated in currencies other than NOK. Fluctuations in the value of NOK against other currencies may adversely affect the Issuer Group's profitability. Additionally, while most of the governments of the countries in which the Issuer Group operates have not imposed prohibitions on the repatriation of dividends, capital investment or other distributions, no assurance can be given that these governments will not institute restrictive exchange control policies in the future.

Balance sheets of each business area are hedged in the area's own currency, mainly using natural on-balance sheet hedges. There are open positions as a result of permanent investments in the banks of countries with currencies other than NOK.

As the Issuer Group operates in countries with various currencies, it will inevitably be exposed to currency risks. Over and above the currency risk that follows from the Issuer Group's operations in different countries, the Issuer Group is not actively taking on currency risk.

The Issuer Group is to strive for a composition of the balance sheet that minimises currency risk by ensuring that the assets and liabilities are denominated in the same currency. When raising funding through the international debt market, such as EMTN or securitisations, any open currency exposure should be managed through the use of derivatives.

Operational risks are inherent in the businesses of the Issuer Group

The business of the Issuer Group depends on the ability to process a large number of transactions efficiently and accurately. Losses can result from inadequate personnel, inadequate or failed internal control processes and systems, or from external events that interrupt normal business operations.

The Issuer Group also faces the risk that the design of its controls and procedures proves to be inadequate or is circumvented. The Issuer Group has suffered losses from operational risk in the past and there can be no assurance that the Issuer Group will not suffer material losses from operational risk in the future.

Risk Management

Failure to successfully implement and continue to improve the Issuer Group's risk management policies, procedures and methods, including the Issuer Group's credit risk management system, could materially and adversely affect the Issuer Group, and it may be exposed to unidentified or unanticipated risks

The management of risk is an integral part of The Issuer Group's activities. The Issuer Group seeks to monitor and manage its risk exposure through a variety of separate but complementary financial, credit, market, operational, compliance and legal reporting systems. While the Issuer Group employs a broad and diversified set of risk monitoring and risk mitigation techniques, such techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risk, including risks that the Issuer Group fails to identify or anticipate.

Some of the Issuer Group's qualitative tools and metrics for managing risk are based upon the Issuer Group's use of observed historical market behaviour. The Issuer Group applies statistical and other tools to these observations to arrive at quantifications of its risk exposures. These qualitative tools and metrics may fail to predict future risk exposures. These risk exposures could, for example, arise from factors the Issuer Group did not anticipate or correctly evaluate in its statistical models. This would limit the Issuer Group's ability to manage its risks. The Issuer Group's losses thus could be significantly greater than the historical measures indicate. In addition, the Issuer Group's quantified modelling does not take all risks into account. The Issuer Group's more qualitative approach to managing those risks could prove insufficient, exposing it to material unanticipated losses. The Issuer Group could face adverse consequences as a result of decisions, which may lead to actions by management, based on models that are poorly developed, implemented or used, or as a result of the modelled outcome being misunderstood or the use of such information for purposes for which it was not designed. In addition, if existing or potential customers or counterparties believe the Issuer Group's risk management is inadequate, they could take their business elsewhere or seek to limit their transactions with the Issuer Group. Any of these factors could have a material adverse effect on the Issuer Group's reputation, operating results, financial condition and prospects.

One of the main types of risks inherent in the Issuer Group's business is credit risk. For example, an important feature of the Issuer Group's credit risk management system is to employ an internal credit rating system to assess the particular risk profile of a customer, taking into account both quantitative and qualitative factors, such as the customer's personal information, contracts, prior applications and historical performance information. While the Issuer Group's process is based on analytical models and is fully automated, it is subject to human or IT systems errors. In exercising their judgment on current or future credit risk behaviour of the Issuer Group's customers, its employees may not always be able to assign an accurate credit rating, which may result in the Issuer Group's exposure to higher credit risks than indicated by its risk rating system.

Some of the models and other analytical and judgment-based estimations the Issuer Group uses in managing risks are subject to review by, and require the approval of, the Issuer Group's regulators. If models do not comply with all their expectations, the regulators may require the Issuer Group to make changes to such models, may approve them with additional capital requirements or the Issuer Group may be precluded from using them. Any of these possible situations could limit the Issuer Group's ability to expand its businesses or have a material impact on the Issuer Group's financial results.

The Issuer Group's failure to effectively implement, consistently monitor or continuously refine its credit risk management system may result in an increase in the level of NPL and a higher risk exposure for the Issuer Group, which could have a material adverse effect on the Issuer Group.

The Issuer's board of directors is responsible for the approval of its general policies and strategies, and in particular for the general risk policy. In addition, the Issuer has an executive committee that maintains a special focus on risk, and the board has a specific risk committee also covering regulatory and compliance risk.

Technology Risks

Any failure to effectively improve or upgrade the Issuer Group's information technology infrastructure and management information systems in a timely manner could have a material adverse effect on the Issuer Group

The Issuer Group's ability to remain competitive depends in part on its ability to upgrade its information technology on a timely and cost-effective basis. The Issuer Group must continually make significant investments and improvements in its information technology infrastructure in order to remain competitive.

The Issuer Group cannot assure that in the future it will be able to maintain the level of capital expenditures necessary to support the improvement or upgrading of its information technology infrastructure. Any failure to effectively improve or upgrade its information technology infrastructure and management information systems in a timely manner could have a material adverse effect on the Issuer Group.

In addition, several new regulations are defining how to manage cyber risks and technology risks, how to report a data breach, and how the supervisory process should work, among others. These regulations are quite fragmented in terms of definitions, scope and applicability. A failure to successfully implement all or some of these new global and local regulations, that in some cases have severe sanctions regimes, could have a material adverse effect on the Issuer Group.

Risks relating to data collection, processing and storage systems and security are inherent in the Issuer Group's business

Like other financial institutions, the Issuer Group manages and holds confidential personal information of customers in the conduct of its banking operations, as well as a large number of assets. Accordingly, the Issuer Group's business depends on the ability to process a large number of transactions efficiently and accurately, and on the Issuer Group's ability to rely on its digital technologies, computer and email services, software and networks, as well as on the secure processing, storage and transmission of confidential sensitive personal data and other information using its computer systems and networks. The proper functioning of financial control, accounting or other data collection and processing systems is critical to the Issuer Group's businesses and to its ability to compete effectively. Losses can result from inadequate personnel, inadequate or failed internal control processes and systems, or from external events that interrupt normal business operations. The Issuer Group also faces the risk that the design of its controls and procedures prove to be inadequate or are circumvented such that the Issuer Group's data and/or client records are incomplete, not recoverable or not securely stored. Although the Issuer Group works with its clients, vendors, service providers, counterparties and other third parties to develop secure data and information processing, storage and transmission capabilities to prevent against information security risk, the Issuer Group routinely manages personal, confidential and proprietary information by electronic means, and the Issuer Group may be the target of attempted cyber-attack. If the Issuer Group cannot maintain an effective and secure electronic data and information, management and processing system or the Issuer Group fails to maintain complete physical and electronic records, this could result in regulatory sanctions and serious reputational or financial harm to the Issuer Group.

The Issuer Group takes protective measures and continuously monitor and develop its systems to protect its technology infrastructure, data and information from misappropriation or corruption, but the Issuer Group's systems, software and networks nevertheless may be vulnerable to unauthorised access, misuse, computer viruses or other malicious code and other events that could have a security impact. An interception, misuse or mishandling of personal, confidential or proprietary information sent to or received from a client, vendor, service provider, counterparty or third party could result in legal liability, regulatory action, reputational harm and financial loss. There can be no absolute assurance that the Issuer Group will not suffer material losses from operational risk in the future, including those relating to any security breaches.

In recent years, computer systems of companies and organisations have been targeted not only by cyber criminals, but also by activists and rogue states. The Issuer Group has been and continues to be subject to a range of cyber-attacks, such as denial of service, malware and phishing. Cyber-attacks could give rise to the loss of significant amounts of customer data and other sensitive information, as well as significant levels of liquid assets (including cash). In addition, cyber-attacks could disrupt the Issuer Group's electronic systems used to service its customers. As attempted attacks continue to evolve in scope and sophistication, The Issuer Group may incur significant costs in order to modify or enhance its protective measures against such attacks, or to investigate or remediate any vulnerability or resulting breach, or in communicating cyber-attacks to the Issuer Group's customers. If the Issuer Group fails to effectively manage its cyber security risk, (for example, by failing to update its systems and processes in response to new threats), this could harm the Issuer Group's reputation and adversely affect its operating results, financial condition and prospects through the payment of customer compensation, regulatory penalties and fines and/or through the loss of assets. In addition, the Issuer Group may also be impacted by cyber-attacks against national critical infrastructures of the countries where it operates; for example, the telecommunications network. The Issuer Group's information technology systems are dependent on such national critical infrastructure and any cyber-attack against such critical infrastructure could negatively affect its ability to service its customers. As the Issuer Group does not operate such national critical infrastructure, the Issuer Group has limited ability to protect its information technology systems from the adverse effects of such a cyber-attack.

Although the Issuer Group has procedures and controls to safeguard personal information in its possession, unauthorised disclosures could subject the Issuer Group to legal actions and administrative sanctions as well as damages and reputational harm that could materially and adversely affect its operating results, financial condition and prospects. Further, the Issuer Group's business is exposed to risk from potential non-compliance with policies, employee misconduct or negligence and fraud, which could result in regulatory sanctions and serious reputational or financial harm. It is not always possible to deter or prevent employee misconduct, and the precautions the Issuer Group takes to detect and prevent this activity may not always be effective. In addition, the Issuer Group may be required to report events related to information security issues (including any cyber security issues), events where customer information may be compromised, unauthorised access and other security breaches, to the relevant regulatory authorities. Any material disruption or slowdown of the Issuer Group's systems could cause information, including data related to customer requests, to be lost or to be delivered to the Issuer Group's clients with delays or errors, which could reduce demand for the Issuer Group's services and products, could produce customer claims and could materially and adversely affect the Issuer Group.

General Business and Industry Risks

Risks concerning borrower credit quality and general economic conditions are inherent to the Issuer Group's business, and the financial problems which the Issuer Group's customers may face could adversely affect the Issuer Group

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent to a wide range of the businesses operated by the Issuer Group. Market turmoil and economic recession could have a material adverse effect on the liquidity, businesses and/or financial condition of the Issuer Group's borrowers, which could in turn further increase its non-performing loan ratios, impair its loan and other financial assets and result in decreased demand for borrowings in general. In a context of continued market turmoil, economic recession and increasing unemployment, coupled with declining consumer spending, the value of assets acting as collateral for the Issuer Group's secured loans could still decline significantly, which could result in an impairment of the value of its loan assets. Any of the conditions described above could have a material adverse effect on the Issuer Group's business, financial condition and results of operations.

Portions of the Issuer Group's loan portfolio are subject to risks relating to force majeure and any such event could have a material adverse effect on its operating results

The Issuer Group's financial and operating performance may be adversely affected by force majeure, such as natural disasters, particularly in locations where a portion of its loan portfolio is composed of real estate loans. Natural disasters such as earthquakes and floods may cause widespread damage which could impair the asset quality of its loan portfolio or could have an adverse impact on the economy of the affected region.

Increased competition, including from non-traditional providers of banking services such as financial technology providers, and industry consolidation may adversely affect the Issuer Group's operational results

The Issuer Group faces substantial competition in all parts of its business, including in originating loans and in attracting deposits. The competition in originating loans comes principally from other domestic and foreign banks, mortgage banking companies, consumer finance companies, insurance companies and other lenders and purchasers of loans.

In addition, there has been a trend towards consolidation in the banking industry, which has created larger and stronger banks with which the Issuer Group must now compete. There can be no assurance that this increased competition will not adversely affect the Issuer Group's growth prospects, and therefore the Issuer Group's operations. The Issuer Group also faces competition from non-bank competitors, such as brokerage companies, department stores (for some credit products), leasing and factoring companies, mutual fund and pension fund management companies and insurance companies.

Non-traditional providers of banking services, such as internet based e-commerce providers, mobile telephone companies and internet search engines, may offer and/or increase their offerings of financial products and services directly to customers. These non-traditional providers of banking services currently have an advantage over traditional providers because they are not subject to banking regulation. Several of these competitors may have long operating histories, large customer bases, strong brand recognition and significant financial, marketing and other resources. They may adopt more aggressive pricing and rates and

devote more resources to technology, infrastructure and marketing. New competitors may enter the market or existing competitors may adjust their services with unique product or service offerings or approaches to providing banking services. If the Issuer Group is unable to successfully compete with current and new competitors, or if it is unable to anticipate and adapt its offerings to changing banking industry trends, including technological changes, the Issuer Group's business may be adversely affected. In addition, the Issuer Group's failure to effectively anticipate or adapt to emerging technologies or changes in customer behaviour, including among younger customers, could delay or prevent the Issuer Group's access to new digital-based markets, which would in turn have an adverse effect on its competitive position and business.

Moreover, the widespread adoption of new technologies, including cryptocurrencies and payment systems, could require substantial expenditures to modify or adapt its existing products and services as it continues to grow the Issuer Group's internet and mobile banking capabilities. The Issuer Group's customers may choose to conduct business or offer products in areas that may be considered speculative or risky. Such new technologies and mobile banking platforms in recent years may necessitate changes to the Issuer Group's retail distribution strategy, which may include restructuring the Issuer Group's work force and reforming its retail distribution channel. The Issuer Group's failure to swiftly and effectively implement such changes to its distribution strategy could have an adverse effect the Issuer Group's competitive position.

Increasing competition could also require that the Issuer Group increases its rates offered on deposits or lower the rates the Issuer Group charges on loans, which could also have a material adverse effect on the Issuer Group, including its profitability. It may also negatively affect the Issuer Group's business results and prospects by, among other things, limiting the Issuer Group's ability to increase its customer base and expand its operations and increasing competition for investment opportunities.

If the Issuer Group's customer service levels were perceived by the market to be materially below those of the Issuer Group's competitor financial institutions, the Issuer Group could lose existing and potential business. If the Issuer Group is not successful in retaining and strengthening customer relationships with manufacturers, dealers and retailers, as well as end consumers, the Issuer Group may lose market share, incur losses on some or all of its activities or fail to attract new deposits or retain existing deposits, which could have a material adverse effect on the Issuer Group's operating results, financial condition and prospects.

The Issuer Group's ability to maintain its competitive position depends, in part, on the success of new products and services the Issuer Group offers to its clients and its ability to continue offering products and services from third parties, and the Issuer Group may not be able to manage various risks it faces as it expands its range of products and services that could have a material adverse effect on the Issuer Group

The success of the Issuer Group's operations and its profitability depends, in part, on the success of new products and services the Issuer Group offers to its clients and its ability to continue offering products and services from third parties. However, the Issuer Group cannot guarantee that its new products and services will be responsive to client demands, or that they will be successful. In addition, the Issuer Group's clients' needs or desires may change over time, and such changes may render its products and services obsolete, outdated or unattractive and the Issuer Group may not be able to develop new products that meet its clients' changing needs. The Issuer Group's success is also dependent on its ability to anticipate and leverage new and existing technologies that may have an impact on products and services in the banking industry. Technological changes may further intensify and complicate the competitive landscape and influence client behaviour. If the Issuer Group cannot respond in a timely fashion to the changing needs of its clients, it may lose clients, which could in turn materially and adversely affect the Issuer Group. In addition, the cost of developing products is likely to affect its operational results.

As the Issuer Group expands the range of its products and services, some of which may be at an early stage of development in the markets of certain regions where it operates, the Issuer Group will be exposed to new and potentially increasingly complex risks, such as the conduct risk in the relationship with customers, and development expenses. The Issuer Group's employees and risk management systems, as well as its experience and that of its partners may not be sufficient to enable it to properly manage such risks. Any or all of these factors, individually or collectively, could have a material adverse effect on the Issuer Group.

While the Issuer Group has successfully increased its customer service levels in recent years, should these levels ever be perceived by the market to be materially below those of the Issuer Group's competitor financial institutions, it could lose existing and potential business. If the Issuer Group is not successful in retaining and strengthening customer relationships, it may lose market share, incur losses on some or all of

the Issuer Group's activities or fail to attract new deposits or retain existing deposits, which could have a material adverse effect on its operating results, financial condition and prospects.

The Issuer Group's recent and future acquisitions may not be successful and may be disruptive to the Issuer Group's business

The Issuer Group has historically acquired controlling interests in various companies, including the acquisition of GE Money Bank AB (operated as a legal entity in Sweden, with two branches in the Kingdom of Norway and Denmark prior to the merger with the Issuer completed on 1 July, 2015). In addition, the Issuer Group may consider other strategic acquisitions and partnerships from time to time. There can be no assurances that the Issuer Group will be successful in its plans regarding the operation of past or future acquisitions and strategic partnerships.

The Issuer Group can give no assurance that its acquisition and partnership activities will perform in accordance with the Issuer Group's expectations. The Issuer Group bases its assessment of potential acquisitions and partnerships on limited and potentially inexact information and on assumptions with respect to operations, profitability and other matters that may prove to be incorrect. In addition, it is possible that the integration process of the Issuer Group's recent (and any future) acquisitions could take longer or be more costly than anticipated or could result in the loss of key employees, the disruption of each Issuer Group company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of each company within the Issuer Group to maintain relationships with clients, customers or employees. If the Issuer Group takes longer than anticipated or is not able to integrate the aforementioned businesses, the anticipated benefits of the Issuer Group's recent acquisitions may not be realised fully or at all, or may take longer than expected to realise.

The Issuer Group's business could be negatively impacted if it is unsuccessful in developing and maintaining relationships with automobile dealerships, manufacturers and other retailers

The Issuer Group's ability to acquire loans is reliant on its relationships with automotive dealers. In particular, The Issuer Group's automotive finance operations depend in large part upon its ability to establish and maintain relationships with reputable automotive dealers that convey loans on the Issuer Group's behalf at the point-of-sale. Although the Issuer Group typically have exclusive relationships with automotive manufacturers, its captive finance agreements with these manufacturers typically have terms of only three to five years, and the Issuer Group cannot guarantee that it will be able to renew these agreements at the end of their terms or that any future captive finance agreements will contain similar exclusivity terms.

An important part of the Issuer Group's consumer and card business relies on establishing and maintaining cooperation agreements with retailers. While the Issuer Group has been serving a majority of its retailers for many years, and while a majority of the Issuer Group's cooperation agreements with its retailers are exclusive, there can be no assurance that the Issuer Group will be able to maintain its relationships with all of its current retailers.

Negative changes in the business of the manufacturers or retailers with which the Issuer Group has strategic relationships could adversely affect the Issuer Group's business

A significant adverse change in automotive manufacturers' business, including (i) significant adverse changes in their respective liquidity position and access to the capital markets, (ii) the production or sale of their vehicles (including the effects of any product recalls), (iii) the quality or resale value of their vehicles, (iv) the use of marketing incentives, (v) their relationships with their key suppliers, or (vi) their respective relationships with labour unions and other factors impacting automotive manufacturers or their employees could have a material adverse effect on the Issuer Group's profitability and financial condition.

There is no assurance that the global automotive market, or the Issuer Group's other automotive manufacturer partners' share of that market, will not suffer downturns in the future, and any negative impact could in turn have a material adverse effect on the Issuer Group's business, results of operations, and financial position.

Similarly, the Issuer Group's ability to generate new loans and the interest and fees and other income associated with them is dependent upon sales of merchandise and services by its retail partners. The Issuer Group's retail partners' sales may decrease or may not increase as the Issuer Group anticipates for various reasons, some of which are in the retail partners' control and some of which are not. For example, retail partner sales may be adversely affected by macroeconomic conditions having a national, regional or more

local effect on consumer spending, business conditions affecting a particular partner or industry, or catastrophes affecting broad or more discrete geographic areas. If the Issuer Group's retail partners' sales decline for any reason, it generally results in lower credit sales, and therefore lower loan volume and associated interest and fees and other income for the Issuer Group from their customers. In addition, if a retail partner closes some or all of its stores or becomes subject to a voluntary or involuntary bankruptcy proceeding (or if there is a perception that it may become subject to a bankruptcy proceeding), its customers who have used the Issuer Group's financing products may have less incentive to pay their outstanding balances to us, which could result in higher charge-off rates than anticipated and the Issuer Group's costs for servicing its customers' accounts may increase. Moreover, if the financial condition of a retail partner deteriorates significantly or a partner becomes subject to a bankruptcy proceeding, the Issuer Group may not be able to recover for customer returns, customer payments made in partner stores or other amounts due to the Issuer Group from the retail partner. A decrease in sales by the Issuer Group's retail partners for any reason or a bankruptcy proceeding involving any of them could have a material adverse impact on the Issuer Group's business and results of operations.

The Issuer Group's inability to grow its deposits in the future could materially adversely affect the Issuer Group's liquidity and ability to grow its business

The deposit business is highly competitive, with intense competition in attracting and retaining deposits. The Issuer Group competes on the basis of the rates it pays on deposits, features and benefits of the Issuer Group's products, the quality of its customer service and the competitiveness of its digital banking capabilities. The Issuer Group's ability to originate and maintain retail deposits is also highly dependent on the Issuer Group's strength and the perceptions of consumers and others of its business practices and its financial health. Adverse perceptions regarding the Issuer Group's reputation could lead to difficulties in attracting and retaining deposits accounts. Negative public opinion could result from actual or alleged conduct in a number of areas, including lending practices, regulatory compliance, inadequate protection of customer information or sales and marketing activities, and from actions taken by regulators or others in response to such conduct.

The demand for the deposit products the Issuer Group offers may also be reduced due to a variety of factors, such as demographic patterns, changes in customer preferences, reductions in consumers' disposable income, regulatory actions that decrease customer access to particular products or the availability of competing products. Competition from other financial services firms and others that use deposit funding products may affect deposit renewal rates, costs or availability. Changes the Issuer Group makes to the rates offered on its deposit products may affect the Issuer Group's profitability and liquidity.

The Issuer Group relies on recruiting, retaining and developing appropriate senior management and skilled personnel

The Issuer Group's continued success depends in part on the continued service of key members of the Issuer Group's senior executive team and other key employees. The ability to continue to attract, train, motivate and retain highly qualified and talented professionals is a key element of the Issuer Group's strategy. The successful implementation of the Issuer Group's strategy and culture depends on the availability of skilled and appropriate management, both at the Issuer Group's head office and in each of its business units. If the Issuer Group or one of its business units or other functions fails to staff its operations appropriately, or loses one or more of its key senior executives or other key employees and fails to replace them in a satisfactory and timely manner, the Issuer Group's business, financial condition and results of operations, including control and operational risks, may be adversely affected.

In addition, the financial industry has and may continue to experience more stringent regulation of employee compensation, which could have an adverse effect on the Issuer Group's ability to hire or retain the most qualified employees. If the Issuer Group fails or are unable to attract and appropriately train, motivate and retain qualified professionals, the Issuer Group's business may also be adversely affected.

The Issuer Group relies on third parties and affiliates for important products and services

Third party vendors and certain affiliated companies provide key components of the Issuer Group's business infrastructure such as loan and deposit servicing systems, back office and business process support, information technology production and support, internet connections and network access. Relying on these third parties and affiliated companies can be a source of operational and regulatory risk to us, including with respect to security breaches affecting such parties. The Issuer Group is also subject to risk with respect to security breaches affecting the vendors and other parties that interact with these service providers. As its

interconnectivity with these third parties and affiliated companies increases, the Issuer Group increasingly face the risk of operational failure with respect to their systems. The Issuer Group may be required to take steps to protect the integrity of its operational systems, thereby increasing the Issuer Group's operational costs and potentially decreasing customer satisfaction. In addition, any problems caused by these third parties or affiliated companies, including as a result of them not providing the Issuer Group their services for any reason, or performing their services poorly, could adversely affect the Issuer Group's ability to deliver products and services to customers and otherwise conduct its business, which could lead to reputational damage and regulatory investigations and intervention. Replacing these third party vendors could also entail significant delays and expense. Further, the operational and regulatory risk the Issuer Group faces as a result of these arrangements may be increased to the extent that the Issuer Group restructures such arrangements. Any restructuring could involve significant expense to the Issuer Group and entail significant delivery and execution risk which could have a material adverse effect on the Issuer Group's business, operations and financial condition.

Future changes in the Issuer Group's relationship with the Parent Company group and the Santander Group may adversely affect the Issuer Group's operations.

The Santander Group, directly and through wholly owned subsidiaries, owns 100 per cent. of the Parent Company group's common stock. The Issuer Group relies on its relationship with both the Parent Company group and the Santander Group for several competitive advantages including relationships with manufacturers and regulatory best practices. The Parent Company group and Santander Group apply certain standardised banking policies, procedures and standards across its affiliated entities, including with respect to internal audit credit approval, governance risk management, and compensation practices. The Issuer Group currently follows certain of these policies and may in the future become subject to additional policies, procedures and standards of the Parent Company group and/or the Santander Group, which could result in changes to the Issuer Group's practices. In addition, the Issuer Group's credit ratings are affected by those of the Parent Company group and the Santander Group, so if the Parent Company group and/or the Santander Group were to suffer credit ratings downgrades or other adverse financial developments, the Issuer Group could be indirectly negatively impacted.

Damage to the Issuer Group's or the Parent Company group's reputation could cause harm to its business prospects

Maintaining a positive reputation is critical to protect the Issuer Group's brand, to attract and retain customers, investors and employees and to conduct business transactions with counterparties. Damage to the Issuer Group's reputation or the Parent Company group's reputation could therefore cause significant harm to the Issuer Group's business and prospects. Harm to the Issuer Group's reputation can arise from numerous sources, including, among others, employee misconduct, including the possibility of fraud perpetrated by the Issuer Group's employees, litigation or regulatory enforcement, failure to deliver minimum standards of service and quality, dealing with sectors that are not well perceived by the public (weapons industries or embargoed countries, for example), dealing with customers on sanctions lists, rating downgrades, compliance failures, unethical behaviour, and the activities of customers and counterparties. Further, negative publicity regarding the Issuer Group may result in harm to the Issuer Group's prospects.

Actions by the financial services industry generally or by certain members of or individuals in the industry could also affect the Issuer Group's reputation. For example, the role played by financial services firms in the financial crisis and the seeming shift toward increasing regulatory supervision and enforcement have caused public perception of the Issuer Group and others in the financial services industry to decline.

The Issuer Group could suffer significant reputational harm if it fails to properly identify and manage potential conflicts of interest. Management of potential conflicts of interest has become increasingly complex as the Issuer Group expands its business activities through more numerous transactions, obligations and interests with and among the Issuer Group's clients. The failure, or perceived failure, to adequately address conflicts of interest could affect the willingness of clients to deal with the Issuer Group, or give rise to litigation or enforcement actions against it. Therefore, there can be no assurance that conflicts of interest that could cause material harm to the Issuer Group will not arise in the future.

The Issuer Group may be the subject of misinformation and misrepresentations deliberately propagated to harm the Issuer Group's reputation or for other deceitful purposes. There can be no assurance that the Issuer Group will effectively neutralise and contain false information that may be propagated regarding the Issuer Group, which could have an adverse effect on the Issuer Group's operating results, financial condition and prospects.

Goodwill impairments may be required in relation to acquired businesses

The Issuer Group has made business acquisitions in recent years and may make further acquisitions in the future. It is possible that the goodwill which has been attributed, or may be attributed, to these businesses may have to be written-down if the Issuer Group's valuation assumptions are required to be reassessed as a result of any deterioration in their underlying profitability, asset quality and other relevant matters. Impairment testing in respect of goodwill is performed annually, or more frequently if there are impairment indicators present, and comprises a comparison of the carrying amount of the cash-generating unit with its recoverable amount. Goodwill impairment does not, however, affect the Issuer Group's regulatory capital. There can be no assurances that the Issuer Group will not have to write down the value attributed to goodwill in the future, which would adversely affect its results and net assets.

The Issuer Group engages in transactions with its affiliates that others may not consider to be on an arm's-length basis

The Issuer Group and the Issuer Group's affiliates have entered into a number of services agreements pursuant to which they render services, such as administrative, accounting, finance, treasury, legal services and others.

The Issuer Group is likely to continue to engage in transactions with its affiliates. Future conflicts of interests between the Issuer and any of its affiliates, or among its affiliates, may arise, which conflicts may not be resolved in the Issuer Group's favour.

The Issuer Group may not effectively manage risks associated with the replacement of benchmark indices

Interest rate, equity, foreign exchange rate and other types of indices which are deemed to be "benchmarks" are the subject of increased regulatory guidance and proposals for reform (see "*The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"*" below for further detail of the regulatory guidance and proposals for reform). The potential elimination of the LIBOR benchmark or EURIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could have consequences which cannot be fully anticipated, presenting a number of risks for the Issuer Group. These risks include (i) legal risks arising from potential changes required to documentation for new and existing transactions; (ii) financial risks arising from any changes in the valuation of financial instruments linked to benchmark rates; (iii) pricing risks arising from how changes to benchmark indices could impact pricing mechanisms on some instruments; (iv) operational risks arising from the potential requirement to adapt IT systems, trade reporting infrastructure and operational processes; and (v) conduct risks arising from the potential impact of communication with customers and engagement during the transition period. The replacement benchmarks, and the timing of and mechanisms for implementation have not yet been confirmed by central banks. Accordingly, it is not currently possible to determine whether, or to what extent, any such changes would affect the Issuer Group. However, the elimination of LIBOR or EURIBOR or other benchmarks, and the implementation of alternative benchmark rates, may have a material adverse effect on the Issuer Group's business, results of operations, financial condition and prospects.

The Issuer faces significant risks in implementing its growth strategy, some of which are outside its control

The Issuer intends to continue its growth strategy to (i) expand its vehicle and consumer finance franchise by increasing market penetration via the number and depth of their relationships in the vehicle and consumer finance markets, pursuing additional relationships with manufacturers, and expanding its direct-to-consumer footprint and (ii) continue to grow its unsecured consumer lending platform. Its ability to execute this growth strategy is subject to significant risks, some of which are beyond its control, including:

- the inherent uncertainty regarding general economic conditions;
- its ability to assess the value, strengths and weaknesses of investment or acquisition candidates, including local regulations that could reduce or eliminate expected synergies;
- its ability to finance strategic investments or acquisitions;

- the prevailing laws and regulatory environment of each country in which it operates or seeks to operate, and, to the extent applicable, international regulations, which are subject to change at any time;
- the degree of competition in new markets and the effect on its ability to attract new customers;
- its ability to apply its risk management policy effectively to an enlarged group;
- its ability to recruit qualified personnel, in particular in areas where it faces a great deal of competition; and
- its ability to obtain and maintain any regulatory approvals, government permits, or licenses that may be required on a timely basis.

In addition, the Issuer allocates management and planning resources to develop strategic plans for organic growth, and to identify possible acquisitions and disposals and areas for restructuring its businesses. From time to time, the Issuer evaluates acquisition and partnership opportunities that are consistent with its business strategy. However, the Issuer may not be able to identify suitable acquisition or partnership candidates, and its ability to benefit from any such acquisitions and partnerships will depend in part on its successful integration of those businesses. Any such integration entails significant risks such as unforeseen difficulties in integrating operations and systems and unexpected liabilities or contingencies relating to the acquired businesses, including legal claims. The Issuer can give no assurances that it will, in all cases, be able to manage its growth effectively or deliver its strategic growth objectives.

Financial Reporting and Control Risks

Changes in accounting standards could impact reported earnings

The accounting standard setters and other regulatory bodies periodically change the financial accounting and reporting standards that govern the preparation of the Issuer Group's consolidated financial statements. These changes can materially impact how the Issuer Group records and reports its financial condition and results of operations, as well as affect the calculation of its capital ratios. In some cases, the Issuer Group could be required to apply a new or revised standard retroactively, resulting in the restatement of prior period financial statements.

The Issuer Group relies extensively on models in managing many aspects of its business, and if they are not accurate or are misinterpreted, it could have a material adverse effect on the Issuer Group's business and results of operations

The Issuer Group relies extensively on models in managing many aspects of the Issuer Group's business, including liquidity and capital planning (including stress testing), customer selection, credit and other risk management, pricing, reserving and collections management. The models may prove in practice to be less predictive than the Issuer Group expects for a variety of reasons, including as a result of errors in constructing, interpreting or using the models or the use of inaccurate assumptions (including failures to update assumptions appropriately or in a timely manner). The Issuer Group's assumptions may be inaccurate for many reasons including that they often involve matters that are inherently difficult to predict and beyond the Issuer Group's control (for example, macroeconomic conditions and their impact on partner and customer behaviours) and they often involve complex interactions between a number of dependent and independent variables, factors and other assumptions. The errors or inaccuracies in the Issuer Group's models may be material, and could lead the Issuer Group to make wrong or sub-optimal decisions in managing its business, and this could have a material adverse effect on the Issuer Group's business, results of operations and financial condition.

The financial statements of the Issuer are based in part on assumptions and estimates which, if inaccurate, could cause material misstatement of the results of its operations and financial position

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgments and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is

revised and in any future periods affected. The accounting policies deemed critical to the Issuer Group's results and financial position, based upon materiality and significant judgments and estimates, include impairment of loans and advances, goodwill impairment, valuation of financial instruments, impairment of available-for-sale financial assets, deferred tax assets provision and pension obligation for liabilities.

If the judgment, estimates and assumptions the Issuer Group uses in preparing its consolidated financial statements are subsequently found to be incorrect, there could be a material effect on the Issuer Group's results of operations and a corresponding effect on its funding requirements and capital ratios.

Some of the Issuer Group's business is cyclical. A reduction in demand for the Issuer Group's products and failure by the Issuer Group to adapt to such reduction could adversely affect the Issuer Group's business, results of operations, and financial condition

The demand for the products the Issuer Group offers may be reduced due to a variety of factors, such as demographic patterns, changes in customer preferences or financial conditions, regulatory restrictions that decrease customer access to particular products, or the availability of competing products. Should the Issuer Group fail to adapt to significant changes in its customers' demand for, or access to, its products, the Issuer Group's revenues could decrease significantly and the Issuer Group's operations could be harmed. Even if the Issuer Group does make changes to existing products or introduce new products to fulfil customer demand, customers may resist such changes or may reject such products. Moreover, the effect of any product change on the results of the Issuer Group's business may not be fully ascertainable until the change has been in effect for some time, and, by that time, it may be too late to make further modifications to such product without causing further harm to the Issuer Group's business, results of operations, and financial condition.

The Issuer Group's income may decrease when demand for certain products or services is in a down cycle. The level of the Issuer Group's income derives from certain of its products and services and depends on the strength of the economies in the regions where the Issuer Group operates and certain market trends prevailing in those areas. Therefore, negative cycles may adversely affect the Issuer Group's future income.

Changes in procedures around financial reporting standards or policies introduced by IFRS 9 could materially affect Issuer Group's reported results and financial condition and may have a material adverse effect on capital ratios

On 24 July 2014, the International Accounting Standards Board ("IASB") announced IFRS 9 on financial instruments to replace IAS 39, which is effective since 1 January 2018. IFRS 9 entails a comprehensive reform of financial instruments accounting and provides principles for classification and measurement of financial instruments, provisioning for expected credit losses and the new general hedge accounting model. The general hedge accounting model will later be supplemented by a new macro hedge accounting model, which the IASB is working on.

The expected credit losses model will result in earlier recognition of credit losses and thus a higher provision charge because it includes not only credit losses already incurred, but also losses that are expected in the future. This change has increased credit loss provisions and decreased equity at the date of transition. The Issuer Group implemented the requirements of IFRS 9 as of 1 January 2018, which caused an increase in the Issuer Group's loan loss reserves at time of implementation. The Issuer Group's credit risk profile remains stable.

The European Commission has proposed that the initial effect on equity, as it relates to the capital adequacy ratios, is to be gradually phased in over a five-year period between 2018 and 2023.

The business of the Issuer Group could be affected if its capital is not managed effectively

Effective management of the respective capital positions of the Issuer Group is important to its ability to operate its business, to continue to grow organically and to pursue its strategies. Any future change that limits either the Issuer Group's ability to manage its balance sheet and capital resources effectively or to access funding on commercially acceptable terms could have a material adverse effect on the Issuer Group's financial condition and regulatory capital position.

3. Risks in relation to the Notes

General risks relating to the Notes

Risks related to early intervention and resolution

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

The BRRD, under its terms, was required to be applied by EU Member States from 1 January 2015, except for the general bail-in tool (see below) which applies from 1 January 2016. The BRRD was implemented in Norway on 1 January 2019. The implementing legislation is in line with the BRRD, and grants authority to the FSN to implement detailed requirements and supplementary regulations in its capacity as resolution authority.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control), which may limit the capacity of the firm to meet its repayment obligations; (iii) asset separation - which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in - which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution (which write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claims (including Notes) to equity or other instruments of ownership (the **general bail-in tool**), which equity or other instruments could also be subject to any future cancellation, transfer or dilution.

The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements necessary for maintaining its authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

Any application of the general bail-in tool under the BRRD shall be in accordance with the hierarchy of claims in normal insolvency proceedings. Accordingly, the impact of such application on holders of Notes will depend on their ranking in accordance with such hierarchy, including any priority given to other creditors such as depositors.

To the extent any resulting treatment of holders of Notes pursuant to the exercise of the general bail-in tool is less favourable than would have been the case under such hierarchy in normal insolvency proceedings, a holder has a right to compensation under the BRRD based on an independent valuation of the firm (which is referred to as the "no creditor worse off safeguard" under the BRRD). Any such compensation is unlikely to compensate that holder for the losses it has actually incurred and there is likely to be a considerable delay in the recovery of such compensation. Compensation payments (if any) are also likely to be made considerably later than when amounts may otherwise have been due under the Notes.

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors.

Holders of Notes may be subject to the application of the general bail-in tool, which may result in such holders losing some or all of their investment. Such application could also involve modifications, including alteration of the principal amount or any interest payable on the Notes, the maturity date or any other dates

on which payments may be due, as well as the suspension of payments for a certain period, to or the disapplication of provisions in, the Terms and Conditions of the Notes. As a result, the exercise of any power under the BRRD or any suggestion of such exercise could materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

In addition, the market price of the Notes could be adversely affected by the fact that BRRD has been implemented in Norway and/or by any actual or anticipated use of the powers thereunder in respect of the Issuer and/or the Notes. Any action taken under such legislation in respect of the Issuer could also affect the ability of the Issuer to satisfy its obligations under the Notes.

Risks relating to Norwegian Insolvency Law

Norwegian banks are not subject to normal insolvency proceedings, i.e. debt settlement proceedings and/or bankruptcy proceedings initiated pursuant to normal insolvency legislation. Instead, a special regime of proceedings – public administration proceedings – applies to banks as further described in Chapter 21 of the Norwegian Act on Financial Undertakings of 10 April 2015 no. 17 (*Finansforetaksloven*) (the "**Financial Undertakings Act**"). In the event of a bank's illiquidity, failure to satisfy capital requirements, or insufficiency of assets and earnings to cover the bank's liabilities as they fall due, if the FSAN considers the bank to be unable to secure sufficient financial basis for continued, sound operations, it shall immediately notify the Ministry of Finance. In these circumstances, the Ministry of Finance may decide that the bank shall be placed under public administration, provided that the Ministry of Finance considers that the bank is unable to meet its liabilities as they fall due and that sufficient financial basis for continued, sound operations cannot be secured. The same applies if the bank is unable to meet the capital adequacy requirements unless these are waived by the FSAN. If the Ministry of Finance decides not to place the bank under public administration, the provisions in Part I of Chapter 21 of the Financial Undertakings Act as described below will apply.

The Financial Undertakings Act regulates, *inter alia*, liquidity and capital adequacy problems in certain financial institutions, including banks. Pursuant to Chapter 19 of the Financial Undertakings Act, all savings banks and commercial banks incorporated in the Kingdom of Norway are required to be members of the Norwegian Banks' Guarantee Fund. The Norwegian Banks' Guarantee Fund covers deposits up to NOK 2 million per depositor in a member bank. The guarantee is triggered if a member bank fails to repay deposits due to financial difficulties or is placed under public administration. The Norwegian Banks' Guarantee Fund may in certain circumstances also grant financial support to member banks in order to ensure that they can continue operating as a going concern, e.g. by guaranteeing their deposits, by contributing core equity, by covering losses, etc.

Part I of Chapter 21 of the Financial Undertakings Act contains various notification and intervention rules that escalate based on the seriousness of the liquidity and capital adequacy problems of a financial institution such as the Issuer.

The board of directors and the chief executive officer of a financial institution each have a duty to notify the FSAN if there is reason to suspect that:

- the institution will not be able to fulfil its obligations as they fall due;
- the institution will not be able to satisfy the minimum requirements on capital adequacy or other statutory requirements on solidity and security; or
- events have occurred that may result in a serious loss of confidence or a financial loss which will significantly weaken or threaten the solidity of the institution.

The institution's external auditor is subject to an independent obligation to notify the FSAN of its awareness of any of the above-mentioned circumstances, unless the FSAN confirms to the auditor that such notification has already been given by the institution's board of directors or chief executive officer.

Upon receipt of such notice as referred to above, or if the FSAN itself considers that the conditions for triggering the notification requirement have been met, the FSAN shall, in consultation with the institution, consider which measures are necessary to rectify the situation. If such required measures are not implemented by the institution itself, the FSAN may summon a general meeting without observing set notice periods to require a change in the composition of the corporate bodies of the institution, as well as

stipulate such conditions and guidelines that it deems necessary for the continued operation of the institution on a sound economic basis and in an otherwise proper way. The FSAN may further require that the institution prepares an 'audited statement of financial position' (*revidert statusoppgjør*), which is a vital policy instrument for determining the institution's financial position. The FSAN is also granted with powers to appoint one or several auditors to conduct a review of the institution's financial position.

If the audited statement of financial position shows that a substantial part of the equity is lost since the last annual financial statements, the board of directors shall immediately call for a general meeting. The same applies if 25 per cent. of the share capital is lost. The general meeting shall determine whether the institution has sufficient funds to ensure continued, sound operations and, if so, whether operations should continue. A resolution to continue operations can only be adopted with at least a two-thirds majority. If it is resolved not to continue operations, the general meeting may decide to transfer the institution's business in its entirety to another financial institution by simple majority. If such resolutions are not reached, the institution shall be liquidated in accordance with the detailed provisions set out in Part II of Chapter 21 of the Financial Undertakings Act.

If the audited statement of financial position shows that 75 per cent. or more of the share capital is lost, the board of directors shall present a proposal to the general meeting for a write-down of the share capital corresponding to the losses incurred. If the general meeting does not pass a resolution to effectuate such write-down within a deadline set by the FSAN, the Norwegian Ministry of Finance may resolve to write down the share capital against losses shown in the audited statement of financial position. Subordinated loan capital may be written down if the institution's audited statement of financial position shows that a substantial part of the institution's subordinated loan capital has been lost. Such write-down may be resolved by a general meeting acting upon a proposal which the board of directors is obliged to submit under such circumstances. If the general meeting does not resolve on a write-down, the Ministry of Finance may decide that the subordinated capital shall be written down to the extent required to cover the loss of such capital. If deemed necessary in order to ensure continued, sound operations, the Ministry of Finance may also decide that the share capital shall be increased by way of new contributions of equity capital. The Ministry of Finance can specify subscription conditions and may decide to waive preemptive rights of existing shareholders on an issue of new shares. A share capital increase is dependent on the availability of and willingness of investors to contribute fresh capital under the prevailing circumstances. If this is not the case, the only viable option will be public administration pursuant to the rules set out in Part II of Chapter 21 of the Financial Undertakings Act.

If the Ministry of Finance and the FSAN were to intervene in the operations of the Issuer in accordance with Chapter 21 of the Financial Undertakings Act, this could result in a limitation on the powers of the Issuer to meet its payment obligations under the Notes.

Change of law

The Terms and Conditions are subject to English law, except for Condition 3.2, Condition 3.3 and any other write-down or conversion of the Notes in accordance with Norwegian law and regulation applicable to the Issuer from time to time, which are subject to Norwegian law, as in effect as at the date of this Base Prospectus. Changes in European, English or Norwegian laws or their official interpretation by regulatory authorities after the date hereof may affect the rights and effective remedies of Noteholders as well as the market value of the Notes. Such changes in law or official interpretation of such laws may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the Notes. No assurance can be given as to the impact of any possible judicial decision or change to such laws or official interpretation of such laws or administrative practices after the date of this Base Prospectus.

Such legislative and regulatory uncertainty could affect an investor's ability to value the Notes accurately and therefore affect the market price of the Notes given the extent and impact on the Notes of one or more regulatory or legislative changes.

The Notes may be redeemed prior to maturity

Early redemption features are likely to limit the market value of the Notes. During any period when the Issuer may redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period or at any time where there is any actual increase in the likelihood that the Issuer will be able to redeem the Notes early. The Issuer may be expected to redeem Notes when their cost of borrowing is lower than the interest rate on the

Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

It is not possible to predict whether or not a circumstance giving rise to the right to early redeem Notes will occur and so lead to the circumstances in which the Issuer is able to elect to redeem the Notes, and if so whether or not the Issuer will elect to exercise such option to redeem the Notes or any prior consent of the competent authority, if required, will be given. The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Early Redemption at the option of the Issuer or for taxation reasons

If so specified in the Final Terms or Drawdown Prospectus, the Notes may be redeemed at the option of the Issuer, as further described in Condition 5.3. If Condition 5.3 is specified in the relevant Final Terms or Drawdown Prospectus and it also is specified that the Notes are redeemable in part, the Notes may be redeemed in part in accordance with the procedure specified in Condition 5.5.

In addition, the Issuer may, at its option, redeem all, but not some only, of the Notes, at any time at their early redemption amount, together with accrued but unpaid interest up to (but excluding) the date of redemption, for taxation reasons as further described in Condition 5.2.

Senior Non-Preferred Notes and Senior Preferred Notes: MREL Disqualification Event Redemption

Where the relevant Final Terms specify that Condition 5.8 applies, if a MREL Disqualification Event (as defined in the Conditions of the Notes) occurs, the Issuer may, at its option, but subject to obtaining the prior written permission of the Relevant Regulator (if applicable), on giving not less than 30 nor more than 60 days' notice to the Issue and Paying Agent and, in accordance with Condition 13, to the Noteholders (which notice shall be irrevocable), as further provided in Condition 5.8, redeem all (but not some only) of the outstanding Notes comprising the relevant Series at the amount specified in the relevant Final Terms together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Subordinated Notes: Regulatory Event Redemption

Where the relevant Final Terms specify that Condition 5.7 applies, if a Regulatory Event (as defined in the Conditions of the Notes) occurs, the Issuer may, at its option, but subject to obtaining the prior written permission of the Relevant Regulator (if applicable), on giving not less than 30 nor more than 60 days' notice to the Issue and Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), as further provided in Condition 5.7, redeem all (but not some only) of the outstanding Notes comprising the relevant Series at the amount specified in the relevant Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Redemption options are, in certain circumstances, subject to the prior consent of the Relevant Regulator

In addition to the call rights described above under "Subordinated Notes: Regulatory Event Redemption", Subordinated Notes may also contain provisions allowing the Issuer to call them after a minimum period of, for example, five years. To exercise such a call option, the Issuer must (if, and to the extent, then required by the Relevant Regulator) obtain the prior written permission of the Relevant Regulator. Any early redemption by the Issuer of Senior Non-Preferred Notes or Restricted Senior Preferred Notes is also subject to the prior written permission of the Relevant Regulator (if, and to the extent, then required by the Relevant Regulator and by the Applicable MREL Regulations).

Holders of such Notes should not invest in such Notes in the expectation that such a call will be exercised by the Issuer. The Relevant Regulator must agree to permit such a call, based upon its evaluation of the regulatory capital position of the Issuer and certain other factors at the relevant time. There can be no assurance that the Relevant Regulator will permit such a call. Holders of such Notes should be aware that they may be required to bear the financial risks of an investment in such Notes for a period of time in excess of the minimum period (if applicable). There can be no assurance that holders of such Notes will be able to

reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in such Notes, as the case may be.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks", (including the London interbank offered rate ("**LIBOR**") and the euro interbank offered rate ("**EURIBOR**")) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and mostly applies, subject to certain transitional provisions, from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the UK Financial Conduct Authority ("**FCA**") confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcements**"). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate ("**€STR**") as the new risk free rate. €STR is expected to be published by the ECB by October 2019. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, LIBOR and EURIBOR will continue to be supported going forwards. This may cause LIBOR and EURIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or

investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

In relation to Floating Rate Notes where Screen Rate Determination is specified as the manner in which the Rate of Interest is to be determined, the Terms and Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such Original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available. Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Terms and Conditions provide for the Rate of Interest to be determined by the Determination Agent by reference to quotations from banks selected by the Issuer and communicated to the Determination Agent. Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before the Original Reference Rate was discontinued. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Floating Rate Notes.

If a Benchmark Event (as defined in Condition 4D) (which, amongst other events, includes the permanent discontinuation of an Original Reference Rate) occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. After consulting with the Independent Adviser, the Issuer shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest will result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Issuer, the Terms and Conditions provide that the Issuer may vary the Terms and Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined by the Issuer, the Terms and Conditions also provide that an Adjustment Spread may be determined by the Issuer and applied to such Successor Rate or Alternative Rate. The aim of the Adjustment Spread is to reduce or eliminate, to the extent reasonably practicable, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate. However, it may not be possible to determine or apply an Adjustment Spread and even if an Adjustment Spread is applied, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to Noteholders. If no Adjustment Spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest. The use of any Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

The Issuer may not be able to determine a Successor Rate or Alternative Rate in accordance with the Terms and Conditions of the Notes.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or is unable to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Period will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event.

Where the Issuer has been unable to appoint an Independent Adviser or has failed to determine a Successor Rate or Alternative Rate in respect of any given Interest Period, as the case may be, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Interest Determination Date or Reset Date, as applicable, and/or to determine a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Interest Periods, respectively, as necessary.

Applying the Rate of Interest applicable as at the last preceding Reset Date or Interest Determination Date before the occurrence of the Benchmark Event will result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would

do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or, fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the Rate of Interest applicable as at the last preceding Reset Date or Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. This will result in the Floating Rate Notes becoming, in effect, fixed rate Notes.

No Successor Rate or Alternative Rate will be adopted, nor any Adjustment Spread applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (a) prejudice the qualification of the Notes as (i) MREL Eligible Liabilities, in the case of Senior Non-Preferred Notes, or (ii) Tier 2 Capital, in the case of Subordinated Notes, or (b) result in the Relevant Regulator treating the next Interest Payment Date or Reset Date, as the case may be, as the effective maturity of the Notes, rather than the relevant Maturity Date.

Where ISDA Determination is specified as the manner in which the Rate of Interest is to be determined in respect of Floating Rate Notes, the Terms and Conditions provide that the Rate of Interest in respect of the Instruments shall be determined by reference to the relevant Floating Rate Option in the 2006 Definitions of the International Swaps and Derivatives Association, Inc. Where the Floating Rate Option specified is an "IBOR" Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the Floating Rate Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation or any of the international or national reforms and the possible application of the benchmark discontinuation provisions of Notes in making any investment decision with respect to any Notes referencing a benchmark.

Suitability

Prospective investors should determine whether an investment in the Notes is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in the Notes and to arrive at their own evaluations of the investment.

Each potential investor in any of the Notes should determine the suitability of such investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and professional advisers, whether it:

- (i) has sufficient knowledge and expertise to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus, taking into account that the Notes may only be a suitable investment for professional or institutional investors;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for payments in respect of the Notes is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes, including the provisions relating to their status, and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear applicable risks.

A potential investor should not invest in the Notes unless it has the knowledge and expertise (either alone or with its financial and professional advisers) to evaluate how the Notes will perform under changing conditions, the resulting effects on the market value of the Notes, and the impact of this investment on the potential investor's overall investment portfolio.

The trading market for debt securities may be volatile and may be adversely impacted by many events

The trading market for debt securities issued by banks is influenced by economic and market conditions, and, to varying degrees, interest rates, currency exchange rates and inflation rates in other Western and industrialised countries. There can be no assurance that events in the Kingdom of Norway, the UK (including the UK's exit strategy), Europe, the United States or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect.

The terms of the Notes contain very limited covenants and there are no restrictions on the amount or type of further securities or indebtedness which the Issuer may incur

There is no negative pledge in respect of the Notes and the Terms and Conditions place no restrictions on the amount or type of debt that the Issuer may issue that ranks senior to the Notes, or on the amount or type of securities it may issue that rank pari passu with the Notes. The issue of any such debt or securities may reduce the amount recoverable by Noteholders upon liquidation, dissolution or winding-up of the Issuer and may limit the ability of the Issuer to meet its obligations in respect of the Notes, and result in a Noteholder losing all or some of its investment in the Notes.

In addition, the Notes do not require the Issuer to comply with financial ratios or otherwise limit its ability or that of its subsidiaries to incur additional debt, nor do they limit the Issuer's ability to use cash to make investments or acquisitions, or the ability of the Issuer or its subsidiaries to pay dividends, repurchase shares or otherwise distribute cash to shareholders. Such actions could potentially affect the Issuer's ability to service its debt obligations, including those under the Notes.

Potential conflicts of interest between the investor and the Determination Agent

Potential conflicts of interest may arise between the Determination Agent, if any, and the Noteholders (including where a Dealer acts as a determination agent), including with respect to certain discretionary determinations and judgments that such Determination Agent may make pursuant to the Terms and Conditions of the Notes that may influence the amount receivable by the Noteholders during the terms of the Notes and upon redemption of the Notes.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a Common Depositary or Common Safekeeper, as applicable, for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Instrument, investors will not be entitled to receive Notes in definite form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the Common Depositary or paying agent (in the case of a NGN) for Euroclear and Clearstream, Luxembourg for distribution to their accountholders. A holder of a beneficial interest in a Global Instrument must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed

above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings will be disclosed in the relevant Final Terms or Drawdown Prospectus.

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 prospective investor should consult its legal advisers to determine whether and to what extent (i) relevant Notes are legal investments for it, (ii) the relevant Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to the purchase of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules. Neither the Issuer, the Dealers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor of the relevant Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

Partly-paid Notes

The Issuer may issue Notes 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 the payable interest payments.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount (such as a zero coupon Instrument) 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. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

There is no active trading market for the Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been made for the Notes issued under the Programme to be admitted to listing on the Regulated Market of Euronext Dublin, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that may convert 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 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 may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. 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.

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

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

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

In any winding up of the Issuer, Holders may not be entitled to receive the currency of issue of the Notes

Should Holders be entitled to any amount with respect to the Notes in any winding-up of the Issuer, Holders might not be entitled in those proceedings to a recovery in the currency of issue of the Notes and might be entitled only to a recovery in NOK or any other lawful currency of Norway or such other jurisdiction in which the Issuer may then be incorporated.

The application of the net proceeds of Green, Social or Sustainability Notes as described in "Use of Proceeds" may not meet investor expectations or be suitable for an investor's investment criteria

Prospective investors in any Notes where the "Use of Proceeds" in Part B of the relevant Final Terms are stated to be for "green", "social" or "sustainability" purposes as described therein (collectively, "**Green, Social or Sustainability Notes**"), should have regard to the information in the relevant Final Terms regarding the use of the net proceeds of those Green, Social or Sustainability Notes and must determine for themselves the relevance of such information for the purpose of any investment in such Green, Social or Sustainability Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer or the Dealers that the use of such proceeds for any eligible projects (as described in the relevant Final Terms) will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply.

Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green", "social" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green", "social" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not significantly change. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any eligible projects (as described in the relevant Final Terms) will meet any or all investor expectations regarding such "green", "social" or "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any eligible projects (as described in the relevant Final Terms).

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any report, assessment, opinion or certification of any third party (whether or not solicited by the Issuer) which may or may not be made available in connection with the issue of any Green, Social or Sustainability Notes and in particular with any eligible projects (as described in the relevant Final Terms) to fulfil any environmental, social, sustainability and/or other criteria. Any such report, assessment, opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any

such report, assessment, opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers or any other person to buy, sell or hold any such Green, Social or Sustainability Notes. Any such report, assessment, opinion or certification is only current as of the date it was issued. Prospective investors must determine for themselves the relevance of any such report, assessment, opinion or certification and/or the information contained therein and/or the provider of such report, assessment, opinion or certification for the purpose of any investment in such Green, Social or Sustainability Notes. Currently, the providers of such reports, assessments, opinions and certifications are not subject to any specific oversight or regulatory or other regime.

In the event that any Green, Social or Sustainability Notes are listed or admitted to trading on any dedicated "green", "environmental", "social" or "sustainable" or other equivalently labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. Furthermore, the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Green, Social or Sustainability Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Green, Social or Sustainability Notes.

While it is the intention of the Issuer to apply the net proceeds of any Green, Social or Sustainability Notes and obtain and publish the relevant reports, assessments, opinions and certifications in, or substantially in the manner described in each case in the relevant Final Terms, there can be no assurance that the Issuer will be able to do this. Nor can there be any assurance that any eligible projects (as described in the relevant Final Terms) will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer.

Any such event or failure to apply the net proceeds of any issue of Green, Social or Sustainability Notes for any eligible projects (as described in the relevant Final Terms) or to obtain and publish any such reports, assessments, opinions and certifications, will not constitute an event of default under the relevant Green, Social or Sustainability Notes or give rise to any other claim of a holder of such Green, Social or Sustainability Notes against the Issuer. The withdrawal of any report, assessment, opinion or certification as described above, or any such report, assessment, opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such report, assessment, opinion or certification is reporting, assessing, opining or certifying on, and/or any such Green, Social or Sustainability Notes no longer being listed or admitted to trading on any stock exchange or securities market, as aforesaid, may have a material adverse effect on the value of such Green, Social or Sustainability Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. None of the Dealers will verify or monitor the proposed use of proceeds of Notes issued under the Programme.

Risks relating to Subordinated Notes, Senior Non-Preferred Notes and certain Senior Preferred Notes (as applicable)

The risk factors relating to Subordinated Notes, Senior Non-Preferred Notes and certain Senior Preferred Notes described below should be read together with the general risk factors relating to the Notes described above.

There are limited events of default in relation to Senior Non-Preferred Notes and certain Senior Preferred Notes

There are limited events of default in relation to Senior Non-Preferred Notes and Senior Preferred Notes (unless Unrestricted Events of Default and Enforcement is specified as being applicable in the relevant Final Terms), as described in Condition 6.2. Accordingly, the rights of the holders of such Notes are restricted by the limited events of default.

An investor in Subordinated Notes assumes an enhanced risk of loss in the event of the Issuer's insolvency or resolution

The Issuer's obligations under the Subordinated Notes (as defined in the Terms and Conditions) will be unsecured and subordinated obligations of the Issuer and will rank junior to all unsubordinated obligations

of the Issuer. Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a greater risk that an investor in Subordinated Notes will lose all or some of its investment should the Issuer become insolvent.

The Subordinated Notes do not provide for any events of default. Holders of Subordinated Notes may not be able to exercise their rights on an event of default without the consent of the Relevant Regulator

Holders have no ability to accelerate the maturity of their Subordinated Notes, and the terms and conditions of the Subordinated Notes do not provide for any events of default for Subordinated Notes. According to the Norwegian Regulations of 1 June 1990 no. 453 on calculation of subordinated capital for financial undertakings (as amended) and the FSAN's circulation letter no. 11/2014, no redemption of Subordinated Notes may take place without the prior written consent of the Relevant Regulator.

In certain circumstances, some or all of the principal amount and any interest on any Subordinated Notes may be cancelled

Under Norwegian legislation, if the Issuer's most recent audited accounts reveal that its net assets are less than 25 per cent. of its share capital, the general meeting of shareholders of the Issuer can, or the relevant authorities can if the general meeting of shareholders of the Issuer does not do so: first, cancel share capital to compensate for the shortfall and secondly, if any remaining shortfall exceeds a substantial part (as determined by the general meeting of shareholders of the Issuer or by the relevant Norwegian authorities) of the Issuer's subordinated loan capital, cancel, in whole or in part, such subordinated loan capital (which would include principal and corresponding interest in respect of all Subordinated Notes).

There is no right of set-off or counterclaim in relation to Senior Non-Preferred Notes, Subordinated Notes and certain Senior Preferred Notes

In the case of (i) Senior Preferred Notes where No Right of Set-Off or Counterclaim is specified as being applicable in the relevant Final Terms, (ii) Senior Non-Preferred Notes and (iii) Subordinated Notes, no holder of such Notes who becomes, in the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration, indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of such Notes held by the relevant Noteholder.

The Notes may be subject to substitution and/or variation without Noteholder consent

Subject as provided herein, in if a Regulatory Event or an MREL Disqualification Event occurs or in order to ensure the effectiveness and enforceability of Condition 17.6, the Issuer may, subject to obtaining the prior written permission of the Relevant Regulator (if and to the extent then required by the Relevant Regulator and/or by the Applicable MREL Regulations, as applicable), and without the consent or approval of the Noteholders, elect either (i) to substitute all (but not some only) of the Notes or (ii) to modify the terms of all (but not some only) of such Notes, in each case so that they are substituted for, or varied to, become, or remain Qualifying Subordinated Securities or Qualifying MREL Securities (as the case may be). While Qualifying Subordinated Securities and Qualifying MREL Securities generally must contain terms that are materially no less favourable to Noteholders as the original terms of the Notes, there can be no assurance that the terms of any Qualifying Subordinated Securities or Qualifying MREL Securities will be viewed by the market as equally favourable, or that the Qualifying Subordinated Securities or Qualifying MREL Securities will trade at prices that are equal to the prices at which the Notes would have traded on the basis of their original terms. The governing law of Condition 17.6 may be changed from English law to Norwegian law to ensure the effectiveness and enforceability. No assurance can be given as to whether any of these changes will negatively affect any particular holder.

Further, prior to the making of any such substitution or variation, the Issuer shall not be obliged to have regard to the tax position of individual Noteholders or to the tax consequences of any such substitution or variation for individual Noteholders. No Noteholder shall be entitled to claim, whether from the Issue and Paying Agent, the Issuer, or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or variation upon individual Holders of Instruments.

The gross-up obligation in relation to Senior Non-Preferred Notes, Subordinated Notes and certain Senior Preferred Notes is limited to payments of interest only

The Issuer's obligation under Condition 7 to pay additional amounts in the event of any withholding or deduction in respect of taxes on payments under the terms of (i) Senior Preferred Notes where Restricted Gross-Up Senior Preferred Notes is specified as being applicable in the relevant Final Terms, (ii) Senior

Non-Preferred Notes and (iii) Subordinated Notes applies only to payments of interest and not to payments of principal. As such, the Issuer would not be required to pay any additional amounts under the terms of such Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under any such Notes, Noteholders may receive less than the full amount of principal due under such Notes upon redemption, and the market value of such Notes may be adversely affected.

The qualification of the Senior Non-Preferred Notes and certain Senior Preferred Notes as "eligible liabilities" is subject to uncertainty

Senior Non-Preferred Notes and certain Senior Preferred Notes are intended to be MREL Eligible Liabilities which are available to meet any MREL Requirement (however called or defined by the Applicable MREL Regulations then applicable) of the Issuer and the Group. However, there is uncertainty regarding the final substance of the Applicable MREL Regulations and how those regulations, once enacted, are to be interpreted and applied and the Issuer cannot provide any assurance that such Notes will be (or thereafter remain) MREL Eligible Liabilities. There is therefore a risk that a MREL Disqualification Event may occur.

Upon the occurrence of a MREL Disqualification Event, the Issuer may, at its option but subject to Condition 5.17 (if applicable), (i) where the relevant Final Terms specify Condition 5.8 to be applicable, redeem all (but not some only) of such Series of Notes and (ii) where the relevant Final Terms specify Condition 5.10 to be applicable, either substitute all (but not some only) of such Series of Notes for, or vary the terms of such Series of Notes so that they remain or, as appropriate, become Qualifying MREL Securities. See "*Senior Non-Preferred Notes and Senior Preferred Notes: MREL Disqualification Event Redemption*" and "*The Notes may be subject to substitution and/or variation without Noteholder consent*" for a description of the risks related to an early redemption of Notes or the substitution or variation, as the case may be, of Notes.

Senior Non-Preferred Notes are new types of instruments for which there is little or no trading history

There is little or no trading history for securities of Norwegian financial institutions with the same ranking as the Senior-Non Preferred Notes. Market participants, including credit rating agencies, are in the initial stages of evaluating the risks associated with such securities. The credit ratings assigned to securities such as the Senior Non-Preferred Notes may change as the rating agencies refine their approaches, and the value of such securities may be particularly volatile as the market becomes more familiar with them. It is possible that, over time, the credit ratings and value of securities such as the Senior Non-Preferred Notes will be lower than those expected by investors at the time of issuance of the Senior Non-Preferred Notes. If so, Noteholders may incur losses in respect of their investments in the Senior Non-Preferred Notes.

INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (1) the audited consolidated financial statements (including the notes thereto) of the Issuer for the years ended 31 December 2018 and 31 December 2017, together with the auditors' reports thereon;
- (2) the unaudited consolidated financial statements of the Issuer for the three month period ended 31 March 2019;
- (3) the terms and conditions set out on pages 44 to 70 of the base prospectus dated 4 July 2018 under the heading "Terms and Conditions of the Notes" available for inspection at:
https://www.ise.ie/debt_documents/Base%20Prospectus_3f222032-55dc-4f66-8c30-69a6e8b252b0.PDF;
- (4) the terms and conditions set out on pages 41 to 64 of the base prospectus dated 26 June 2017 under the heading "Terms and Conditions of the Notes" available for inspection at:
http://www.ise.ie/debt_documents/Base%20Prospectus_2ea7ac31-c327-4954-808b-d2ced6a12654.PDF;
- (5) the terms and conditions set out on pages 25 to 49 of the base prospectus dated 15 June 2016 under the heading "Terms and Conditions of the Notes" available for inspection at:
http://ise.ie/debt_documents/Base%20Prospectus_5d936371-4f0f-4b7e-be9a-dd3b2dc643ea.PDF;
- (6) the terms and conditions set out on pages 28 to 53 of the base prospectus dated 18 May 2015 under the heading "Terms and Conditions of the Notes" available for inspection at
http://ise.ie/debt_documents/Base%20Prospectus_23f9b6c1-230c-4bcf-a8e3-ce5235180da9.PDF;
- (7) the terms and conditions set out on pages 30 to 56 of the base prospectus dated 12 May 2014 under the heading "Terms and Conditions of the Notes" available for inspection at
http://ise.ie/debt_documents/Base%20Prospectus_88bdd34a-d4ed-4cb8-8895-53115805ea55.PDF;

The audited 2018 consolidated financial statements of the Issuer is available on the following website:

https://www.santanderconsumer.no/globalassets/om-oss/investor-relations/financial-reports/santander-consumer-bank-nordic-group-_annual-report-2018-with-auditors-report-2018.pdf

The audited 2017 consolidated financial statements of the Issuer is available on the following website:

<https://www.santanderconsumer.no/globalassets/dokumenter/investor-relations/arsrapporter/2017-annual-report---santander-consumer-bank-nordic-group-with-auditors-report.pdf>

The unaudited consolidated financial statements of the Issuer for the first quarter 2019 is available on the following website:

<https://www.santanderconsumer.no/globalassets/om-oss/investor-relations/financial-reports/santander-consumer-bank-nordic-group- q1-2019-report.pdf>

Copies of this Base Prospectus (and any document incorporated by reference in this Base Prospectus) will be made freely available at the office of the Listing Agent. Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "**necessary information**" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in any Drawdown Prospectus. Such information will be contained in the relevant Final Terms unless any of such information constitutes a significant new factor relating to the information contained in this Base Prospectus in which case such information, together with all of the other necessary information in relation to the relevant Series of Notes, may be contained in any Drawdown Prospectus.

For a Tranche of Notes which is the subject of a Final Terms, such Final Terms must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Final Terms are the Conditions as completed in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of any Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus.

Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the Issuer and the relevant Notes or (2) by a registration document (the "**Registration Document**") containing the necessary information relating to the Issuer and a securities note (the "**Securities Note**") containing the necessary information relating to the relevant Notes. In addition, if the Drawdown Prospectus is constituted by a Registration Document and a Securities Note, any significant new factor, material mistake or inaccuracy relating to the information included in the Registration Document which arises or is noted between the date of the Registration Document and the date of the Securities Note which is capable of affecting the assessment of the relevant Notes will be included in the Securities Note.

FORMS OF THE NOTES

Each Tranche of Notes will initially be in the form of either a temporary global note (the "**Temporary Global Note**"), without interest coupons, or a permanent global note (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms or Drawdown Prospectus. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms or Drawdown Prospectus, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms or Drawdown Prospectus, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The relevant Final Terms or Drawdown Prospectus will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") or in each case any successor section of the United States Treasury Regulations, including without limitation Regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010, are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms or Drawdown Prospectus specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- i. presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Issue and Paying Agent; and
- ii. receipt by the Issue and Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; **provided, however, that** in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces

an intention permanently to cease business or (b) any of the circumstances described in Condition 6 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms or Drawdown Prospectus), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Issue and Paying Agent within 30 days of the bearer requesting such exchange.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms or Drawdown Prospectus specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms or Drawdown Prospectus specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms or Drawdown Prospectus), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Issue and Paying Agent within 30 days of the bearer requesting such exchange.

The exchange of a Temporary Global Note for Definitive Notes upon notice/at any time options will not be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000". Furthermore, such Specified Denomination construction is not permitted in relation to any issuance of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms or Drawdown Prospectus specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 6 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms or Drawdown Prospectus), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Issue and Paying Agent within 30 days of the bearer requesting such exchange.

The exchange of a Permanent Global Note for Definitive Notes upon notice/at any time options will not be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000". Furthermore, such Specified Denomination construction is not permitted in relation to any issuance of Notes which is to be represented on issue by a Permanent Global Note exchangeable for Definitive Notes.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms or Drawdown Prospectus which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Overview of Provisions Relating to the Notes while in Global Form*" below.

Legend concerning United States persons

In the case of any Tranche of Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"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."

USE OF PROCEEDS

The net proceeds of the issue of each Tranche of Notes will be used for the general corporate purposes of the Issuer or for such other purpose as may be specified in the relevant Final Terms or Drawdown Prospectus.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. To the extent permitted by applicable law and/or regulation, the Final Terms in respect of any Tranche of Notes may complete any information in this Base Prospectus.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Overview of Provisions Relating to the Notes while in Global Form" below.

Introduction

The Notes will be issued in accordance with an issue and paying agency agreement (the "**Issue and Paying Agency Agreement**", which expression shall include any amendments or supplements thereto) dated 27 June 2019 and made between Santander Consumer Bank AS (the "**Issuer**") and Citibank, N.A., London Branch in its capacities as issue and paying agent (the "**Issue and Paying Agent**" which expressions shall include any successor to Citibank, N.A., London Branch, in its capacities as such) and the paying agents named therein (the "**Paying Agents**", which expression shall include the Issue and Paying Agent and any substitute or additional paying agents appointed in accordance with the Issue and Paying Agency Agreement). For the purposes of making determinations or calculations of interest rates, interest amounts, redemption amounts or any other matters requiring determination or calculation in accordance with the Terms and Conditions of any Series of Notes (as defined below), the Issuer may appoint a Determination Agent (as defined under Condition 4C.3) for the purposes of such Notes, in accordance with the provisions of the Issue and Paying Agency Agreement, and such Determination Agent shall be specified in the relevant Final Terms or Drawdown Prospectus. The Issuer has executed and delivered a deed of covenant dated 27 June 2019 (the "**Deed of Covenant**"). The Issuer and the Issue and Paying Agent have signed (for the purposes of identification) a programme manual in relation to the Notes dated 27 June 2019 (the "**Programme Manual**"). Copies of the Issue and Paying Agency Agreement and the Deed of Covenant are, or will be, available for inspection during normal business hours at the specified office of each of the Paying Agents and A&L Listing Limited in its capacity as listing agent (the "**Listing Agent**"). All persons from time to time entitled to the benefit of obligations under any Notes shall be deemed to have notice of, and shall be bound by, all of the provisions of the Issue and Paying Agency Agreement and the Deed of Covenant insofar as they relate to the relevant Notes.

The Notes are issued in series (each, a "**Series**"), and each Series may comprise one or more tranches ("**Tranches**" and each, a "**Tranche**") of Notes. Each Tranche will be the subject of (i) Final Terms (each, a "**Final Terms**") which completes these Terms and Conditions, or (ii) a separate prospectus specific to such Tranche (a "**Drawdown Prospectus**") which supplements, amends and/or replaces these Terms and Conditions in respect of that Tranche only. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in these Terms and Conditions to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus, unless the context requires otherwise.

In the case of a Tranche of Notes in relation to which application has been made for admission for listing on any listing authority, stock exchange and/or quotation system, a copy of the Final Terms will be available for inspection during normal business hours at the specified office of the Issue and Paying Agent and, in the case of a Tranche of Notes in relation to which application has been made for admission for listing on the Official List of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**"), at the specified office of the Listing Agent. In the case of a Tranche of Notes in relation to which application has not been made for admission for listing on any listing authority, stock exchange and/or quotation system, copies of the Final Terms will only be available for inspection by a Holder of or, as the case may be, an Accountholder (as defined in the Deed of Covenant) in respect of, such Notes.

References in these Terms and Conditions to "**Notes**" are to Notes of the relevant Series and any references to "**Coupons**" (as defined in Condition 1.5) and "**Receipts**" (as defined in Condition 1.6) are to Coupons and Receipts relating to Notes of the relevant Series.

References in these Terms and Conditions to the "**Final Terms**" are to the Final Terms prepared in relation to the Notes of the relevant Tranche or Series.

In respect of any Notes, references herein to these "**Terms and Conditions**" are to these terms and conditions (the "**Conditions**") as completed by the Final Terms.

1. **Form and Denomination**

- 1.1 Notes are issued in bearer form ("**Bearer Notes**") and are serially numbered.
- 1.2 If so specified in the Final Terms, each Tranche of Notes will be represented upon issue by a temporary global note (a "**Temporary Global Note**") in substantially the form (subject to amendment and completion) scheduled to the Programme Manual. On or after the date (the "**Exchange Date**") which is forty days after the completion of the distribution of the Notes of the relevant Tranche and provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing systems) has been received, interests in the Temporary Global Note may be exchanged for:
 - (i) interests in a permanent global note (a "**Permanent Global Note**") representing the Notes of that Tranche and in substantially the form (subject to amendment and completion) scheduled to the Programme Manual; or
 - (ii) if so specified in the relevant Final Terms, serially numbered definitive Notes ("**Definitive Notes**") substantially in the form (subject to amendment and completion) scheduled to the Programme Manual.
- 1.3 If any date on which a payment of interest is due on the Notes of a Tranche occurs whilst any of the Notes of that Tranche are represented by a Temporary Global Note, the related interest payment will be made on the Temporary Global Note only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing systems) has been received by Euroclear Bank S.A./N.V. ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or any other relevant clearing system. Payments of amounts due in respect of a Permanent Global Note will be made through Euroclear or Clearstream, Luxembourg or any other relevant clearing system without any requirement for certification.
- 1.4 Interests in a Permanent Global Note will be exchanged by the Issuer in whole (but not in part), at the option of the Holder of such Permanent Global Note, for serially numbered Definitive Notes, (a) if any Note of the relevant Series becomes due and repayable following an Event of Default (as defined herein); or (b) if either Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so or announces its intention to withdraw its acceptance of the Notes for clearance and settlement through its system or in fact does so; or (c) if so specified in the Final Terms, at the option of the Holder of such Permanent Global Note upon such Holder's request, in all cases at the cost and expense of the Issuer, unless otherwise specified in the relevant Final Terms. In order to exercise the option contained in part (c) of the preceding sentence, the Holder must, not less than 45 days before the date upon which the delivery of such Definitive Notes is required, deposit the

relevant Permanent Global Note with the Issue and Paying Agent at its specified office with the form of exchange notice endorsed thereon duly completed. If default is made by the Issuer in the required delivery of Definitive Notes and such default is continuing at 6.00 p.m. (Irish time) on the thirtieth day after the day on which the relevant notice period expires or, as the case may be, such Permanent Global Note becomes so exchangeable, such Permanent Global Note will become void in accordance with its terms but without prejudice to the rights of the accountholders with Euroclear or Clearstream, Luxembourg or any other relevant clearing system in relation thereto under the Deed of Covenant. The exchange of a Permanent Global Note for Definitive Notes upon notice/at any time options will not be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000". Furthermore, such Specified Denomination construction is not permitted in relation to any issuance of Notes which is to be represented on issue by a Permanent Global Note exchangeable for Definitive Notes.

- 1.5 Definitive Notes will, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery coupons ("**Coupons**"), presentation of which will be a prerequisite to the payment of interest in certain circumstances specified below. Definitive Notes will also, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery, a talon ("**Talon**") for further coupons and the expression "**Coupons**" shall, where the context so requires, include Talons.
- 1.6 Bearer Notes, the principal amount of which is repayable by instalments ("**Instalment Notes**") will have attached thereto at the time of their initial delivery, payment receipts ("**Receipts**") in respect of the instalments of principal.

Denomination Notes

- 1.7 Bearer Notes are in the denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the relevant Final Terms. Bearer Notes of one denomination will not be exchangeable, after their initial delivery, for Bearer Notes of any other denominations. No Notes may be issued under the Programme which have a minimum denomination of less than €100,000 (or equivalent in another currency).

Currency of Notes

- 1.8 Notes may be denominated in any currency, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
- 1.9 For the purposes of these Terms and Conditions, references to Notes shall, as the context may require, be deemed to be to Temporary Global Notes, Permanent Global Notes or Definitive Notes.

2. Title

- 2.1 Title to Notes and Coupons passes by delivery. References herein to the "**Holders**" of Notes or of Coupons, or "**Noteholders**", are to the bearers of such Notes or such Coupons (as applicable).
- 2.2 The Holder of any Note or Coupon will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

3. Status of the Notes

Status of Senior Preferred Notes

3.1 This Condition 3.1 applies only to Senior Preferred Notes specified as such in the relevant Final Terms or Drawdown Prospectus (the "**Senior Preferred Notes**"), and references to "Notes", "Noteholders", "Couponholders", "Receipts" and "Coupons" in this Condition 3.1 shall be construed accordingly.

- (a) The Notes, and the Receipts and Coupons relating to them, constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and (save for certain debts required to be preferred by law) at least equally with all other unsecured obligations (other than senior non preferred obligations and subordinated obligations, if any) of the Issuer, present and future, from time to time outstanding. So long as any of the Notes remain outstanding (as defined in the Issue and Paying Agency Agreement), the Issuer undertakes to ensure that the obligations of the Issuer under the Notes rank and will rank at least *pari passu* with all other unsecured and unsubordinated obligations of the Issuer and with all its unsecured and unsubordinated obligations under guarantees of obligations of third parties, in each case except for any obligations preferred by mandatory provisions of applicable law.
- (b) This Condition 3.1(b) applies only where No Right of Set-Off or Counterclaim is specified as being applicable in the relevant Final Terms or Drawdown Prospectus.

No Noteholder who becomes, in the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration, indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Notes held by such Noteholder.

Status of the Senior Non-Preferred Notes

3.2 This Condition 3.2 applies only to Senior Non-Preferred Notes specified as such in the relevant Final Terms or Drawdown Prospectus (the "**Senior Non-Preferred Notes**"), and references to "Notes", "Noteholders" and "Couponholders" in this Condition 3.2 shall be construed accordingly.

- (a) The Notes constitute direct, unconditional and unsecured obligations of the Issuer, and will at all times rank *pari passu* without any preference among themselves.
- (b) Subject as provided below in Condition 3.2(c), in the event of a liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration (except, in any such case, a solvent liquidation, dissolution or winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer, the terms of which reorganisation, reconstruction or amalgamation have previously been approved by an Extraordinary Resolution (as defined in the Issue and Paying Agency Agreement) of the Noteholders and do not provide that the Notes thereby become redeemable or repayable), claims of the Noteholders against the Issuer in respect of or arising under the Notes (including any amounts attributable to the Notes and any damages awarded for breach of any obligations thereunder) shall rank:
 - (i) *pari passu* without any preference among themselves;
 - (ii) *pari passu* with claims in respect of Non-Preferred Parity Securities and Statutory Non-Preferred Claims, if any;
 - (iii) in priority to claims in respect of Non-Preferred Junior Securities; and

- (iv) junior to any present or future claims of Senior Creditors (including, for the avoidance of doubt, holders of Senior Preferred Notes).
- (c) At any time after the Creditor Hierarchy Directive has been implemented in Norway, the Issuer may (but is not obliged to), by providing notice (the "**Ranking Notice**") to the Noteholders in accordance with Condition 13 (*Notices*), specify that (subject to the laws of Norway) the Senior Non-Preferred Notes shall rank within the class of unsecured debt instruments of the Issuer having the lower priority ranking contemplated by Article 108(2) of the BRRD, as set out in the Creditor Hierarchy Directive with effect from the date specified in the Ranking Notice (for the avoidance of doubt, should there be any inconsistency between any statutory ranking which may be introduced in Norway in order to implement the provisions of Article 108(2) of the BRRD, if any and the ranking as set out in Condition 3.2(b) above, such statutory ranking shall prevail).
- (d) No Noteholder who becomes, in the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration, indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Notes held by such Noteholder.

Status of Subordinated Notes

3.3 This Condition 3.3 applies only to Subordinated Notes specified as such in the relevant Final Terms or Drawdown Prospectus (the "**Subordinated Notes**"), and references to "Notes", "Noteholders" and "Couponholders" in this Condition 3.3 shall be construed accordingly.

- (a) The Notes constitute dated, unsecured and subordinated and unsecured obligations (*ansvarlig lånekapital*) of the Issuer, and will at all times rank *pari passu* without any preference among themselves.
- (b) In the event of a liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration (except, in any such case, a solvent liquidation, dissolution or winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer, the terms of which reorganisation, reconstruction or amalgamation have previously been approved by an Extraordinary Resolution (as defined in the Issue and Paying Agency Agreement) and do not provide that the Notes thereby become redeemable or repayable, claims of the Noteholders against the Issuer in respect of or arising under the Notes (including any amounts attributable to the Notes and any damages awarded for breach of any obligations thereunder) shall rank:
 - (i) *pari passu* without any preference among themselves;
 - (ii) *pari passu* with claims in respect of Subordinated Parity Securities;
 - (iii) in priority to claims in respect of Subordinated Junior Securities; and
 - (iv) junior to any present or future claims of Specified Senior Creditors.
- (c) Under Sections 21-5 and 21-6 of the Financial Institutions Act, if the Issuer's most recent audited accounts reveal that its net assets are less than 25 per cent. of its share capital, the general meeting of shareholders of the Issuer can or the relevant authorities can if the general meeting of shareholders of the Issuer does not do so: first, write down share capital to compensate for the shortfall and secondly, if any remaining shortfall exceeds a substantial part (as determined by the general meeting of shareholders of the Issuer or by the relevant Norwegian authorities) of the Issuer's subordinated loan capital, write down, in whole or in part, such

subordinated loan capital (which would include principal in respect of all Subordinated Notes).

To the extent that part only of the outstanding principal amount of any Subordinated Notes has been cancelled as provided above, interest will continue to accrue in accordance with the terms hereof on the then outstanding principal amount of such Subordinated Notes.

- (d) No Noteholder who becomes, in the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration, indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Notes held by such Noteholder.

Definitions

3.4 As used in these Terms and Conditions:

"**BRRD**" means Directive 2014/59/EU of the European Parliament and of the Council on resolution and recovery of credit institutions and investment firms dated 15 May 2014 and published in the Official Journal of the European Union on 12 June 2014 (or, as the case may be, any provision of Norwegian law transposing or implementing such Directive), as amended or replaced from time to time (including, without limitation, by the Creditor Hierarchy Directive).

"**Creditor Hierarchy Directive**" means Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017, amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy, or any equivalent legislation, as amended or replaced from time to time.

"**Financial Institutions Act**" means the Act on Financial Institutions and Financial Groups of 10 April, 2015 No. 17 (*Lov om finansforetak og finanskonsern av 10. april 2015 No. 17*), as amended by the Norwegian Act on Amendments to the Financial Institutions Act of 23 March 2018).

"**FSAN**" means the Financial Supervisory Authority of Norway (*Finanstilsynet*).

"**Non-Preferred Junior Securities**" means all classes of share capital of the Issuer and any obligations of the Issuer ranking or expressed to rank junior to the Senior Non-Preferred Notes (including, *inter alia*, Subordinated Notes, Subordinated Parity Securities and Subordinated Junior Securities).

"**Non-Preferred Parity Securities**" means any unsecured obligations of the Issuer which rank, or are expressed to rank, *pari passu* with the Senior Non-Preferred Notes.

"**Relevant Regulator**" means the FSAN and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer and/or (in the case of Senior Non-Preferred Notes, Subordinated Notes and (to the extent applicable) Senior Preferred Notes) the Relevant Resolution Authority (as defined in Condition 17.6) (if applicable).

"**Senior Creditors**" means (a) depositors of the Issuer and (b) all unsubordinated creditors of the Issuer (including, *inter alia*, holders of Senior Preferred Notes) other than creditors in respect of any Non-Preferred Parity Securities and any Statutory Non-Preferred Claims, if any).

"**Statutory Non-Preferred Claims**" means, upon Norway adopting legislation introducing a senior non-preferred ranking class as prescribed by Article 108(2) of the BRRD (as amended by Directive (EU) 2017/2399 of the European Parliament and the Council of 12

December 2017 amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy), unsecured claims resulting from debt instruments that meet the following conditions:

- (a) the original contractual maturity of the debt instruments is at least one year;
- (b) the debt instruments contain no embedded derivatives and are not derivatives themselves; and
- (c) the relevant contractual documentation and, where applicable, the prospectus related to the issuance, explicitly refer to the lower ranking under this paragraph.

"Specified Senior Creditors" means (a) depositors of the Issuer and (b) all other unsubordinated creditors of the Issuer (including, *inter alia*, (A) holders of Senior Preferred Notes and Senior Non-Preferred Notes (both before and after the giving of the Ranking Notice) and (B) creditors in respect of any Non-Preferred Parity Securities and any Statutory Non-Preferred Claims, if any).

"Subordinated Junior Securities" means all classes of share capital of the Issuer and any obligations of the Issuer ranking or expressed to rank junior to the Subordinated Notes.

"Subordinated Parity Securities" means any present or future instruments issued by the Issuer which are eligible to be recognised as Tier 2 Capital from time to time by the Relevant Regulator, any guarantee, indemnity or other contractual support arrangement entered into by the Issuer in respect of securities (regardless of name or designation) issued by a Subsidiary of the Issuer which are eligible to be recognised as Tier 2 Capital and any instruments issued, and subordinated guarantees, indemnities or other contractual support arrangements entered into, by the Issuer which rank, or are expressed to rank, *pari passu* therewith, but excluding Subordinated Junior Securities.

"Subsidiary" has the meaning ascribed to it in Section 1-3 of the Norwegian Private Limited Liability Companies Act 1997.

"Tier 2 Capital" has the meaning given to it in Condition 5.7.

4. **Interest**

Notes will be interest-bearing. The Final Terms in relation to each Tranche of Notes shall specify which of Condition 4A (*Interest – Fixed Rate*) or Condition 4B (*Interest – Floating Rate Notes Provisions*) shall be applicable and Condition 4C (*Interest – Supplemental Provision*) will be applicable to each Tranche of Notes as specified therein. In relation to any Tranche of Notes, the relevant Final Terms may specify actual amounts of interest payable rather than, or in addition to, a rate or rates at which interest accrues.

4A **Interest — Fixed Rate**

Notes in relation to which this Condition 4A (*Interest – Fixed Rate*) is specified in the relevant Final Terms as being applicable ("**Fixed Rate Notes**") shall bear interest from their date of issue (as specified in the relevant Final Terms) or from such other date as may be specified in the relevant Final Terms at the rate or rates per annum (or otherwise, as specified in the relevant Final Terms) specified in the relevant Final Terms. Such interest will be payable in arrear on such dates as are specified in the relevant Final Terms and on the date of final maturity thereof. Interest in respect of a period of less than one year will be calculated on such basis as may be specified in the relevant Final Terms.

4B *Interest — Floating Rate Notes Provisions*

4B.1 Notes in relation to which this Condition 4B (Interest – Floating Rate Notes Provisions) is specified in the relevant Final Terms as being applicable ("**Floating Rate Notes**"), shall bear interest at the rate or rates per annum (or otherwise, as specified in the relevant Final Terms) determined in accordance with this Condition 4B (Interest – Floating Rate Notes Provisions). Condition 4C.1 shall apply to Notes to which this Condition 4B (Interest – Floating Rate Notes Provisions) applies.

4B.2 Such Notes shall bear interest from their date of issue (as specified in the relevant Final Terms) or from such other date as may be specified in the relevant Final Terms. Such interest will be payable in arrear on each Interest Payment Date (as defined in Condition 4C.1) and on the maturity date.

4B.3 *Screen Rate Determination*

If "**Screen Rate Determination**" is specified in the relevant Final Terms it shall also specify which page (the "**Relevant Screen Page**") on the Reuters Screen or any other information vending service shall be applicable. For these purposes, "**Reuters Screen**" means, when used in connection with any designated page and any Floating Rate Option, the display page so designated on the Reuters service or any successor display page (or such other services or service as may be nominated as the information vendor for the purpose of displaying comparable rates in succession thereto). The rate of interest (the "**Rate of Interest**") applicable to such Notes for each Interest Period (as defined in Condition 4C.1) shall be determined by the Determination Agent (as defined in Condition 4C.3) on the following basis:

- (i) the Determination Agent will determine the offered rate for deposits (or, as the case may require, the arithmetic mean (rounded, if necessary, to the nearest ten thousandth of a percentage point, 0.00005 being rounded upwards) of the rates for deposits) in the relevant currency for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of 11.00 a.m. (London time, in the case of the London inter-bank offered rate ("**LIBOR**"), or Brussels time, in the case of the Euro-zone interbank offered rate ("**EURIBOR**")) on the second London Banking Day (as defined in this Condition 4B.3) or, in the case of Notes denominated in euro, on the second TARGET Business Day (as defined in Condition 8B.2), before (or, in the case of Notes in another currency if so specified in the relevant Final Terms, on) the first day of the relevant Interest Period (the "**Interest Determination Date**");
- (ii) if, on any Interest Determination Date, no such rate for deposits so appears (or, as the case may be, if fewer than two such rates for deposits so appear) or if the Relevant Screen Page is unavailable, the Determination Agent will request appropriate quotations and will determine the arithmetic mean (rounded as aforesaid) of the rates at which deposits in the relevant currency are offered by four major banks in the London interbank market or, where the basis for calculating the Rate of Interest is EURIBOR, in the Euro-zone interbank market, selected by the Issuer, at approximately 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date to prime banks in the London interbank market or, where the basis for calculating the Rate of Interest is EURIBOR, in the Euro- zone interbank market for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time;

- (iii) if, on any Interest Determination Date, only two or three rates are so quoted, the Determination Agent will determine the arithmetic mean (rounded as aforesaid) of the rates so quoted; or
- (iv) if fewer than two rates are so quoted, the Determination Agent will determine the arithmetic mean (rounded as aforesaid) of the rates quoted by four major banks in the Relevant Financial Centre (as defined in Condition 8B.2) (or, in the case of Notes denominated in euro, in such financial centre or centres as the Determination Agent may select) selected by the Issuer, at approximately 11.00 a.m. (Relevant Financial Centre time (or local time at such other financial centre or centres as aforesaid)) on the first day of the relevant Interest Period for loans in the relevant currency to leading European banks for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time,

and the Rate of Interest applicable to such Notes during each Interest Period will be the sum of the relevant margin (the "**Relevant Margin**") specified in the Final Terms and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of rates) so determined; **provided, however, that**, if the Determination Agent is unable to determine a rate (or, as the case may be, an arithmetic mean (rounded as aforesaid) of rates) in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to such Notes during such Interest Period will be the sum of the Relevant Margin and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of rates) determined in relation to such Notes in respect of the last preceding Interest Period; **provided always that** if there is specified in the relevant Final Terms a minimum interest rate or a maximum interest rate then the Rate of Interest shall in no event be less than or, as the case may be, exceed it. For the purposes of these Terms and Conditions "**London Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London.

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

4B.4 *ISDA Determination*

If "**ISDA Determination**" is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Relevant Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the 2006 Definitions of the International Swaps and Derivatives Association, Inc. (the "**ISDA Definitions**") (as amended and updated as at the date specified in the relevant Final Terms)) that would be determined by the Determination Agent under an interest rate swap transaction if the Determination Agent were acting as Determination Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and

- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on LIBOR for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

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

4B.5 *Determination of Rates*

The Determination Agent will, as soon as practicable after determining the Rate of Interest in relation to each Interest Period, calculate the amount of interest (the "**Interest Amount**") payable in respect of the principal amount of the smallest or minimum denomination of such Notes specified in the relevant Final Terms for the relevant Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to such principal amount, multiplying the product by a fraction (day count fraction) the numerator of which is the actual number of days in the Interest Period concerned and the denominator for which is 360 (or, in the case of Notes denominated in pounds sterling, 365 or, when all or part of an Interest Period falls in a leap year, 366 for that proportion of the Interest Period so falling) or by such other day count fraction as may be specified in the relevant Final Terms and rounding the resulting figure to the nearest sub-unit of the currency in which such Notes are denominated or, as the case may be, in which such interest is payable (one half of any such sub-unit being rounded upwards).

4C *Interest — Supplemental Provision*

Interest Payment Date Conventions and other Calculations

4C.1

(a) *Business Day Convention*

The Final Terms in relation to each Series of Notes in relation to which this Condition 4C.1 is specified as being applicable shall specify which of the following conventions shall be applicable, namely:

- (i) the "**FRN Convention**", in which case interest shall be payable in arrear on each date (each an "**Interest Payment Date**") which numerically corresponds to their date of issue or such other date as may be specified in the relevant Final Terms or, as the case may be, the preceding Interest Payment Date in the calendar month which is the number of months specified in the relevant Final Terms after the calendar month in which such date of issue or such other date as aforesaid or, as the case may be, the preceding Interest Payment Date occurred **provided that**:
 - (a) if there is no such numerically corresponding day in the calendar month in which an Interest Payment Date should occur, then the relevant Interest Payment Date will be the last day which is a Business Day (as defined in Condition 8B.2) in that calendar month;
 - (b) if an Interest Payment Date would otherwise fall on a day which is not a Business Day, then the relevant Interest Payment Date will be the first following day which is a Business Day unless that day falls in the next calendar

month, in which case it will be the first preceding day which is a Business Day; and

- (c) if such date of issue or such other date as aforesaid or the preceding Interest Payment Date occurred on the last day in a calendar month which was a Business Day, then all subsequent Interest Payment Dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which such date of issue or such other date as aforesaid or, as the case may be, the preceding Interest Payment Date occurred;
 - (ii) the "**Modified Following Business Day Convention**", in which case interest shall be payable in arrear on such dates (each an "**Interest Payment Date**") as are specified in the relevant Final Terms, **provided that**, if any Interest Payment Date would otherwise fall on a date which is not a Business Day, the relevant Interest Payment Date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case the relevant Interest Payment Date will be the first preceding day which is a Business Day;
 - (iii) the "**Following Business Day Convention**" in which case interest shall be payable in arrear on such dates (each an "**Interest Payment Date**") as are specified in the relevant Final Terms, **provided that**, if any Interest Payment Date would otherwise fall on a date which is not a Business Day, the relevant Interest Payment Date will be the first following day which is a Business Day;
 - (iv) "**No Adjustment**" in which case the relevant date shall not be adjusted in accordance with any Business Day Convention; or
 - (v) such other convention as may be specified in the relevant Final Terms.
- (b) "**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time ("**Calculation Period**"), such day count fraction as may be specified in the Final Terms and:
- (i) if "**Actual/Actual**", "**Actual/Actual (ISDA)**", "**Act/Act**" or "**Act/Act (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
 - (ii) if "**Actual/365 (Fixed)**", "**Act/365 (Fixed)**", "**A/365 (Fixed)**" or "**A/365F**" is so specified, means the actual number of days in the Calculation Period divided by 365;
 - (iii) if "**Actual/Actual (ICMA)**" or "**Act/Act (ICMA)**" is so specified, means a fraction equal to "number of days accrued/number of days in year", as such terms are used in Rule 251 of the statutes, by-laws,

rules and recommendations of the International Capital Market Association (the "**ICMA Rule Book**"), calculated in accordance with Rule 251 of the ICMA Rule Book as applied to non U.S. dollars denominated straight and convertible bonds issued after 31 December 1998, as though the interest coupon on a bond were being calculated for a coupon period corresponding to the Calculation Period;

- (iv) if "**Actual/360**", "**Act/360**" or "**A/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if "**30/360**" "**360/360**" or "**Bond Basis**" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

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

"**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vi) if "**30E/360**" or "**Eurobond Basis**" is so specified means, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

"**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30.

- (vii) if "**30E/360 (ISDA)**" is specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Termination Date or (ii) such number would be 31, in which case D2 will be 30.

Each period beginning on (and including) such date of issue or such other date as aforesaid and ending on (but excluding) the first Interest Payment Date and each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "**Interest Period**".

Notification of Rates of Interest, Interest Amounts and Interest Payment Dates

- 4C.2 The Determination Agent will cause each Rate of Interest, floating rate, Interest Payment Date, final day of a calculation period, Interest Amount, floating amount or other item, as the case may be, determined or calculated by it to be notified to

the Issuer and the Issue and Paying Agent. The Issue and Paying Agent will cause all such determination or calculations to be notified to the other Paying Agents (from whose respective specified offices such information will be available) and to the Holders in accordance with Condition 13 (*Notices*) as soon as practicable after such determination or calculation but in any event not later than the fourth London Banking Day thereafter or, if earlier, in the case of notification to any listing authority, stock exchange and/or quotation system, the time required by the rules of any such listing authority, stock exchange and/or quotation system. The Determination Agent will be entitled to amend any Interest Amount, floating amount, Interest Payment Date or final day of a calculation period (or to make appropriate alternative arrangements by way of adjustment) without prior notice in the event of the extension or abbreviation of any relevant Interest Period or calculation period and such amendment will be notified in accordance with the first two sentences of this Condition 4C.2.

- 4C.3 The determination by the Determination Agent of all items falling to be determined by it pursuant to these Terms and Conditions shall, in the absence of manifest error, be final and binding on all parties.

"Determination Agent" means the Issue and Paying Agent or such other person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms.

Accrual of Interest

- 4C.4 Interest shall accrue on the principal amount of each Note or, in the case of an Instalment Note, on each instalment of principal, on the paid up principal amount of such Note or otherwise as indicated in the relevant Final Terms from the Interest Commencement Date (as specified in the relevant Final Terms). Interest will cease to accrue as from the due date for redemption therefor (or, in the case of an Instalment Note, in respect of each instalment of principal, on the due date for payment thereof) unless upon (except in the case of any payment where presentation and/or surrender of the relevant Note is not required as a precondition of payment) due presentation or surrender thereof, payment in full of the principal amount or the relevant instalment or, as the case may be, redemption amount is improperly withheld or refused or default is otherwise made in the payment thereof (or, in the case of Subordinated Notes, the consent of the Relevant Regulator for such payment has not been given or, having been given, has been withdrawn and not replaced) in which case interest shall continue to accrue thereon (as well after as before any demand or judgment) at the rate then applicable to the principal amount of the Notes or such other rate as may be specified in the relevant Final Terms (the **"Default Rate"**) until the earlier of (i) the date on which, upon due presentation of the relevant Note (if required), the relevant payment is made or (ii) (except in the case of any payment where presentation and/or surrender of the relevant Note is not required as a precondition of payment) the seventh day after the date on which notice is given to the Holders in accordance with Condition 13 (*Notices*) that the Issue and Paying Agent has received the funds required to make such payment (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

4D ***Interest — Benchmark Discontinuation***

Independent Adviser

- 4D.1 If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by

reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate (subject to the terms of this Condition 4D), failing which an Alternative Rate (in accordance with Condition 4D.2) and, in either case, an Adjustment Spread if any (in accordance with Condition 4D.3) and any Benchmark Amendments (in accordance with Condition 4D.4).

An Independent Adviser appointed pursuant to this Condition 4D shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents, or the Noteholders for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4D.1.

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4D.1 prior to the relevant Reset Date or Interest Determination Date, as applicable, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest applicable in relation to the Notes in respect of the immediately preceding Interest Period. Where a different Margin, Minimum Rate of Interest or Maximum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Minimum Rate of Interest or Maximum Rate of Interest relating to the relevant Interest Period, respectively, shall be substituted in place of the Margin, Minimum Rate of Interest or Maximum Rate of Interest relating to that last preceding Interest Period, respectively. For the avoidance of doubt, this Condition 4D.1 shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4D.1.

Successor Rate or Alternative Rate

4D.2 If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4D.3) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof), as applicable, for all future payments of interest on the Notes (subject to the operation of this Condition 4D); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4D.3) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof), as applicable, for all future payments of interest on the Notes (subject to the operation of this Condition 4D).

Adjustment Spread

4D.3 If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Issuer is unable to determine the quantum of, or a formula or

methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as the case may be) will apply without an Adjustment Spread.

Benchmark Amendments

4D.4 If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4D and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Terms and Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4D.5, without any requirement for the consent or approval of Holders, vary these Terms and Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 4D.4, the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4D, no Successor Rate or Alternative Rate will be adopted, nor any Adjustment Spread applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (a) prejudice the qualification of the Notes as (i) MREL Eligible Liabilities, in the case of Senior Non-Preferred Notes, or (ii) Tier 2 capital, in the case of Subordinated Notes, or (b) result in the Relevant Regulator treating the next Interest Payment Date or Reset Date, as the case may be, as the effective maturity of the Notes, rather than the relevant Maturity Date.

Notices, etc.

4D.5 Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4D will be notified promptly by the Issuer to the Determination Agent, the Paying Agents and, in accordance with Condition 13, the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

Survival of Original Reference Rate

4D.6 Without prejudice to the obligations of the Issuer under Conditions 4D.1, 4D.2, 4D.3 and 4D.4, the Original Reference Rate and the fallback provisions provided for in Condition 4B.3 will continue to apply unless and until a Benchmark Event has occurred. Upon the occurrence of a Benchmark Event, this Condition 4D shall prevail.

Definitions:

4D.7 As used in these Conditions:

"**Adjustment Spread**" means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Holders as a result of the

replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (ii) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged)
- (iii) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate.

"Alternative Rate" means an alternative benchmark or screen rate which the Issuer following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines in accordance with Condition 4D.2 is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"Applicable MREL Regulations" means, at any time, the laws, regulations, requirements, guidelines and policies then in effect in Norway giving effect to any MREL Requirement or any successor regulations then applicable to the Issuer and/or the Group, including, without limitation to the generality of the foregoing, CRD IV, the BRRD and those regulations, requirements, guidelines and policies giving effect to any MREL Requirement or any successor regulations then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Issuer Group).

"Benchmark Amendments" has the meaning given to it in Condition 4D.2.

"Benchmark Event" means:

- (i) the Original Reference Rate ceasing to exist or ceasing to be published for a period of at least 5 Business Days; or
- (ii) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will

be prohibited from being used either generally, or in respect of the Notes, in each case within the following six months; or

- (v) it has become unlawful for any Paying Agent, Determination Agent, the Issuer or other party to calculate any payments due to be made to any Holder using the Original Reference Rate.

"**CRD IV**" means, as the context requires, any or any combination of the CRD IV Directive, the CRR and any CRD IV Implementing Measures.

"**CRD IV Directive**" means Directive 2013/36/EU of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June, 2013 and published in the Official Journal of the European Union on 27 June, 2013 (or, as the case may be, any provision of Norwegian law transposing or implementing such Directive), as amended or replaced from time to time.

"**CRD IV Implementing Measures**" means any regulatory capital rules or regulations or other requirements, which are applicable to the Issuer and which prescribe (alone or in conjunction with any other rules, regulations or other requirements) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer (on a non-consolidated or consolidated basis) to the extent required by the CRD IV Directive or the CRR, including for the avoidance of doubt and without limitation any regulatory technical standards released from time to time by the European Banking Authority (or any successor or replacement thereof).

"**CRR**" means Regulation 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June, 2013 and published in the Official Journal of the European Union on 27 June, 2013, as amended or replaced from time to time.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4D.1.

"**MREL Eligible Liabilities**" means "eligible liabilities" (or any equivalent or successor term) which are available to meet any MREL Requirement (however called or defined by then Applicable MREL Regulations) of the Issuer and/or the Issuer Group under Applicable MREL Regulations.

"**MREL Requirement**" means the minimum requirement for own funds and eligible liabilities which is or, as the case may be, will be applicable to the Issuer and/or the Group.

"**Original Reference Rate**" means:

- (i) the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof), as applicable, on the Notes; or
- (ii) any Successor Rate or Alternative Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of Condition 4D,

as applicable.

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is

responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

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

5. **Redemption and Purchase and Substitution or Variation**

Redemption at Maturity

- 5.1 Unless previously redeemed, or purchased and cancelled as specified below, each Note shall be redeemed by the Issuer at its maturity redemption amount (the "**Maturity Redemption Amount**") (which shall be its principal amount or such other Maturity Redemption Amount as may be specified in the relevant Final Terms) (or, in the case of Instalment Notes, in such number of instalments and in such amounts as may be specified in the relevant Final Terms (the "**Instalment Amounts**")) on the date or dates (or, in the case of Notes which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the relevant Final Terms.

Early Redemption for Taxation Reasons

- 5.2 Subject, if applicable, to the provisions of Condition 5.17, if, in relation to any Series of Notes, provided the Issuer satisfies the Issue and Paying Agent that (i) as a result of any change in the laws or regulations of the Kingdom of Norway or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws or regulations which becomes effective on or after the date of issue of such Notes or any other date specified in the relevant Final Terms, the Issuer would be required to pay additional amounts as provided in Condition 7 (*Taxation*), and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may, at its option and having given no less than 30 nor more than 60 days' notice (ending, in the case of Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Holders of the Notes in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes comprising the relevant Series at their early tax redemption amount (the "**Early Redemption Amount (Tax)**") (which shall be their outstanding principal amount or such other Early Redemption Amount (Tax) as may be specified in or determined in accordance with the relevant Final Terms), less, in the case of any Instalment Note, the aggregate amount of all instalments that shall have become due and payable in respect of such Note prior to the date fixed for redemption under any other of these Terms and Conditions (which amount, if and to the extent not then paid, remains due and payable), together with accrued interest (if any) thereon (calculated as provided in these Terms and Conditions and the Issue and Paying Agency Agreement) **provided, however, that** no such notice of redemption may be given earlier than 90 days (or, in the case of Notes which bear interest at a floating rate a number of days which is equal to the aggregate of the number of days falling within the then current interest period applicable to the Notes plus 60 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 5.2 the Issuer shall deliver to the Issue and Paying Agent (A) a certificate signed by two

Authorised Signatories of the Issuer stating that the said circumstances prevail and describing the facts leading thereto, and the Issue and Paying Agent shall be entitled to accept such certificate as sufficient evidence of the condition precedent set out in (ii) above in which case it shall become conclusive and binding on the relevant Noteholders and (B) an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail, and the Issue and Paying Agent shall be entitled to accept such opinion as sufficient evidence of the condition precedent set out in (i) above in which case it shall become conclusive and binding on the relevant Noteholders.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under Condition 5.6 (*Optional Early Redemption (Put)*).

In these Terms and Conditions:

"**Authorised Signatory**" means any director of the Issuer acting jointly with another director, or the Chairman of the Board of Directors or the Issuer's Chief Executive Officer acting individually.

Optional Early Redemption (Call)

5.3 Subject, if applicable, to the provisions of Condition 5.17, if this Condition 5.3 is specified in the relevant Final Terms as being applicable, then the Issuer may, having given the appropriate notice (as defined in Condition 5.4 below) to the Noteholders and having notified the Issue and Paying Agent prior to the provision of such notice and subject to such conditions as may be specified in the Final Terms, redeem all (but not, unless and to the extent that the relevant Final Terms specify otherwise, some only) of the Notes of the relevant Series at their call early redemption amount (the "**Early Redemption Amount (Call)**") (which shall be their outstanding principal amount or such other Early Redemption Amount (Call) as may be specified in the relevant Final Terms) less, in the case of any Instalment Note, the aggregate amount of all instalments that shall have become due and payable under any other of these Terms and Conditions prior to the date fixed for redemption (which amount, if and to the extent not then paid, remains due and payable), together with accrued interest (if any) thereon (calculated as provided in these Terms and Conditions and the Issue and Paying Agency Agreement) on the date specified in such notice.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under Condition 5.6.

5.4 The appropriate notice referred to in Condition 5.3 is a notice given by the Issuer to the Issue and Paying Agent and the Holders of the Notes of the relevant Series in accordance with Condition 13 (*Notices*), which notice shall be signed by two duly Authorised Signatories of the Issuer and shall specify:

- the Series of Notes subject to redemption;
- whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes of the relevant Series which are to be redeemed;
- the due date for such redemption which shall be a Business Day, which shall be not less than 30 days (or such lesser period as may be specified in the relevant Final Terms) after the date on which such notice is validly given and which is, in the case of Notes which bear interest at a floating rate, a date upon which interest is payable; and

- the Early Redemption Amount (Call) at which such Notes are to be redeemed.

Any such notice shall be irrevocable, and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

Partial Redemption

- 5.5 If the Notes of a Series are to be redeemed in part only on any date in accordance with Condition 5.3, the Notes to be redeemed shall be drawn by lot in such European city as the Issue and Paying Agent may specify, or identified in such other manner or in such other place as the Issue and Paying Agent may approve and deem appropriate and fair subject always to compliance with all applicable laws and the requirements of any listing authority, stock exchange and/or quotation system on which the relevant Notes may be listed and/or quoted.

In connection with an exercise of the option contained in Condition 5.3 in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with these Terms and Conditions and the Notes to be redeemed will not be selected as provided in these Terms and Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Optional Early Redemption (Put)

- 5.6 If this Condition 5.6 is specified in the relevant Final Terms as being applicable to the Senior Preferred Notes, then the Issuer shall, upon the exercise of the relevant option by the Holder of any such Note of the relevant Series, redeem such Note on the date or the dates specified in the relevant Final Terms at its put early redemption amount (the "**Early Redemption Amount (Put)**") (which shall be its principal amount or such other Early Redemption Amount (Put) as may be specified in or determined in accordance with the relevant Final Terms) less, in the case of any Instalment Note, the aggregate amount of all instalments that shall have become due and payable in respect of such Instalment Note under any other of these Terms and Conditions prior to the date fixed for redemption (which amount, if and to the extent not then paid, remains due and payable), together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not less than 60 days before the date so specified (or such other period as may be specified in the relevant Final Terms), deposit the relevant Note (together, in the case of a Definitive Note, with any unmatured Coupons appertaining thereto) with any Paying Agent together with a duly completed redemption notice in the form which is available from the specified office of any of the Paying Agents. No such Note so deposited and option exercised may be withdrawn (except as provided in the Issue and Paying Agency Agreement).

The Early Redemption Amount (Put) shall not apply in the case of Subordinated Notes, Senior Non-Preferred Notes or, to the extent this Condition 5.6 is specified as being not applicable in the relevant Final Terms, Senior Preferred Notes, and Holders of such Notes may not redeem such Notes prior to the Maturity Date.

The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under either Condition 5.2 or Condition 5.3.

Redemption upon Regulatory Event - Subordinated Notes

- 5.7 This Condition 5.7 applies only to Subordinated Notes where a Regulatory Call is specified as being applicable in the relevant Final Terms and references to "Notes", "Noteholders" and "Couponholders" in this Condition shall be construed accordingly.

If a Regulatory Event occurs, the Issuer may, at its option, but subject to the provisions of Condition 5.17, at any time (in the case of all Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes) redeem all, but not some only, of the Notes at the Regulatory Event Redemption Amount specified in the relevant Final Terms, together with any accrued but unpaid interest to the date fixed for redemption, **provided that** the Issuer has given notice to the Noteholders of the Notes in accordance with Condition 13 and to the Issue and Paying Agent (such notice being irrevocable), within the time period specified in the relevant Final Terms (being not less than 30 nor more than 60 days before the date fixed for redemption).

Upon the expiry of the notice period, the Issuer shall redeem the Notes.

Prior to the publication of any notice of redemption pursuant to this Condition 5.7, the Issuer shall deliver to the Issue and Paying Agent a certificate signed by two Authorised Signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing the conditions precedent to the right of the Issuer so to redeem have occurred and the Issue and Paying Agent shall be entitled to accept and rely on the certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above without further enquiry and without assuming any liability to any person for so doing, in which event it shall be conclusive and binding on the Noteholders.

In these Terms and Conditions:

"Applicable Banking Regulations" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Norway including, without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy adopted by the Norwegian Ministry of Finance and/or the Relevant Regulator from time to time and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or to the Issuer Group).

"Issuer Group" means the Issuer and its consolidated subsidiaries.

"Regulatory Event" means the determination by the Issuer, after consultation with the Relevant Regulator, that, as a result of a change in Norwegian law or Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date of the first Tranche of the Notes, the Notes are excluded in whole or in part from the Tier 2 Capital of the Issuer or the Issuer Group.

"Tier 2 Capital" means Tier 2 capital (*Tilleggs kapital*) as described in paragraph 16 of the Norwegian regulation of 1990-06-01 no. 435 about calculation of risk capital of financial institutions, clearing houses and securities trading companies (*FOR 1990- 06-01 nr 435: Forskrift om beregning av ansvarlig lånekapital for finansinstitusjoner, oppgjørssentraler og verdipapirforetak*), as amended or replaced from time to time.

Redemption upon MREL Disqualification Event – Senior Preferred Notes and Senior Non-Preferred Notes, where applicable

- 5.8 This Condition 5.8 applies only to Senior Preferred Notes and Senior Non-Preferred Notes, in each case, only where this Condition 5.8 is specified as being applicable in the relevant Final Terms and references to "Notes", "Noteholders" and "Couponholders" in this Condition shall be construed accordingly.

If a MREL Disqualification Event occurs, the Issuer may, at its option, but subject to the provisions of Condition 5.17, on giving not less than 30 nor more than 60 days' notice to the Issue and Paying Agent and, in accordance with Condition 13, the Noteholders (which

notice shall be irrevocable), at any time (in the case of all Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes) redeem all (but not some only) of the Notes at their Early Redemption Amount referred to in Condition 5.3 above together (if appropriate) with interest accrued to (but excluding) the date of redemption. Upon the expiry of the relevant notice period, the Issuer shall redeem the Notes.

"**MREL Disqualification Event**" means the determination by the Issuer that, as a result of a change in any Applicable MREL Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date of the first Tranche of the Notes, the Notes will be fully excluded or partially excluded from the "eligible liabilities" (or any equivalent or successor term) available to meet any MREL Requirement (however called or defined by then Applicable MREL Regulations) if the Issuer or the Issuer Group is then or, as the case may be, will be subject to such MREL Requirement, provided that a MREL Disqualification Event shall not occur where such exclusion is or will be caused by (1) the remaining maturity of the Notes being less than any period prescribed by any applicable eligibility criteria under the Applicable MREL Regulations, or (2) any applicable limits on the amount of "eligible liabilities" (or any equivalent or successor term) permitted or allowed to meet any MREL Requirement(s) being exceeded.

Prior to the publication of any notice of redemption pursuant to this Condition 5.8, the Issuer shall deliver to the Issue and Paying Agent a certificate signed by two Authorised Signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing the conditions precedent to the right of the Issuer so to redeem have occurred and the Issue and Paying Agent shall be entitled to accept and rely on the certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above without further enquiry and without assuming any liability to any person for so doing, in which event it shall be conclusive and binding on the Noteholders.

Substitution or Variation – Subordinated Notes

- 5.9 This Condition 5.9 applies only to Subordinated Notes where this Condition 5.9 is specified as being applicable in the relevant Final Terms and references to "Notes", "Noteholders" and "Couponholders" in this Condition shall be construed accordingly.

If at any time a Regulatory Event occurs and is continuing, or in order to ensure the effectiveness and enforceability of Condition 17.6, the Issuer may, subject to the provisions of Condition 5.17 (without any requirement for the consent or approval of the Noteholders) on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 and the Issue and Paying Agent (which notice shall be irrevocable and shall specify the date for substitution or, as applicable, variation) either substitute all (but not some only) of the Notes for, or vary the terms of all (but not some only) of the Notes (including changing the governing law of Condition 17.6 from English law to Norwegian law) so that they remain or, as appropriate, become Qualifying Subordinated Securities.

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Noteholders can inspect or obtain copies of the new terms and conditions of the Notes. Such substitution or variation will be effected without any cost or charge to the Noteholders.

Noteholders shall, by virtue of subscribing and/or purchasing and holding any Notes, be deemed to accept the substitution or variation of the terms of such Notes and to grant to the Issuer full power and authority to take any action and/or to execute and deliver any document in the name and/or on behalf of the Noteholders which is necessary or convenient to complete the substitution or variation of the terms of the Notes.

The Issue and Paying Agent shall (at the request and expense of the Issuer) agree to the substitution of Notes for, or the variation of the terms of the Notes so that they remain or, as appropriate, become Qualifying Subordinated Securities, provided that the Issue and Paying Agent receives the certificate in the form described in the definition of Qualifying Subordinated Securities in accordance with the provisions thereof.

In these Terms and Conditions:

"Qualifying Subordinated Securities" means securities issued directly or indirectly by the Issuer that:

- (a) other than in the case of a change to the governing law of Condition 17.6 to Norwegian law in order to ensure the effectiveness and enforceability of Condition 17.6, have terms not materially less favourable to the Noteholders as a class than the terms of the Notes (as reasonably determined by the Issuer having taken into consideration applicable guidance of the Relevant Regulator and the European Banking Authority, if any), and provided that a certification to such effect of two Authorised Signatories of the Issuer shall have been delivered to the Issue and Paying Agent not less than five Business Days prior to (x) in the case of a substitution of the Notes, the issue of the relevant securities or (y) in the case of a variation of the Notes, such variation, as the case may be), and, subject thereto, they shall:
 - (i) have a ranking at least equal to that of the Notes prior to such substitution or variation, as the case may be;
 - (ii) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Notes immediately prior to such substitution or variation, as the case may be;
 - (iii) have the same denomination and aggregate outstanding principal amount as the Notes prior to such substitution or variation, as the case may be;
 - (iv) have the same redemption rights as the Notes prior to such substitution or variation, as the case may be;
 - (v) comply with the then current requirements of the Relevant Regulator in relation to Tier 2 Capital;
 - (vi) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, as the case may be, or, if none, the Interest Commencement Date; and
 - (vii) where Notes which have been substituted or varied had a published rating from a rating agency immediately prior to such substitution or variation, each such rating agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Qualifying Subordinated Securities; and
- (b) are listed on a recognised stock exchange, if the Notes were listed immediately prior to such substitution or variation, as selected by the Issuer.

Substitution or Variation – Senior Preferred Notes and Senior Non-Preferred Notes, where applicable

- 5.10 This Condition 5.10 applies only to Senior Preferred Notes and Senior Non-Preferred Notes, in each case, only where this Condition 5.10 is specified as being applicable in the relevant Final Terms, and references to "Notes", "Noteholders" and "Couponholders" shall be construed accordingly.

If at any time a MREL Disqualification Event occurs and is continuing, or in order to ensure the effectiveness and enforceability of Condition 17.6, the Issuer may, subject to the provisions of Condition 5.17 (without any requirement for the consent or approval of the Noteholders or the Couponholders) on giving not less than 30 nor more than 60 days' notice to the Issue and Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes (including changing the governing law of Condition 17.6, from English law to Norwegian law) so that they remain or, as appropriate, become, Qualifying MREL Securities (as defined below), provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem the substituted or varied securities that are inconsistent with the redemption provisions of the Notes.

The Issue and Paying Agent shall (at the request and expense of the Issuer) agree to the substitution of Notes for, or the variation of the terms of the Notes so that they remain or, as appropriate, become Qualifying MREL Securities, provided that the Issue and Paying Agent receives the certificate in the form described in the definition of Qualifying MREL Securities in accordance with the provisions thereof.

"Qualifying MREL Securities" means securities issued directly or indirectly by the Issuer that:

- (a) other than in the case of a change to the governing law of Condition 17.6 to Norwegian law in order to ensure the effectiveness and enforceability of Condition 17.6, have terms not materially less favourable to the Noteholders as a class than the terms of the Notes (as reasonably determined by the Issuer, and provided that a certification to such effect of two Authorised Signatories of the Issuer shall have been delivered to the Issue and Paying Agent not less than five Business Days prior to (i) in the case of a substitution of the Notes, the issue of the relevant securities or (ii) in the case of a variation of the Notes, such variation, as the case may be), and, subject thereto, they shall:
 - (i) have a ranking at least equal to that of the Notes prior to such substitution or variation, as the case may be,
 - (ii) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Notes immediately prior to such substitution or variation, as the case may be,
 - (iii) have the same denomination and aggregate outstanding principal amount as the Notes prior to such substitution or variation, as the case may be;
 - (iv) have the same redemption rights as the Notes prior to such substitution or variation, as the case may be,
 - (v) comply with the then current requirements in relation to "eligible liabilities" (or any equivalent or successor term) provided for in the Applicable MREL Regulations,
 - (vi) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and

including) the Interest Payment Date last preceding the date of substitution or variation, as the case may be, or, if none, the Interest Commencement Date, and

- (vii) where Notes which have been substituted or varied had a published rating from a rating agency immediately prior to such substitution or variation, each such rating agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Qualifying MREL Securities; and
- (b) are listed on a recognised stock exchange, if the Notes were listed immediately prior to such substitution or variation, as selected by the Issuer.

Purchase of Notes

5.11 Subject, if applicable, to the provisions of Condition 5.17, the Issuer and any of its subsidiaries may at any time purchase Notes of a Series insofar as this is permitted by Norwegian law in the open market or otherwise and at any price **provided that**, in the case of Definitive Notes, all unmaturing Receipts, and Coupons appertaining thereto are purchased therewith. If purchases are made by tender, tenders must be available to all Holders of such Series alike in a place and following procedures previously approved in writing by the Issuer and Paying Agent.

Retention or Cancellation of Redeemed and Purchased Notes

5.12 Any Notes purchased by the Issuer or a subsidiary of the Issuer pursuant to Condition 5.11 may, at the option of the Issuer or the relevant subsidiary, be retained by the Issuer or the relevant subsidiary, or be resold or surrendered by the Issuer or that subsidiary to a Paying Agent for cancellation and cannot thereafter be reissued or resold.

Further Provisions applicable to Redemption Amount and Instalment Amounts

5.13 The provisions of Condition 4C.2 shall apply to any determination or calculation of the Redemption Amount or any Instalment Amount required by the Final Terms to be made by the Determination Agent.

5.14 References herein to "**Redemption Amount**" shall mean, as appropriate, the Maturity Redemption Amount, the final Instalment Amount, Early Redemption Amount (Tax), Early Redemption Amount (Call), Early Redemption Amount (Put), Early Termination Amount and Regulatory Event Redemption Amount or such other amount in the nature of a redemption amount as may be specified in, or, where applicable, determined in accordance with the provisions of, the Final Terms.

Notices

5.15 Notices of early redemption (whether full or partial) of Notes shall be given in accordance with Condition 13 (*Notices*).

Notification of Euronext Dublin

5.16 The Issuer shall notify Euronext Dublin of any early redemption (whether full or partial) of Notes.

Consent

5.17 This Condition 5.17 applies to (i) Senior Preferred Notes where Regulatory Consent is specified as being applicable in the relevant Final Terms ("**Restricted Senior Preferred Notes**"), (ii) Senior Non-Preferred Notes, and (iii) Subordinated Notes.

In the case of (i) Restricted Senior Preferred Notes, (ii) Senior Non-Preferred Notes and (iii) Subordinated Notes (as the case may be), no early redemption in any circumstances, substitution or variation under Condition 5.9 (in the case of Subordinated Notes), substitution or variation under Condition 5.10 (in the case of Senior Non-Preferred Notes and Restricted Senior Preferred Notes) or purchase under Condition 5.11 shall take place without the prior written consent of the Relevant Regulator (in each case, if and to the extent then required by the Relevant Regulator and, in the case of Restricted Senior Preferred Notes and Senior Non-Preferred Notes, by the Applicable MREL Regulations). In addition, in respect of any redemption of Subordinated Notes pursuant to Condition 5.2 and Condition 5.7 only, and except to the extent the Relevant Regulator no longer so requires, the Issuer may only redeem the Subordinated Notes before five years after the Issue Date if the Issuer demonstrates to the satisfaction of the Relevant Regulator that the circumstance that entitles it to exercise such right of redemption was not reasonably foreseeable as at the Issue Date. For the avoidance of doubt, redemption of Senior Preferred, Senior Non-Preferred Notes or Subordinated Notes under Condition 5.1 (*Redemption at Maturity*) shall not require the consent of the Relevant Regulator.

6. Events of Default

Events of Default - Senior Preferred Notes, where applicable

6.1 This Condition 6.1 shall apply only to Senior Preferred Notes where Unrestricted Events of Default is specified as being applicable in the relevant Final Terms and references to "Notes" in this Condition shall be construed accordingly. Unless otherwise specified in the relevant Final Terms, if any of the following events occurs and is continuing (each an "Event of Default"), such Event of Default shall be an acceleration event in relation to the Notes of any Series, namely:

- (i) **Non-payment:** if default is made in the payment of any interest or principal due in respect of the Notes of the relevant Series or any of them and such default continues for a period of seven days (or such other period as may be specified in the relevant Final Terms); or
- (ii) **Breach of other obligations:** if the Issuer fails to perform or observe any of its other obligations under or in respect of the Notes, in the Issue and Paying Agency Agreement and (except in any case where such failure is incapable of remedy when no such continuation as is hereinafter mentioned will be required) the failure continues for a period of 30 days following written notice by any Noteholder to the Issuer or to the specified office of the Issue and Paying Agent requiring the same to be remedied; or
- (iii) **Cross default:** if any Indebtedness for Borrowed Money (as defined in Condition 6.2) of the Issuer becomes due and repayable prior to its stated maturity by reason of an event of default (however described) or the Issuer fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for such payment or within any originally applicable grace period, or any security given by the Issuer for any Indebtedness for Borrowed Money becomes enforceable and steps are taken to enforce the same, or if default is made by the Issuer in making any payment when due (or within any originally applicable grace period in respect thereof) under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person, **provided that** no such event as aforesaid shall constitute an Event of Default unless the Indebtedness for Borrowed Money or other liability relative thereto either alone or when aggregated with other Indebtedness for Borrowed Money and/or other liabilities relative to all (if any) other such events which shall have occurred shall amount to at least U.S.\$50,000,000 (or its equivalent in any other currency on the basis of the middle

spot rate for the relevant currency against the U.S. dollars as quoted by any leading bank on the day on which this paragraph operates); or

- (iv) **Winding up**: if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer (except in any such case for the purpose of reconstruction or a merger or amalgamation which has been previously approved by a resolution or a merger with another financial institution in this case even without being approved by a resolution **provided that** any entity that survives or is created as a result of such merger is given a rating by an internationally recognised rating agency at least equal to the then current rating of the Issuer at the time of such merger); or
- (v) **Cessation of business**: if the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, (except in any such case for the purpose of reconstruction or a merger or amalgamation which has been previously approved by a resolution or a merger with another financial institution in this case even without being approved by a resolution **provided that** any entity that survives or is created as a result of such merger is given a rating by an internationally recognised rating agency at least equal to the then current rating of the Issuer at the time of such merger), or the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class thereof) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (vi) **Insolvency proceedings**: if (a) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or in relation to the whole or a part of the undertaking or assets of it, or an encumbrancer takes possession of the whole or a part of the undertaking or assets of either of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a part of the undertaking or assets or any of them, and (b) in any case is not discharged within 14 days; or
- (vii) **Arrangements with creditors**: if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors).

Events of Default – Senior Preferred Notes, where applicable, and Senior Non-Preferred Notes

6.2 This Condition 6.2 shall apply only to Senior Preferred Notes unless Unrestricted Events of Default is specified as being applicable in the relevant Final Terms, and Senior Non-Preferred Notes, and references to "Notes", "Noteholders" and "Couponholders" in this Condition shall be construed accordingly. If any of the following events occurs and is continuing (each an "**Event of Default**"), such Event of Default shall be an acceleration event in relation to the Notes of any Series, namely:

- (i) **Winding up**: if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer (except in any such case for the purpose of reconstruction or a merger or amalgamation which has been previously approved by a resolution or a merger with another financial institution in this case even without being approved by a resolution **provided that** any entity that survives or is created as a result of such merger is given a rating by an internationally

recognised rating agency at least equal to the then current rating of the Issuer at the time of such merger); or

- (ii) ***Insolvency proceedings***: if (a) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or in relation to the whole or a part of the undertaking or assets of it, or an encumbrancer takes possession of the whole or a part of the undertaking or assets of either of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a part of the undertaking or assets or any of them, and (b) in any case is not discharged within 14 days.

6.3 As used herein "**Indebtedness for Borrowed Money**" means (i) money borrowed and premiums and accrued interest in respect thereof, (ii) liabilities under or in respect of any acceptance or acceptance credit and (iii) the principal and premium (if any) and accrued interest in respect of any bonds, notes, debentures, debenture stock, loan stock, certificates of deposit or other securities whether issued for cash or in whole or in part for a consideration other than cash.

6.4 If any Event of Default shall occur in relation to any Series of Notes, the Holder of such Note or Notes may, by written notice to the Issuer, at the specified office of the Issue and Paying Agent, declare that such Note or Notes and all interest then accrued on such Note or Notes shall be forthwith due and payable, whereupon the same shall become immediately due and payable at its early termination amount (the "**Early Termination Amount**") (which shall be its principal amount or such other Early Termination Amount as may be specified in or determined in accordance with the relevant Final Terms) less, in the case of any Instalment Note, the aggregate amount of all instalments that shall have become due and payable in respect of such Notes under any other of these Terms and Conditions prior to the date fixed for redemption (which amount, if and to the extent not then paid, remains due and payable), together with all interest (if any) accrued thereon without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Note or Notes to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the Notes of the relevant Series shall have been cured.

No Events of Default relating to Subordinated Notes

6.5 This Condition 6.5 shall apply only to Subordinated Notes, and references to "Notes", "Noteholders" and "Couponholders" in this Condition shall be construed accordingly. There are no events of default in relation to Subordinated Notes.

According to the Norwegian Regulation of 1st June 1990 No. 435 on the calculation of risk capital of financial institutions, clearing houses and security trading companies Section 4 (FOR 1990-06-01 nr 435: Forskrift om beregning av ansvarlig kapital for finansinstitusjoner, oppgjørssentraler og verdipapirforetak) (as amended and replaced), Subordinated Notes must not contain provisions permitting a Noteholder to exercise an option to redeem a Subordinated Note before the stated redemption date. Notwithstanding the foregoing, in the event that the Issuer fails to pay interest or principal when due on any Subordinated Note, the holders of such Notes shall be entitled to institute proceedings against the Issuer for payment of such amounts.

Green, Social or Sustainability Notes

- 6.6 In the case of any Notes where the "Use of Proceeds" in Part B of the applicable Final Terms are stated to be for "green", "social" or "sustainability" projects as described therein (the "**Green, Social or Sustainability Notes Use of Proceeds Disclosure**" and the "**Green, Social or Sustainability Notes**", as appropriate), no Event of Default shall occur or other claim against the Issuer or right of a holder of, or obligation or liability of the Issuer in respect of, such Green, Social or Sustainability Notes shall arise as a result of the net proceeds of such Green, Social or Sustainability Notes not being used, any report, assessment, opinion or certification not being obtained or published, or any other step or action not being taken, in each case as set out and described in the Green, Social or Sustainability Notes Use of Proceeds Disclosure.

7. **Taxation**

- 7.1 All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Notes, the Receipts and the Coupons by the Issuer will be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by, within or on behalf of the Kingdom of Norway or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts (in the case of (i) Senior Preferred Notes where Restricted Gross-up Senior Preferred Notes is specified as being applicable in the relevant Final Terms, (ii) Senior Non-Preferred Notes and (iii) Subordinated Notes, only in respect of the payment of interest on such Notes and/or Coupons) as will result in receipt by the Holder of any Note, Receipt or Coupon of such amounts as would have been received by them had no such withholding or deduction been required.
- 7.2 The Issuer shall not be required to pay any additional amounts as referred to in Condition 7.1 in relation to any payment in respect of any Note, Receipt or Coupon:
- (i) to, or to a third party on behalf of, a Holder of a Note, Receipt or Coupon who is liable for such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the Kingdom of Norway other than the mere holding of such Note, Receipt or Coupon; or
 - (ii) presented for payment more than 30 days after the Relevant Date, except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of 30 days.

Notwithstanding any other provisions contained herein, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of Sections 1471 through 1474 of the U.S. Internal Revenue Code (or any amended or successor provisions), pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA withholding**") as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA withholding. The Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA withholding deducted or withheld by the Issuer, the paying agent or any other party.

- 7.3 For the purposes of these Terms and Conditions, the "**Relevant Date**" means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Issue and Paying Agent on or prior to such due date, it means the first date on which, the full amount of such moneys having been so received and being available for payment to Holders of Notes, Receipts and

Coupons, notice to that effect shall have been duly given to the Holders of the Notes of the relevant Series in accordance with Condition 13 (*Notices*).

7.4 Unless the context otherwise requires, any reference in these Terms and Conditions to "**principal**" shall include any premium payable in respect of a Note, any Instalment Amount or Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and "**interest**" shall include all amounts payable pursuant to Condition 4 (*Interest*) and any other amounts in the nature of interest payable pursuant to these Terms and Conditions.

8. **Payments**

8A *Payments*

8A.1 Payment of amounts (other than interest) due in respect of Bearer Notes will be made against presentation and (save in the case of a partial redemption which includes, in the case of an Instalment Note, payment of any instalment other than the final instalment) surrender of the relevant Bearer Notes at the specified office of any of the Paying Agents.

8A.2 Payment of amounts in respect of interest on Bearer Notes will be made:

- (i) in the case of a Temporary Global Note or Permanent Global Note, against presentation of the relevant Temporary Global Note or Permanent Global Note at the specified office of any of the Paying Agents outside (unless Condition 8A.3 applies) the United States and, in the case of a Temporary Global Note, upon due certification as required therein;
- (ii) in the case of Definitive Notes without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Notes at the specified office of any of the Paying Agents outside (unless Condition 8A.3 applies) the United States; and
- (iii) in the case of Definitive Notes delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Definitive Notes, in either case at the specified office of any of the Paying Agents outside (unless Condition 8A.4 applies) the United States.

8A.3 Payments of amounts due in respect of interest on the Bearer Notes and exchanges of Talons for Coupon sheets in accordance with Condition 8A.6 will not be made at the specified office of any Paying Agent in the United States (as defined in the United States Internal Revenue Code and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions, and (b) such payment or exchange is permitted by applicable United States law. If parts (a) and (b) of the previous sentence apply, the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.

8A.4 If the due date for payment of any amount due in respect of any Bearer Note is not a Relevant Financial Centre Day (as defined in Condition 8B.2) and (in the case of Definitive Notes only) a local banking day (as defined in Condition 8B.2), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day (or as otherwise specified in the relevant Final Terms) and, thereafter

will be entitled to receive payment on a Relevant Financial Centre Day and (in the case of Definitive Notes only) a local banking day and no further payment on account of interest or otherwise shall be due in respect of such delay or adjustment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 4C.4.

8A.5 Each Definitive Note initially delivered with Coupons attached thereto should be presented and, save in the case of partial payment which includes, in the case of an Instalment Note, payment of any instalment other than the final instalment, surrendered for final redemption together with all unmatured Coupons and Talons appertaining thereto, failing which:

- (i) in the case of Definitive Notes which bear interest at a fixed rate or rates, the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the redemption amount paid bears to the total redemption amount due) (excluding, for this purpose, Talons) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within ten years of the Relevant Date applicable to payment of such final redemption amount;
- (ii) in the case of Definitive Notes which bear interest at, or at a margin above or below, a floating rate, all unmatured Coupons (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) relating to such Definitive Notes (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them; and
- (iii) in the case of Definitive Notes initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them.

The provisions of paragraph (i) of this Condition 8A.5 notwithstanding, if any Definitive Notes which bear interest at a fixed rate or rates should be issued with a maturity date and a fixed rate or fixed rates such that, on the presentation for payment of any such Definitive Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the amount otherwise due for payment, then, upon the due date for redemption of any such Definitive Note, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

8A.6 In relation to Definitive Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside (unless Condition 8A.3 applies) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 9

(*Prescription*) below. Each Talon shall, for the purpose of these Terms and Conditions, be deemed to mature on the due date for the payment of interest on which the final Coupon comprised in the relative Coupon sheet matures.

8A.7 For the purposes of these Terms and Conditions, the "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

8B *Payments — General Provisions*

8B.1 Payments of amounts due (whether principal, redemption amount, interest or otherwise) in respect of Notes will be made in the currency in which such amount is due by (a) cheque or (b) at the option of the payee, transfer to an account denominated in the relevant currency specified by the payee. Payments will, without prejudice to the provisions of Condition 7 (*Taxation*), be subject in all cases to any applicable fiscal or other laws and regulations.

8B.2 For the purposes of these Terms and Conditions:

- (i) "**Business Day**" means a day:
 - in relation to Notes denominated or payable in euro which is a TARGET Business Day; and
 - in relation to Notes payable in any other currency, on which commercial banks are open for business and foreign exchange markets settle payments in the Relevant Financial Centre in respect of the relevant currency; and, in either case,
 - on which commercial banks are open for business and foreign exchange markets settle payments in any place specified in the relevant Final Terms;
- (ii) "**local banking day**" means a day (other than a Saturday and Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Note or, as the case may be, Coupon;
- (iii) "**Relevant Financial Centre**" means such financial centre or centres as may be specified in relation to the relevant currency for the purposes of the definition of "**Business Day**" in the ISDA Definitions;
- (iv) "**Relevant Financial Centre Day**" means, in the case of any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the Relevant Financial Centre (which in the case of Australian dollars shall be Melbourne and which in the case of New Zealand dollars shall be Wellington) and in any other place specified in the relevant Final Terms and in the case of payment in euro, a day which is a TARGET Business Day;
- (v) "**TARGET Business Day**" means any day on which the TARGET2 System, or any successor thereto, is open for the settlement of payments in euro; and
- (vi) "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) payment system which

utilises a single shared platform and which was launched on 19 November 2007.

9. **Prescription**

- 9.1 Claims against the Issuer for payment of principal and interest in respect of Notes will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date for payment thereof.
- 9.2 In relation to Definitive Notes initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 8A.5 or the due date for the payment of which would fall after the due date for the redemption of the relevant Note or which would be void pursuant to this Condition 9 (*Prescription*) or any Talon the maturity date of which would fall after the due date for redemption of the relevant Note.

10. **The Paying Agents and the Determination Agent**

- 10.1 The initial Paying Agents and their respective initial specified offices are specified below. The Determination Agent in respect of any Notes shall be specified in the Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Issue and Paying Agent) or the Determination Agent and to appoint additional or other Paying Agents or another Determination Agent **provided that** it will at all times maintain (i) an Issue and Paying Agent, (ii) a Paying Agent (which may be the an Issue and Paying Agent) with a specified office in a continental European city, (iii) so long as the Notes are listed on any listing authority, stock exchange and/or quotation system, a Paying Agent (which may be the Issue and Paying Agent) with a specified office in such place as may be required by the rules of such listing authority, stock exchange and/or quotation system, (iv) in the circumstances described in Condition 8A.3, a Paying Agent with a specified office in New York City, and (v) a Determination Agent where required by the Terms and Conditions applicable to any Notes (in the case of (i), (ii) and (v) with a specified office located in such place (if any) as may be required by the Terms and Conditions). The Paying Agents and the Determination Agent reserve the right at any time to change their respective offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Paying Agents or the Determination Agent will be given promptly by the Issuer to the Holders of the Notes in accordance with Condition 13 (*Notices*).
- 10.2 The Paying Agents and the Determination Agent act solely as agents of the Issuer and, save as provided in the Issue and Paying Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Note or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Issue and Paying Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

11. **Replacement of Notes**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issue and Paying Agent or such Paying Agent or Paying Agents as may be specified for such purpose in the relevant Final Terms (in the case of Notes and Coupons), subject to all applicable laws and the requirements of any listing authority, stock exchange and/or quotation system on which the relevant Notes are listed and/or quoted, upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Issue and Paying Agent or the relevant Paying Agent may require. Mutilated

or defaced Notes and Coupons must be surrendered before replacements will be delivered therefor.

12. Meetings of Noteholders; Modification and Waiver

- 12.1 The Issue and Paying Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Terms and Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution (as defined in the Issue and Paying Agency Agreement). Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Voters (as defined in the Issue and Paying Agency Agreement) being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters (as defined in the Issue and Paying Agency Agreement) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Holders of Notes and/or Coupons, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- 12.2 The Notes, these Terms and Conditions and the Deed of Covenant may be amended without the consent of the Holders of Notes and/or Coupons to correct a manifest error. In addition, the parties to the Issue and Paying Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

13. Notices

Notices to Holders of Notes will be deemed to be validly given if published in an English language daily newspaper in London (which is expected to be the *Financial Times*) or on the website of Euronext Dublin if the Notes are listed on the Irish Stock Exchange (and, so long as such Notes are listed on Euronext Dublin and the rules of that exchange so require), in a leading newspaper having general circulation in Ireland or, in either case if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe or, in the case of a Temporary Global Note or Permanent Global Note, if delivered to Euroclear and Clearstream, Luxembourg and any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein **provided that**, in the case of Notes admitted to listing on any listing authority, stock exchange and/or quotation system, the requirements of such listing authority, stock exchange and/or quotation system, have been complied with. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the first date on which publication is made) or, as the case may be, on the fourth day after the date of such delivery to Euroclear and Clearstream, Luxembourg and any other relevant clearing system. Holders

of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Bearer Notes in accordance with this Condition 13.

14. **Further Issues**

The Issuer may, from time to time without the consent of the Holders of any Notes or Coupons create and issue further instruments, bonds or debentures having the same terms and conditions as such Notes in all respects (or in all respects except for the first payment of interest, if any, on them and/or the denomination thereof) so as to form a single series with the Notes of any particular Series.

15. **Currency Indemnity**

The currency in which the Notes are denominated or, if different, payable, as specified in the relevant Final Terms (the "**Contractual Currency**") is the sole currency of account and payment for all sums payable by the Issuer in respect of the Notes, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Holder of a Note or Coupon in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount in the Contractual Currency expressed to be due to any Holder of a Note or Coupon in respect of such Note or Coupon the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of a Note or Coupon and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Notes or any judgment or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of a Note or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

16. **Waiver and Remedies**

No failure to exercise, and no delay in exercising, on the part of the Holder of any Note, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

17. **Law and Jurisdiction**

- 17.1 The status of the Senior Non-Preferred Notes (Condition 3.2), the status of the Subordinated Notes (Condition 3.3) and any write-down or conversion of the Notes in accordance with Norwegian law and regulation applicable to the Issuer from time to time is governed by Norwegian law. Save as aforesaid, the terms and conditions of the Notes, the Issue and Paying Agency Agreement, the Deed of Covenant and all non-contractual obligations arising out of or in connection with the terms and conditions of the Notes, the Issue and Paying Agency Agreement and the Deed of Covenant are governed by, and shall be construed in accordance with, English law.

- 17.2 The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or in connection with the Notes including a dispute regarding the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes or the consequences of their nullity.
- 17.3 The Issuer irrevocably waives any objection which they might now or hereafter have to the courts of England being nominated as the forum to hear and determine any proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum.
- 17.4 Without prejudice to any other mode of service allowed under any relevant law, the Issuer (a) appoints Banco Santander, S.A., London branch at 2 Triton Square, Regent's Place, London, NW1 3AN as its agent for service of process in relation to any proceedings or, if different, at any other address of the Issuer in Great Britain at which service of process may from time to time be served on it and (b) agree that failure by an agent for service of process to notify the Issuer of the process will not invalidate the proceedings concerned. If the appointment of the person mentioned in this Condition 17.4 ceases to be effective, the Issuer shall forthwith appoint a further person in England to accept service of process on its behalf in England and notify the name and address of such person to the Issue and Paying Agent and, failing such appointment within fifteen days, any Holder of Notes shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Issue and Paying Agent. Nothing contained herein shall affect the right of any Holder of Notes to serve process in any other manner permitted by law. This Condition 17.4 applies to proceedings in England and to proceedings elsewhere.
- 17.5 The submission to the exclusive jurisdiction of the courts of England is for the benefit of the Holders of the Notes only and therefore shall not (and shall not be construed so as to) limit the right of the Holders of the Notes or any of them to take proceedings in any other court of competent jurisdiction nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

Contractual Recognition of Norwegian Statutory Loss Absorption Powers

- 17.6 Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Holder of Notes (which, for the purposes of this Condition 17.6, includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Holder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:
- (a) the effect of the exercise of any Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise may include and result in (without limitation) any of the following, or a combination thereof:
 - (i) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;
 - (ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Noteholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;

- (iii) the cancellation of the Notes or the Relevant Amounts in respect of the Notes;
 - (iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (b) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority.

In this Condition 17.6:

"Norwegian Statutory Loss Absorption Powers" means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Kingdom of Norway, relating to (i) the transposition into Norwegian law of the BRRD, including sections 20-14 and 20-24 of the Financial Institutions Act, and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

"Relevant Amounts" means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and additional amounts due on the Notes and any other amounts which may otherwise be or become payable at any time in connection with the Notes. References to such amounts will include (but are not limited to) amounts that have become due and payable, but which have not been paid, prior to the exercise of any Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority; and

"Relevant Resolution Authority" means the (or each) resolution authority with the ability to exercise any Norwegian Statutory Loss Absorption Powers in relation to the Issuer.

18. **Rights of Third Parties**

No person shall have any right to enforce any term or condition of any Series of Notes under the Contracts (Rights of Third Parties) Act 1999.

FORM OF FINAL TERMS

Set out below is the form of Final Terms in respect of each Tranche of Notes, duly completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

Final Terms dated [•]

Santander Consumer Bank AS
Legal entity identifier (LEI): 549300A08LH2961IPN13

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

under the €2,500,000,000

Euro Medium Term Note Programme

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]¹

[MIFID II product governance / Professional investors and eligible counterparties only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]²

[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**") – In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined the classification of the Notes to be [capital markets products other than] prescribed capital markets products (as defined in the CMP Regulations 2018) and [Excluded]/ [Specified] Investment Products (as defined in the Monetary Authority of Singapore (the "**MAS**") Notice SFA 04-N12: Notice on the Sale of

¹ *Legend to be included on front of the Final Terms if the Notes potentially constitute "packaged" products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".*

² *Legend to be included on front of the Final Terms if following the ICMA 1 "all bonds to all professionals" target market approach.*

[PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 27 June 2019 [and the supplemental Base Prospectus dated [insert date] which [together] constitute[s] a base prospectus for the purposes of the Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [and the supplemental Prospectus dated [insert date]]. [The Base Prospectus [and the supplemental Base Prospectus dated [insert date]] [is] [are] available for viewing at [address] [and] on www.ise.ie and copies may be obtained from [address].⁴

The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [original date] [and the supplement(s) to it dated [insert date] which are incorporated by reference in the Base Prospectus dated 27 June 2019. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 27 June 2019 [and the supplement(s) to it dated [insert date], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"), save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Base Prospectus [and the supplement(s) dated [insert date]. However, a summary of the issue of the Notes is annexed to these Final Terms. The Base Prospectus is available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].]

[In accordance with the Prospectus Directive, no prospectus is required in connection with the issuance of the Notes described herein.]

[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 guidance for completing the Final Terms.]]

- | | | | |
|----|---------|--|---|
| 1. | (i) | Series Number: | [] |
| | [(ii)] | Tranche Number: | [] |
| | [(iii)] | Date on which the Notes become fungible: | [Not applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [insert description of the Series] on [insert date/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 18 below [which is expected to occur on or about [insert date]]].] |

³ Legend to be included on front of the Final Terms if the Notes do not constitute prescribed capital markets products as defined under the CMP Regulations 2018.

⁴ In the case of Notes to be listed on a non-regulated market, references to the Prospectus Directive to be removed.

2. Specified Currency or Currencies: []
3. Aggregate Principal Amount: []
- [(i)] Series: []
- [(ii)] Tranche: []
4. Issue Price: [] per cent. of the Aggregate Principal Amount [plus accrued interest from [*insert date*] (if applicable)]
5. Specified Denominations: []
6. [(i)] Issue Date: []
- [(ii)] Interest Commencement Date: [*Specify/Issue Date/Not applicable*]
7. Maturity Date: [*Specify date or (for Floating Rate — Notes) Interest Payment Date falling in the relevant month and year*]
8. Interest Basis: [[] per cent. Fixed Rate]]
[[LIBOR/EURIBOR +/- [] per cent. Floating Rate]]
(further particulars specified at points 12 and 13 below)
9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.
10. Put/Call Options: [Investor Put]⁵
[Issuer Call]⁶
[(further particulars specified at points 14 and 15 below)][Not applicable]
11. (i) Status of the Notes: [Senior Preferred/Senior Non-Preferred/Subordinated]
- (A) No Right of Set-Off or Counterclaim: [Applicable/Not Applicable] (*Only relevant for Senior Preferred Notes*)
- (B) Regulatory Consent: [Applicable/Not Applicable] (*Only relevant for Senior Preferred Notes*)
- (C) Restricted Gross-up Senior Preferred Notes: [Applicable/Not Applicable] (*Only relevant for Senior Preferred Notes*)
- (D) Unrestricted Events of Default: [Applicable/Not Applicable] (*Only relevant for Senior Preferred Notes*)
- [(ii)] [Date [Board] approval for issuance of Notes obtained]: (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. Fixed Rate Note Provisions: [Applicable/Not applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Rate[(s)] of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [] in each year [adjusted in accordance with [*specify Business Day Convention/not adjusted*].
- (iii) Fixed Coupon Amount[(s)]: [] per [] Principal Amount
- (iv) Day Count Fraction: [30/360]/[30E/360 (ISDA)]/[Actual/Actual (ICMA)]/[Actual/Actual]/[Actual/365(Fixed)]/[

⁵ Not applicable in the case of Subordinated Notes or Senior Non-Preferred Notes. When applicable Euroclear must be given a minimum of 5 business days' notice and Clearstream, Luxembourg must be given a minimum of 15 business days' notice of exercise of Investor put option.

⁶ Euroclear and Clearstream, Luxembourg must be given 5 business days' notice of Issuer call option.

- (v) Determination Dates: Actual/360] [] 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. only relevant where Day Count Fraction is Actual/Actual ([ICMA])*
- (vi) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s)]*
13. Floating Rate Note Provisions: [Applicable/Not applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Interest Period(s): []
- (ii) Interest Payment Dates: []
- (iii) First Interest Payment [] Date:
- (iv) Business Day Convention: [FRN Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ No adjustment]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vi) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Issue and Paying Agent): [] (the "**Determination Agent**")
- (vii) Screen Rate Determination
- Reference Rate: [] month [LIBOR][EURIBOR]
 - Interest Determination Date(s): []
 - Relevant Screen Page: []
- (viii) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)*
- (ix) Margin(s): [+/-] [] per cent. per annum
- (x) Minimum Rate of Interest: [] per cent. per annum
- (xi) Maximum Rate of Interest: [] per cent. per annum
- (xii) Day Count Fraction: []

PROVISIONS RELATING TO REDEMPTION AND SUBSTITUTION OR VARIATION

14. Call Option (Condition 5.3): [Applicable/Not applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
(The clearing systems require a minimum of 5 business days' notice if such an option is to be exercised)
- (i) Optional Early Redemption Date: []:
- (ii) Optional Early Redemption [] per Note of [] specified denomination

- Amount (Call) of each Note:
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: []
- (iv) Notice period: []
15. Put Option (Condition 5.6): [Applicable/Not applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
(Euroclear require a minimum of 5 business days' notice and Clearstream, Luxembourg require a minimum of 15 business days' notice if such an option is to be exercised)
- (i) Optional Early Redemption Date(s): []
- (ii) Optional Early Redemption Amount (Put) of each Note: [] per Note of [] specified denomination
- (iii) Notice period: []
16. Regulatory Call (Condition 5.7) [Applicable/Not applicable]
(Regulatory Call only applicable for Subordinated Notes)
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
(The clearing systems require a minimum of 5 business days' notice if such an option is to be exercised)
- (i) Regulatory Event Redemption Amount: [] per Note of [] specified denomination
- (ii) Notice period: []
17. Redemption upon occurrence of an MREL Disqualification Event and amounts payable on redemption therefor: [Applicable – Condition 5.8 applies/Not applicable]
(If applicable, specify the amount payable on redemption following an MREL Disqualification Event. Only relevant for Senior Preferred Notes and Senior Non-Preferred Notes)
18. Maturity Redemption Amount of each Note: [] per Note of [] specified denomination
19. Early Redemption Amount (Tax): Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default: []
20. Substitution and Variation [Applicable - Condition 5.9/5.10] applies/ Not applicable
(Condition 5.9 is relevant for Subordinated Notes and Condition 5.10 is relevant for Senior Preferred Notes and Senior Non-Preferred)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes: Bearer
 [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
 [Permanent Global Note exchangeable for Definitive Notes on in the limited circumstances specified in the Permanent Global Note]
 [Notes shall not be physically delivered in

- Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005⁷
22. New Global Note: [Yes] [No]
23. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes] [No] []
24. Business Day: [Not applicable/[]] [*Specify any additional financial centres necessary for the purposes of Condition [8B.2] or any modification required.*]
25. Relevant Financial Centre: [*Specify any modification required.*]
26. Relevant Financial Centre Day: [*Specify any additional financial centres necessary for the purposes of Condition [8B.2], or [8A.4].*]
27. Details relating to Instalment Notes: [Applicable/Not applicable]
- (i) Instalment Amount(s): []
- (ii) Payment Date(s): []
- (iii) Number of Instalments: []
- DISTRIBUTION**
28. [(i) If syndicated, names and addresses of Managers and underwriting commitments: [Not applicable/[]] [*Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses 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] []
29. If non-syndicated, name and address of Dealer/Manager: []
30. Stabilising Manager(s) (if any): [Not applicable]/[give name]
31. [Total commission and concession: [] per cent. of the Aggregate Nominal Amount]
32. US Selling Restrictions: [Reg. S Category 2; TEFRA C/TEFRA D]
33. Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
- (*If the Notes clearly do not constitute "packaged" products, or the Notes do constitute "packaged" products and a key information document ("KID") will be prepared, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.*)
34. Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]
- (*N.B. advice should be taken from Belgian counsel before disapplying this selling restriction.*)

⁷ Include for Notes that are to be offered in Belgium.

THIRD PARTY INFORMATION

[*Relevant third party information*] has been extracted from [*specify source*]. [The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

CONFIRMED

Issuer

SANTANDER CONSUMER BANK AS

By: _____
Authorised Signatory

Date

PART B — OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to listing on the Official List of Euronext Dublin and to trading on its regulated market with effect from []]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

[Not Applicable]

- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

The Notes to be issued [have been/have not been] rated:

[Moody's: []]

[Fitch: []]

[[Other]: []]

[Option 1: Credit Rating Agency ("CRA") is (i) established in the EU and (ii) registered under the CRA Regulation: [Insert legal name of particular credit rating agency entity providing rating] is established in the EU and registered under Regulation (EC) No 1060/2009, as amended (the "CRA Regulation").]

[Option 2: Credit Rating Agency ("CRA") is not established in the EU nor registered under the CRA Regulation: [Insert legal name of particular credit rating agency entity providing rating] is not established in the EU and is not registered under Regulation (EC) No 1060/2009, as amended (the "CRA Regulation").]

[Option 3: CRA is not established in the EU but the relevant rating is endorsed by a CRA which is established in the EU and registered under the CRA Regulations: [Insert legal name of particular credit rating agency entity providing rating] is not established in the EU but the rating it has given to the Instruments is endorsed by [insert legal name of credit rating agency], which is established in the EU and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation").]

[Option 4: CRA is not established in the EU and the relevant rating is not endorsed under the CRA Regulation, but the CRA is certified in accordance with the CRA Regulation: [Insert legal name of particular credit rating agency entity providing rating] is not established in the EU but is certified under Regulation (EC) No 1060/2009 (the "CRA Regulation").]

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

(The above disclosure should reflect the rating allocated to Notes 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/OFFER]**

[Save as discussed in the section entitled "*Subscription and Sale*" of the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]/[•]/[Not applicable]

4. **[[Fixed Rate Notes only**

Indication of yield:

YIELD

[]

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

5. **[Floating Rate Notes only — HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters].]

6. **OPERATIONAL INFORMATION**

ISIN:

[]

Common Code:

[]

CFI:

[[See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

FISN:

[[See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

Any Clearing System other than Euroclear and Clearstream, Luxembourg the relevant identification numbers:

[] [Not applicable]

Names and addresses of additional Paying Agent(s) (if any):

[]

Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes. Note that the designation "Yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being specified that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "No" at the date of these Final Terms, should the Eurosystem eligibility criteria

be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

7. USE OF PROCEEDS

[The net proceeds of the issue of the Notes will be used for general corporate purposes of the Issuer Group (as such term is defined in the Base Prospectus) / *specify other - if the use of proceeds is different from general corporate purposes and there is a particular identified use of proceeds, this will need to be stated here*]

(In case "green, "social" or "sustainability" purposes are specified, the eligible projects to which the net proceeds of each issue of Green, Social or Sustainability Notes will be applied shall be described here)

OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

Exchange of Temporary Global Notes

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure:

- a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and, in the case of an NGN, effectuated, to the bearer of the Temporary Global Note; or
- b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Paying Agents against presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Paying Agents within seven days of the bearer requesting such exchange.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms or Drawdown Prospectus), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Issue and Paying Agent within 30 days of the bearer requesting such exchange.

If:

- a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- b) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under a deed of covenant dated 27 June 2019 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Exchange of Permanent Global Notes

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms or Drawdown Prospectus), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Issue and Paying Agent within 30 days of the bearer requesting such exchange.

If:

- a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant. Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Conditions applicable to Global Notes

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is an overview of certain of those provisions:

Payments: All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Exercise of put option: In order to exercise the option contained in Condition 5.6 (*Optional Early Redemption (Put)*) the bearer of the Permanent Global Note must, within the period specified in the

Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Issue and Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 5.3 (*Optional Early Redemption (Call)*) in relation to only some of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Terms and Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 13 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 13 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as such Notes are listed on Euronext Dublin and it is a requirement of applicable law or regulations, such notices shall be published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*) or published on the website of Euronext Dublin, in a leading newspaper having general circulation in Ireland or, in either case if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe.

DESCRIPTION OF THE ISSUER

History and development

The Issuer's legal and commercial name is Santander Consumer Bank AS ("**SCB**").

The Issuer incorporates the three former companies Elcon Finans AS (org.nr. 930 242 101) ("**Elcon**"), Bankia Bank ASA (org. nr. 983 521 592) ("**Bankia**") and GE Money Bank AB (org. nr. 516401-9936) ("**GE Money Bank**"). The Parent Company acquired Elcon in 2004 which, at the time had both auto finance and a factoring and equipment leasing business. As part of the acquisition an agreement was signed with Société Générale to separate, through a demerger, of the factoring and equipment leasing business. The demerger was completed on 2 May 2005, with effect from 1 January 2005. The remaining business, auto finance, was continued in Elcon.

The Parent Company acquired Bankia in 2005. In the same year Bankia merged with Elcon, with Bankia Bank AS (previously named as Bankia) as the acquiring company.

Bankia was incorporated for an indefinite term on 6 June 2001 under the Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 and licensed as a bank pursuant to the Norwegian Act on Commercial Banks of 24 May 1961 no. 2. It was registered with the Register of Business Enterprises (*Brønnøysundregistrene*) on 6 July 2001 with the organisation number set out above and began its operations on the same day as its incorporation. In 2005 the Issuer converted from a public limited liability company to a private limited liability company and changed its name from Bankia Bank ASA to Bankia Bank AS and later the same year to Santander Consumer Bank AS.

In June 2014, the Parent Company signed a definitive agreement with GE Money Nordic Holding AB to acquire GE Capital business in the Kingdom of Norway, Sweden and Denmark (GE Money Bank). GE Money Bank's main areas of business at that time were consumer loans, point of sale finance and credit cards offered across the Kingdom of Norway, Sweden, and Denmark. The acquisition took place in November 2014 after regulatory approval from the Swedish Financial Services Authority and Swedish Competition Authority. In board meetings conducted on 16 March 2015, the Boards of Directors of the Issuer and GE Money Bank (at that time renamed to Santander Consumer Bank AB) decided to propose for their respective general meetings that the two companies merge, with the Issuer as the surviving company. The proposed merger and merger plan was finally approved in the respective general meetings on 24 April 2015. Following approval by both the Swedish Financial Services Authority and the FSAN, the merger was completed on 1 July, 2015.

The inclusion of GE Money Bank provides further customer, product and geographical diversification across the Nordic countries.

The Issuer's activities are subject to the Norwegian legislative regime applicable to financial institutions in general and, in particular, the supervision, control and rules of the FSAN.

The Issuer is a commercial bank and a private limited liability company based in the Kingdom of Norway with its registered office at Strandveien 18, PB 177, 1325 Lysaker. The telephone number of its registered office is +47 21 08 30 00.

The Issuer is a wholly owned subsidiary of the Parent Company which is part of the Santander Group. As at 31 December 2018, the Parent Company had 100 per cent. direct and indirect ownership interest in the share capital of the Issuer.

Business overview

Principal activities of the Issuer

The Issuer's principal object, as set out in its articles, is to engage in all business and services which are normal or customary for banks to carry out including leasing, car financing, consumer loans, deposits and associated activities.

The Issuer's primary activity is related to automobile finance, credit card business, consumer loans and deposits. As at 31 December 2018, the Issuer has branches in both Denmark and Sweden as well as a wholly owned subsidiary in Finland (the "**Issuer Group**"). The Danish and Swedish branches of the Issuer each

offer the same variety of products as the Issuer. The Issuer's Finnish subsidiary offers car financing, consumer loans & sales finance, and does not offer deposits or credit cards at this time.

The following diagram illustrates the distribution of the Issuer's business activities within the Nordic region as of and for the 12 months period ended 31 December 2018:



Sources: Santander Consumer Bank AS audited consolidated financial statements for the period ended 31 December 2018

The Issuer's strategy consists of establishing agreements with authorised agents (mainly dealers) in order to deliver finance for automobiles and other consumer goods. The Issuer also seeks to generate loyalty affiliations with final customers by directly offering them other products such as credit cards.

The main management focus during 2018 was centred on organic growth, operating profits, further development of deposit schemes in the Kingdom of Norway, Sweden and Denmark and diversification of the product range offered.

Total Loans of the Issuer

The volume of total gross loans to customers for the year ended 31 December 2018 was NOK 162,802 million, representing an increase of 10.0 per cent. compared to the same period for 2017.

The following table summarises loan balance as at 31 December 2018 by product line compared with the same period in the previous year:

	2018	Percentage of total activity	2017	Variation 2018/2017
	(NOK million)	(percentage)	(NOK million)	(percentage)
Total Gross Loans to Customers				
Auto	128,400	78.9 %	114,040	12.6 %
Unsecured.....	27,372	16.8 %	27,324	0.2 %
Credit Card.....	7,030	4.3 %	6,606	6.4 %
Total outstanding balance.....	162,802	100%	147,970	10.0 %

The automotive business of the Issuer Group comprises all of the business related to the financing of vehicles. As at 31 December 2018, the automotive business accounted for NOK 128,400 million representing 78.9 per cent. of the total outstanding balance and an increase of 12.6 per cent. over the same period in 2017.

The Issuer Group's unsecured business consists of unsecured personal loans made to customers. As at 31 December 2018, the unsecured business accounted for NOK 27,372 million representing 16.8 per cent. of the total outstanding balance and an increase of 0.2 per cent. over the same period in 2017. The Issuer's credit card business accounted for NOK 7,030 million as at 31 December 2018, representing 4.3 per cent. of the total outstanding balance and a increase of 6.4 per cent. compared to the same period in 2017.

Main markets in which the Issuer competes

In 2018, the Issuer carried out its consumer financing business in the Kingdom of Norway, Sweden, Finland and Denmark.

The Kingdom of Norway

In the Kingdom of Norway, the Issuer operates auto loan, consumer loan, credit card financing and deposits.

In the Kingdom of Norway, the Issuer generated NOK 1,606 million in profit before tax for the year ended 31 December 2018, with gross outstanding loans of NOK 59.2 billion at the end of the same period.

Sweden

In Sweden, the Issuer operates auto loans, consumer loans, credit cards and deposits.

In Sweden, the Issuer generated NOK 1,010 million in profit before tax for the year ended 31 December 2018, with gross outstanding loans of NOK 37.2 billion at the end of the same period.

Denmark

In Denmark, the Issuer operates auto loans, consumer loans, credit cards and deposits.

In Denmark, the Issuer generated NOK 852 million in profit before tax for the year ended 31 December 2018, with gross outstanding loans of NOK 32.1 billion at the end of the same period.

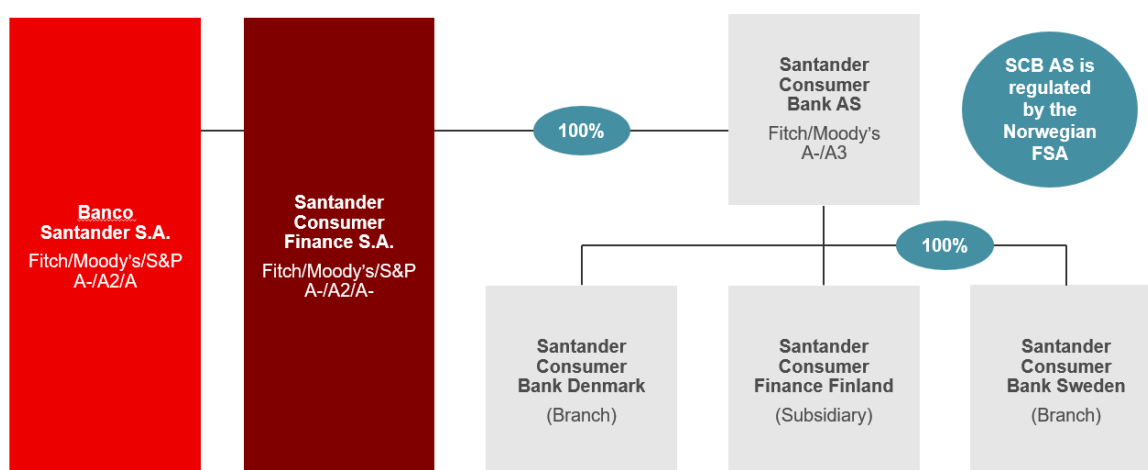
Finland

In Finland, the Issuer operates auto loans, consumer loans and sales finance.

In Finland, the Issuer generated NOK 665 million in profit before tax for the year ended 31 December 2018 with gross outstanding loans of NOK 34.2 billion at the end of the same period.

Organisational Structure

The diagram below summarises the organisational structure of the Issuer Group as at 31 December 2018.



Funding

The main funding pillars of the Issuer are the issuance of asset backed securities, senior unsecured bonds, deposits and parent company funding. The Issuer has during the last years, taken significant steps to diversify its funding sources, and has further developed its deposits and senior unsecured funding capabilities.

The issuance of asset backed securities is an important funding source and the Issuer's Norwegian branch has successfully completed seven auto loan securitisation transactions since 2011. Furthermore, two securitisation transactions have been completed by the Issuer's Swedish branch and seven securitisation transactions by the Issuer's Finnish subsidiary. The Issuer's Danish branch has also completed one securitisation transaction.

The Issuer Group is well established in the Norwegian, Swedish and Euro denominated senior unsecured bond market. Since 2013, customer deposits have been a focus area of the Issuer Group and have over the last years become an important funding source for the bank.

The funding initiatives outlined above are part of the Issuer Group's strategy of accessing alternative funding sources in order to secure long term funding at attractive levels and become less dependent on funding from the Parent Company and companies within the Santander Group.

Management of the Issuer

The Issuer's Board of Directors, in accordance with its articles of association, is comprised of no less than three and no more than eight members appointed by the Issuer's General Meeting of shareholders (*generalforsamling*) for a term of two years and re-elected as applicable for a further term of two years.

At the date of this Base Prospectus, the Board of Directors of the Issuer is comprised of eight members, one employee representative deputy director, and one employee representative observer, as set out in the table below:

Board of Directors of Santander Consumer Bank AS		Appointment date	Other principal positions held outside of the Issuer
Chairman of the Board	Erik Kongelf	May 2012	-
Deputy Chairman of the Board	Bruno Montalvo Wilmot	July 2012	-
Member of the Board	Henning Strøm	November 2012	- Chairman of Norbest AS
Member of the Board	Niels Aall	July 2015	Chairman of GE Healthcare AS and GE Energy AS
Member of the Board	Francisco Javier Anton San Pablo	November 2011	-
Member of the Board	Fedrico Ysart	September 2017	-
Member of the Board (employee representative)	Øyvind Ertzaas	February 2019	-
Member of the Board (employee representative)	Arja Pynnönen	February 2019	-
Deputy member of the Board	Ola Tillberg	February 2019	-
Deputy member of the Board	Tone Bergsaker Strømsnes	February 2019	-
Observer of the Board	Jim Grøtner	February 2019	-

The address of the Issuer's management is Strandveien 18, PB 177, 1325 Lysaker.

The Board of Directors has extensive powers to manage, administer and govern all matters related to the Issuer's business, subject only to any powers exercisable solely by the General Meeting of shareholders (*generalforsamling*).

The Board of Directors meets at least once every two months and may meet more frequently in certain circumstances.

All Directors are appointed by the Issuer's General Meeting of shareholders - (*generalforsamling*)

Mr. Espen Hovland was appointed as Chief Controlling Officer by the Managing Director of the Issuer with effect from May 2018. Mr. Hovland has full responsibility for the financial control function, overseeing all activities related to financial reporting, forecasting and budgeting, management information systems, internal control and external audit as well as being a member of the Issuer's Nordic senior management team. The local finance managers in the respective countries are responsible for reporting to Mr. Hovland. Mr. Hovland's appointment as head of Control and Accounting was made pursuant to a suitability assessment and with reference to his knowledge and experience in finance. Mr. Hovland is not a member of the Board of Directors. The FSAN has been notified about the appointment.

Mr. Andres Diez was appointed by the Board of Directors of the Issuer as Chief Risk Officer ("**CRO**") with effect from 1 January 2017. The primary role and responsibility of Mr. Diez is to secure and control an adequate risk appetite, tuned to the overall strategy of the Issuer, considering market dynamics and business opportunities. Mr. Diez is leading the overall risk function of the Issuer's Nordic branches, which consist of standardised (flow/small ticket) and non-standardised (big ticket) risk, risk controlling, risk analytics and collection/recoveries. He is also a member of the Issuer's Nordic senior management team and the Issuer's Executive Committee. Mr. Diez's appointment as CRO was made pursuant to a suitability assessment and with reference to his knowledge and experience in risk management. Mr. Diez is not a member of the Board of Directors. The FSAN has been notified about the appointment.

There are no conflicts of interest between the duties to the Issuer of the persons listed above and their private interests or other duties.

Administrative, management and supervisory Bodies

Audit Committee

The Issuer has a separate Audit Committee which meets at least every three months. The Audit Committee is a subcommittee of the Board of Directors and its members, including its chairman, are elected by the Board of Directors from the existing members of the Board of Directors. The Audit Committee consists of three members all independent of the Issuer, and of whom at least one have accounting and audit qualifications. The Chair of the Audit Committee is not the Chair of the Board nor any other of the Board Committees.

The Audit Committee assists the Board of Directors in relation to its administrative and supervisory tasks, control, financial management and reporting duties and follow-up of the external audit of the Issuer. The responsibilities of the Audit Committee include a review of the Issuer's internal controls and risk management, monitoring of external auditors and the audit process, as well as review of the Issuer's procedures to ensure compliance with laws and regulations that affect financial reporting. The members of the Audit Committee are set out below:

- Henning Strøm (Chairman)
- Erik Kongelf
- Niels Aall

Risk Committee

The Issuer also has a separate Board Risk Committee. The Board Risk Committee is a subcommittee of the Board of Directors and its members, including its chairman, are elected by the Board of Directors and from the existing members of the Board of Directors. The Board Risk Committee consist of three members, all non-executive in relation to the Issuer and two also independent, with knowledge, skills and expertise to understand and monitor the risk strategy and the risk appetite of the Issuer. The objective of the Risk

Committee is to advise the Issuer's Board of Directors with the overall current and future risk appetite and strategy, and assist them in overseeing of the implementation of the Issuer's risk strategy.

The members of the Risk Committee are set out below:

- Niels Aall (Chairman)
- Erik Kongelf
- Federico Ysart

Control functions and "three-line-of-defence" approach

To ensure a sound risk management approach and effective internal control, the Issuer is organised in the so called 'three-lines-of-defence' model. The model creates a clear and transparent division of roles and responsibilities to ensure sound internal control throughout the Issuer. The roles and responsibilities in the Issuer's three lines of defence model are organised as follows:

	<u>1st line of defence</u>	<u>2nd line of defence</u>	<u>3rd line of defence</u>
Function	Business	Risk and Compliance	Internal Audit
Role	Act as risk owner and ensure sound internal control through documented control activities.	Risk: Ensure sound risk management and internal control in business, on behalf of the CEO. Compliance: Ensure regulatory compliance in business, on behalf of the CEO.	Ensure internal control and regulatory compliance in entire Bank, on behalf of the Board.
Responsibilities	<ul style="list-style-type: none"> • Manage business so that all risks are identified, managed and controlled • Ensure that internal control is developed and maintained in areas of responsibility (e.g. Implement controls to detect non-compliance) • Take ownership and actions on deficiencies identified 	Risk: <ul style="list-style-type: none"> • Ensure risk level is in line with risk appetite • Monitor and control risk framework • Compliance: Ensure compliance with internal/external regulations • Monitor and control Compliance risk framework Both: <ul style="list-style-type: none"> • Risk assessments • Risk reporting with deficiencies and recommendations 	<ul style="list-style-type: none"> • Audit and evaluate organisational and process effectiveness • Ensure business is in accordance with applicable internal and external regulations • Report deviations to Board on regular basis

<u>1st line of defence</u>	<u>2nd line of defence</u>	<u>3rd line of defence</u>
	<ul style="list-style-type: none"> Challenge the work and reporting in the first line of defence and the risk management work (setting risk appetite etc.) of the SMT, Executive Management Committees, Board subcommittees and Board 	

Capital structure

At 31 December 2018, the Issuer's share capital consisted of NOK 9,652,418,420 fully subscribed and paid shares of NOK 10 par value each which, as at 31 December 2018, is 100 per cent. owned by the Parent Company.

Conflicts of interest

There exist no conflicts of interest between the administrative, management and supervisory bodies of the Issuer and there exist no potential conflicts of interest between any duties to the issuing entity of any members of such administrative, management or supervisory bodies and their private interests and/or other duties.

Corporate governance

Pursuant to Section 1-1 of the Issuer's articles of association, the Issuer's corporate purpose is to engage in all business and services which are normal or customary for banks to carry out including leasing, factoring, car financing and associated activities.

The Issuer has adopted corporate governance policies which comply with Norwegian banking and financial institutions legislation.

Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses

The Issuer prepares audited consolidated and non-consolidated annual reports and has prepared audited annual reports for the years ended 31 December 2018 and 31 December 2017. The audited consolidated annual reports of the Issuer for the years ended 31 December 2018 and 31 December 2017 are incorporated by reference in this Base Prospectus.

The audited consolidated annual reports of the Issuer for the 2018 and 2017 financial years were audited by the external audit firm PricewaterhouseCoopers AS of Dronning Eufemias gate 1, NO-0191 Oslo. PricewaterhouseCoopers AS is a member of The Norwegian Institute of Public Accountants (*Den norske Revisorforening*). PricewaterhouseCoopers AS's organisation number is 987009713.

The Issuer also prepares consolidated and non-consolidated interim financial reports.

No other information other than the 2018 consolidated financial statements or 2017 consolidated financial statements relating to the Issuer in this Base Prospectus has been audited by PricewaterhouseCoopers AS.

The date of the most recent audited financial information of the Issuer is 31 December 2018. PricewaterhouseCoopers AS has been appointed and is the current auditors of the Issuer.

Litigation

There are not any and have been no governmental, legal or arbitrational proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer and/or the Issuer Group's financial position or profitability.

Credit rating

The Issuer is currently rated A3 outlook stable by Moody's and A- outlook stable by Fitch.

Selected financial information relating to the Issuer

The following tables set out in summary form balance sheet and income statement key information relating to the Issuer. Such information is derived from the audited consolidated financial statements of the Issuer for the years ended 31 December 2018 (the "**Issuer 2018 Financial Statements**") and 31 December 2017 (the "**Issuer 2017 Financial Statements**") respectively. The Issuer's financial statements referred to in this Base Prospectus have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and the accounting regulations issued by the FSAN. Such financial statements, together with (in the case of the Issuer 2018 Financial Statements and the Issuer 2017 Financial Statements) the reports of PricewaterhouseCoopers AS, and in each case the accompanying notes, are incorporated by reference in this Base Prospectus. The financial information presented below should be read in conjunction with such financial statements, reports and the notes thereto, as applicable. The figures below are consolidated figures for the Issuer and its Finnish subsidiary. The consolidated figures below include amounts that are only relevant on a group level.

	As at and for the year ending:		
	31 December 2018	31 December 2017	Variation (%)
	<i>(NOK million)</i>		
Income Statements			
Profit before tax.....	4,134	3,995	3.5 %
Profit after tax	3,139	3,055	2.7 %
	31 December 2018	31 December 2017	Variation (%)
	<i>(NOK million)</i>		
Balance sheet			
Total assets.....	176,108	159,100	10.7 %
Total gross loans to customers.....	162,802	147,970	10.0 %
Total equity	<u>23,336</u>	<u>21,179</u>	<u>10.2 %</u>

Trend information

There has been no material, adverse change in the prospects of the Issuer since 31 December 2018, the date of its latest audited consolidated financial statements.

SUPERVISION AND REGULATION

Overview

The most relevant Norwegian legislation applicable to Norwegian commercial banks incorporated as a private limited liability company, such as the Issuer, is:

- the Norwegian Private Limited Liability Companies Act of 13 June 1997 no. 44;
- the Norwegian Financial Undertakings Act of 10 April 2015 no. 17 (the "**Financial Undertakings Act**") and the Regulations of 9 December 2016 no. 1502 on Financial Undertakings and Financial Groups, containing prudential rules for banks and other financial institutions with respect to inter alia licensing and organisational requirements, conduct of business, capital requirements, as well as guarantee schemes and public administration of institutions that experience financial difficulties;
- the Regulations of 14 December 2006 no. 1506 on capital requirements for financial undertakings and the Regulations of 1 June 1990 no. 435 on calculation of subordinated capital for financial undertakings; and
- the Norwegian Financial Supervision Act of 7 December 1956 no. 1, which regulates supervision by the FSAN of, among other things, financial undertakings such as banks.

Supervisory and Other Regulatory Authorities

Several governmental bodies are responsible for administering legislation governing financial institutions in the Kingdom of Norway.

The Ministry of Finance

The Ministry of Finance (or pursuant to delegation, the FSAN) grants all licenses to engage in banking activities. The Ministry of Finance also issues regulations pursuant to the powers given to it under the Financial Undertakings Act on many important issues relating to financial undertakings, including capital adequacy ratios. The Ministry of Finance may revoke any license to engage in banking activities for violations of applicable laws and regulations.

Finanstilsynet (The Financial Supervisory Authority of the Kingdom of Norway, or FSAN)

The FSAN is an independent governmental entity which objective is to ensure that financial undertakings and financial markets in the Kingdom of Norway function safely and efficiently. It acts as licencing authority, carries out supervision of and establishes general rules and guidelines for participants in the financial services industry in the Kingdom of Norway. The Ministry of Finance oversees the activities of the FSAN and administrative decisions made by the FSAN may be appealed to the Ministry of Finance.

Norges Bank

Norges Bank's, or the Central Bank of the Kingdom of Norway's, primary objective is to promote economic stability in the Kingdom of Norway. It has executive and advisory responsibilities in the area of monetary policy and is responsible for promoting robust and efficient payment systems and financial markets. Norges Bank manages the Kingdom of Norway's foreign exchange reserves and the Government Pension Fund Global. Norges Bank's activities are regulated by the Norwegian Central Bank Act of 24 May 1985 no. 28, which authorises it to implement measures customarily or ordinarily taken by a central bank.

Regulatory Framework in the Kingdom of Norway

Overview

The Issuer is subject to the supervision of the FSAN. The FSAN is responsible for preparing and/or issuing regulations pertaining to Norwegian financial undertakings, and supervises the operations of Norwegian financial undertakings with regard to, among other things, capital requirements, accounting standards, risk management and compliance. The FSAN has a range of tools to facilitate its supervision, such as the right to carry out site visits, and to interview the employees of an institution under its supervision and inspect the books and records of such institution. In the event that the FSAN considers the operations of an institution to be unsound or that the institution is in breach of applicable laws or regulations within the FSAN's

jurisdiction, it may impose administrative sanctions on that institution or, in more grave circumstances, revoke the institution's operating license.

The Kingdom of Norway is not a member of the EU, but as a member of the European Economic Area (the "EEA"), it has, through the EEA Agreement, implemented many of the EEA relevant EU directives and regulations relating to financial services in its national legislation. In order for an EU directive or regulation to be applicable in the Kingdom of Norway, it first has to be incorporated into the EEA Agreement to which the Kingdom of Norway is bound. Once the relevant piece of legislation has been incorporated into the EEA Agreement, it must be transposed into national law before taking effect in the Kingdom of Norway.

Most of EU's new financial legislation is built around a common European supervisory structure whereby the European Supervisory Authorities (ESAs) are given power to regulate market participants in member states directly. The ESAs' powers to regulate entities directly created constitutional issues in the Kingdom of Norway which in turn delayed implementation of this legislation into national law. Following lengthy negotiations between the EU and EFTA countries, a principal solution to this problem was reached in October 2014. In short, the solution entails that the EFTA Surveillance Agency (also called "ESA") will be empowered to regulate Norwegian financial undertakings directly. However, EFTA's ESA will base its decisions on guidance from the EU ESAs, and the EU ESAs will be entitled to give recommendations directly to Norwegian financial undertakings. On 13 June 2016, the Norwegian Parliament approved a proposal to include the relevant EU financial legislative acts into the EEA Agreement with the required 3/4 majority vote. Following similar processes in other EFTA countries, the EEA Joint Committee gave its final approval on 30 September 2016. Following implementation in the EEA Agreement, a substantial part of EU's new financial legislation has been adopted into Norwegian law; however, some legislative acts are still undergoing review by Norwegian authorities and remain subject to the Norwegian parliament's approval.

Authorisations

Pursuant to the Financial Undertakings Act, any institution whose business is to receive deposits or other repayable funds from the public and to grant credits or provide guarantees for its own account, must obtain a banking licence. The Issuer was licensed to operate as a commercial bank in the Kingdom of Norway on 1 January 2006.

Regulation of Banking Activities

The Financial Undertakings Act contains rules on incorporation, articles of association and minimum share capital, governing bodies, business of conduct and dissolution/liquidation of banks. The Financial Undertakings Act also stipulates rules relating to deposits and the maximum amount of total assets which may consist of real estate (including shares in companies which are established to own or develop real estate) and the maximum amount of total assets which may consist of other shares and equity interests.

A commercial bank may only engage in activities customary or natural for banks. Accordingly, a bank may not undertake, or act as a primary participant or primary co-owner in the operation of trading, industry, shipping, insurance or other commercial activities, unless such activity is customary or natural for banks. This does not prevent a bank from temporarily operating or participating in the operation of such business to the extent necessary for the bank to recover a claim.

As a commercial bank, the Issuer is subject to a number of other specific rules under the Financial Undertakings Act. According to these rules, the articles of association of the Issuer must be approved by the FSAN unless exempted by regulation. The same applies to any subsequent amendments to the articles of association. Resolutions regarding a decrease of share capital are only valid following approval by the FSAN, and the consent of the FSAN is required to take up subordinated loans.

Capital Requirements

Norwegian banks are subject to ongoing capital adequacy requirements, which implement EU Directives and Regulations based on the Basel III regime. In line with the recommendations of the Basel Committee on Banking Supervision (the "**Basel Committee**"), the regulatory approach in the Financial Undertakings Act is divided into three pillars;

- Pillar I – Minimum Capital Requirement: banks shall at all times satisfy capital adequacy requirements reflecting credit risk, operational risk and market risk. The current requirement is that own funds shall constitute at least 8 per cent of risk-weighted assets, plus applicable buffers. Own funds can be in the form of core and supplementary capital. Core capital will typically consist of

equity capital, while supplementary capital can be subordinated loan capital. The capital requirements must be complied with at all times. Banks are obligated to document their compliance with these requirements by reporting to the FSAN on quarterly basis;

- Pillar 2 - Assessment of overall capital needs and individual supervisory review: banks must have a process for assessing their overall capital adequacy in relation to their risk profile and strategy for maintaining their capital levels. The FSAN shall review and evaluate such internal capital adequacy assessments and strategies and may take supervisory action if it is not satisfied with the result of such an evaluation process; and
- Pillar 3 - Disclosure of information: banks are required to disclose relevant information on their activities, risk profile and capital situation.

Due to the recent period of financial and economic stress in the financial markets, a number of initiatives have been taken both globally (the Basel Committee and "G20") and regionally (EU/EEA) to raise the level and quality of banks' regulatory capital.

In December 2010, the Basel Committee on Banking Supervision (the "**Basel Committee**") proposed a number of fundamental reforms to the regulatory capital framework for internationally active banks ("**Basel III**"). Basel III raised the quantity and quality of capital required to be held by a financial institution with an emphasis on CET1 capital and introduced an additional requirement for both a capital conservation buffer and a countercyclical buffer to be met with CET1 capital.

The EU began implementing the Basel III capital reforms from 1 January 2014 through the enactment of the Capital Requirements Regulation (Regulation (EU) No 575/2013) ("**CRR**") and the Capital Requirements Directive (Directive 2013/36/EU) ("**CRD IV Directive**", and together with CRR and any implementing measures of both CRR and CRD IV Directive, the "**CRD IV package**"). While the CRD IV Directive required national transposition, the CRR was directly applicable in all the EU member states. This regulation is complemented by several binding technical standards and guidelines issued by the European Banking Authority ("**EBA**"), directly applicable in all EU member states, without the need for national implementation measures.

The CRD IV package *inter alia* includes the following:

- an EU/EEA-wide harmonisation of the definition and availability of hybrid capital for banks;
- a binding obligation on banks to have sound remuneration policies;
- a requirement that extra capital must be held if supervisors are concerned about the adequacy of a bank's risk management;
- increased capital requirements for complex securitisation transactions;
- non-risk-sensitive measures complementing the Basel II capital requirements; and
- a requirement for banks to build up extra capital buffers in economic upturns, which they can draw on in a downturn ("**dynamic provisioning**").

On 23 November 2016, the European Commission published, among others, proposals for European Directives amending CRD IV Directive and BRRD and European Regulations amending CRR and the Regulation (EU) No. 806/2014 (as amended, the "**SRM Regulation**") (said proposals together, the "**Proposals**"). The Proposals covered multiple areas, including the Pillar 2 framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of "non-preferred" senior debt that should only be bailed-in after junior ranking instruments but before other senior liabilities, changes to the definitions of Tier 2 and Additional Tier 1 instruments, the MREL framework and the integration of the TLAC standard into EU legislation as mentioned above. The Proposals also covered harmonised rules for national insolvency ranking of unsecured debt instruments to facilitate the issuance by credit institutions of such "non-preferred" senior debt. The Proposals were finally adopted and have been published in the Official Journal of the EU on 7 June 2019 (the Proposals, as published in the Official Journal of the EU on 7 June 2019, the "**New Banking Regulations**").

EU directives and regulations do not have direct effect in the Kingdom of Norway. Neither the CRD nor the CRR have formally been included into the EEA agreement to which the Kingdom of Norway is a party, and

the CRD IV package has therefore not been implemented into Norwegian law as such. However, all central provisions contained therein have been, or will be, implemented in the Kingdom of Norway through various implementation acts.

On 1 July 2013 the Norwegian Parliament passed an act which implemented the CRD capital adequacy rules. The minimum capital adequacy requirement of 8 per cent. shall consist of at least 4.5 per cent. common equity Tier 1 capital, at least 6 per cent. Tier 1 capital and the remaining 2 per cent. may consist of other eligible capital instruments. In addition, Norwegian banks need to hold a capital conservation buffer of 2.5 per cent. common equity Tier 1 and a systemic risk buffer of 3 per cent. common equity Tier 1. Systemic important financial institutions should hold an additional 2 per cent. buffer of common equity Tier 1. The Issuer is currently not considered as a systemic important financial institution in the Kingdom of Norway. In addition, there is a counter-cyclical buffer ranging between 0 and 2.5 per cent., which is currently set at 2 per cent. (and will increase to 2.5 per cent. as of 31 December 2019). In total, the Issuer is required to hold 12 per cent. common equity Tier 1 in addition to 3.5 per cent. other capital instruments.

On 12 May 2014 the legislator adopted regulations for implementation of the CRD IV package requirements on systemic important financial institutions. According to the regulations a systemic important financial institution is any financial institution which (a) total assets ("*forvaltningskapital*") constitutes at least 10 per cent. of the GDP mainland ("*BNP innland*" – which means BNP excluding revenues from shipping- and petroleum activities); or (b) has a loan portfolio which constitutes at least 5 per cent. of the Norwegian market. The Ministry of Finance is also authorised to decide that other finance institutions than those encompassed by the terms set out above (in line with the criteria for assessment of O-SIIS by European Banking Authority) shall be regarded as a systemic financial institution.

Changes with regard to legal requirements for subordinated loan capital

On 22 August 2014 the legislator adopted regulations to implement the central provisions of the CRR. The regulations affect the requirements that subordinated loans (Tier 2 capital – such as the Subordinated Notes) must meet in order to count as the institution's "own funds" ("*ansvarlig kapital*"). In line with the CRR, the regulations, inter alia, stipulate that the subordinated loan can hold no incentives for repayment, such as a "step-up" on interest payment. Further guidance on the understanding of the requirement for 'no incentives of repayment' is provided in FSAN's circular letter no. 11/2014. In circular letters no. 11/2014 and no. 10/2015, the FSAN states that they will rely on the Commission Delegated Regulation (EU) No. 241/2014 and other EU regulations when practising the Norwegian rules.

Limitations on Large Exposures

A Norwegian bank cannot have a risk-weighted engagement with a single customer exceeding an amount corresponding to 25 per cent. of the bank's own funds. The EU has adopted certain amendments to the large exposures rules in the CRD IV package (including restricting exposures in the inter-bank market), which were implemented into Norwegian law in 2011. Furthermore, the provisions on large exposure stipulate that exposures shall be calculated against the institution's "eligible capital", which is the aggregate of the institution's Tier 1 capital and one third of its Tier 2 capital.

Deposit Guarantee Scheme

Pursuant to Chapter 19 of the Financial Undertakings Act, all savings banks and commercial banks incorporated in the Kingdom of Norway are required to be members of the Norwegian Banks' Guarantee Fund. The Norwegian Banks' Guarantee Fund covers deposits up to NOK 2 million per depositor in a member bank. The guarantee is triggered if a member bank fails to repay deposits due to financial difficulties or is placed under public administration. The Norwegian Banks' Guarantee Fund may also grant support measures to member banks in order to ensure going concern. As an alternative to public administration, the Norwegian Bank's Guarantee Fund may grant financial support, for example a loan or guarantee to secure a loan, to a member bank.

Payment and Capital Adequacy Problems in a Financial Institution

Part I of Chapter 21 of the Financial Undertakings Act contains various notification and intervention rules that escalate based on the seriousness of the liquidity and capital adequacy problems of a bank (such as the Issuer).

The board of directors and the chief executive officer of a financial institution each have a duty to notify the FSAN if there is reason to suspect that:

- the institution will not be able to fulfil its obligations as they fall due;

- the institution will not be able to satisfy the minimum requirements on capital adequacy or other statutory requirements on solidity and security; or
- events have occurred that may result in a serious loss of confidence or a financial loss which will significantly weaken or threaten the solidity of the institution.

The institution's external auditor is subject to an independent obligation to notify the FSAN of its awareness of any of the above-mentioned circumstances, unless the FSAN confirms to the auditor that such notification has already been given by the institution's board of directors or chief executive officer.

Upon receipt of such notice as referred to above, or if the FSAN itself considers that the conditions for triggering the notification requirement have been met, the FSAN shall, in consultation with the institution, consider what measures are necessary. If such required measures are not implemented by the institution itself, the FSAN may summon a general meeting without observing set notice periods to require a change in the composition of the corporate bodies of the institution, as well as stipulate such conditions and guidelines that it deems necessary for the continued operation of the institution on a sound economic basis and in an otherwise proper way. The FSAN may further require that the institution prepares an 'audited statement of financial position' (*revidert statusoppgjør*), which is a vital policy instrument for determining the institution's financial position. The FSAN is also granted with powers to appoint one or several auditors to conduct a review of the institution's financial position.

If the audited statement of financial position shows that a substantial part of the equity is lost since the last annual financial statements, the board of directors shall immediately call for a general meeting. The same applies if 25 per cent. of the share capital is lost. The general meeting shall determine whether the institution has sufficient funds to ensure continued, sound operations and, if so, whether operations should continue. A resolution to continue operations can only be adopted with at least a two-thirds majority. If it is resolved not to continue operations, the general meeting may decide to transfer the institution's business in its entirety to another financial institution by simple majority. If such resolutions are not reached, the institution shall be liquidated in accordance with the detailed provisions set out in Part II of Chapter 21 of the Financial Undertakings Act.

If the audited statement of financial position shows that 75 per cent. or more of the share capital is lost, the board of directors shall present a proposal to the general meeting for a write-down of the share capital against the losses incurred. If the general meeting does not pass a resolution to effect such write-down within a deadline set by the FSAN, the Norwegian Ministry of Finance may resolve to write down the share capital against losses shown in the audited statement of financial position. Subordinated loan capital may be written down if the audited statement of financial position shows that a substantial part of the institution's subordinated loan capital has been lost. Such write-down may be resolved by a general meeting acting upon a proposal which the board of directors is obliged to submit under such circumstances. If the general meeting does not resolve on a write-down, the Ministry of Finance may decide that the subordinated capital shall be written down to the extent required to cover the loss of such capital. If deemed necessary in order to ensure continued, sound operations, the Ministry of Finance may also decide that the share capital shall be increased by way of new contributions. The Ministry of Finance can specify subscription conditions and may decide to waive pre-emptive rights of existing shareholders on an issue of new shares. A share capital increase is dependent on the availability of and willingness of investors to contribute fresh capital under the prevailing circumstances. If this is not the case, the only viable option will be public administration pursuant to the rules set out in Part II of Chapter 21 of the Financial Undertakings Act.

Public Administration and Winding-up

Norwegian banks are not subject to normal insolvency proceedings, i.e. debt settlement proceedings and/or bankruptcy proceedings initiated pursuant to normal insolvency legislation. Instead, a special regime of proceedings – public administration proceedings – applies to banks as further described in Chapter 21 of the Financial Undertakings Act. In the event of illiquidity, failure to satisfy capital requirements, or insufficiency of assets and earnings to cover the bank's liabilities as they fall due, and the FSAN considers the bank to be unable to secure sufficient financial basis for continued, sound operations, it shall immediately notify the Ministry of Finance. In these circumstances, the Ministry of Finance may decide that the bank shall be placed under public administration, provided that the bank is unable to meet its liabilities as they fall due and that sufficient financial basis for continued, sound operations cannot be secured. The same applies if the bank is unable to meet the capital adequacy requirements unless these are waived by the FSAN. The decision by the Ministry of Finance is made on a discretionary basis. If the Ministry of Finance decides to place a bank under public administration, the further administration and/or

liquidation of the bank shall be conducted in accordance with the rules set out in Part II of Chapter 21 of the Financial Undertakings Act.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This overview is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Taxation in the Kingdom of Norway

1. General Remarks

Set out below is a general overview of certain Norwegian tax rules relevant for beneficial holders of Notes that are tax resident in the Kingdom of Norway ("**Norwegian Noteholders**").

If the Notes form part of the assets of a permanent establishment in the Kingdom of Norway of a holder of Notes that is not tax resident in the Kingdom of Norway, the Norwegian tax rules applicable to income deriving from such Notes are generally the same as those set out for Norwegian Noteholders below. The mere holding of Notes should not in itself create the existence of a permanent establishment in the Kingdom of Norway.

Noteholders resident outside the Kingdom of Norway will not be liable to tax in the Kingdom of Norway on interests or capital gains from the Notes. The Kingdom of Norway does not impose withholding tax on interests or capital gains. However, in a White Paper to the Norwegian Parliament in October 2015 (Meld. St. 4 (2015-2016)), the Government advised that it will look further into the possible introduction of a Norwegian withholding tax on interest. A detailed proposal is expected to be submitted for public consultation when ready.

Special rules apply for Norwegian Noteholders that cease to be tax resident in the Kingdom of Norway or that for some reason are no longer considered liable to taxation in the Kingdom of Norway in relation to their Notes. Such Noteholders are encouraged to consult their own tax advisors.

The overview below is based on the assumption that the Notes are classified as debentures (*Mengdegjeldsbrev*) for Norwegian tax purposes.

2. Interest Payments On Notes

Norwegian Noteholders are taxable in the Kingdom of Norway for interest payments received on the Notes as ordinary income. The Norwegian tax rate on ordinary income is 22 per cent, or 25 per cent for financial institutions. The interest is normally subject to tax in the Kingdom of Norway in the year of accrual.

For Norwegian Noteholders holding Notes issued at a discount (compared to the nominal value), the imputed interest will be taxed when the Note is realised. Correspondingly, the imputed interest will be deductible for the issuer at the time of maturity.

3. Redemption And Realisation Of Notes

Norwegian Noteholders are taxable in the Kingdom of Norway for capital gains on the redemption or realisation of Notes, and has a corresponding right to deduct losses that arise on such redemption or realisation.

The tax liability applies irrespective of how long the Notes have been owned and the number of Notes that have been redeemed or realised. Gains are taxable as ordinary income in the year of redemption/realisation, and losses can be deducted from ordinary income in the year of redemption/realisation. The Norwegian tax rate on ordinary income is 22 per cent, or 25 per cent for financial institutions.

Gain or loss is calculated per Note, as the difference between the consideration received on the redemption or realisation of the Note and the cost price of the Note. Costs incurred in connection with the acquisition, redemption or realisation of Notes may be deducted in the calculation of the taxable gain/loss in the year of redemption/realisation.

4. *Net Wealth Tax*

Corporate entities are not subject to net wealth taxation in the Kingdom of Norway.

Physical persons are subject to net wealth taxation in the Kingdom of Norway. The maximum aggregated rate of net wealth tax is currently 0.85 per cent. Net wealth below NOK 1,500,000 per person is not liable to net wealth tax.

The value for assessment purposes for Notes listed on a Stock Exchange is the listed value as of 1 January in the year of assessment. Unlisted Notes are generally valued at the market value by the end of the income year.

5. *Transfer tax, VAT etc.*

There are no transfer taxes, stamp duty or similar charges currently imposed in the Kingdom of Norway on the acquisition, redemption or realisation of Notes. Further, there is no VAT on the transfer of Notes.

6. *Inheritance Tax*

The Kingdom of Norway does not impose inheritance tax or similar tax on inheritance or gifts. However, an heir or a recipient of gifts who has received Notes will acquire the donor's tax input value of the Notes based on principles of continuity. Thus, the heir/recipient will be liable to taxation for any increase in value in the donor's time of ownership. The gain will be taxable at the time of the heir's/recipient's realisation of the Notes.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Kingdom of Norway) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under "Terms and Conditions—Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Banco Santander, S.A., Barclays Bank Ireland PLC, Barclays Bank PLC, BNP Paribas, BofA Securities Europe SA, Citigroup Global Markets Europe AG, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Credit Agricole Corporate and Investment Bank, Danske Bank A/S, Deutsche Bank AG, London Branch, DNB Bank ASA, Goldman Sachs International, HSBC Bank plc, HSBC France, ING Bank N.V., Merrill Lynch International, Morgan Stanley & Co. International plc, Natixis, NatWest Markets N.V., NatWest Markets Plc, Nordea Bank Abp, Nykredit Bank A/S, Skandinaviska Enskilda Banken AB (publ), Société Générale, Swedbank AB (publ), Svenska Handelsbanken AB (publ) and UniCredit Bank AG, and any new Dealer appointed from time to time (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in a dealer agreement dated 27 June 2019 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms or Drawdown Prospectus in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms or Drawdown Prospectus in relation thereto to any retail investor in the European Economic Area.

For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
- b) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United States of America: *Regulation S Category 2, as further described below; TEFRA D or TEFRA C as specified in the relevant Final Terms or Drawdown Prospectus or neither if TEFRA is specified as not applicable in the relevant Final Terms or Drawdown Prospectus.*

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S of the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the securities laws of the applicable state or other jurisdiction of the United States.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Issue and Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case

the Issue and Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Selling Restrictions Addressing United Kingdom Securities Laws

Each Dealer has represented, warranted and agreed that and each further Dealer appointed under the Programme will be required to represent and agree to the Issuer:

- a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
 - i. it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and:
 - ii. it has not offered or sold and will not offer or sell any Notes other than to persons:
 - A. whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - B. who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 ("FSMA") by the Issuer;

- b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it has not directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

The Kingdom of Norway

Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree that, unless the Issuer has confirmed in writing to each Dealer that the Notes and this Base Prospectus have been filed with the FSAN, it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in the Kingdom of Norway or to residents of the Kingdom of Norway except:

- (a) in respect of an offer of Notes addressed to investors subject to a minimum purchase of Notes for a total consideration of not less than €100,000 per investor;
- (b) to "professional investors" as defined in Section 7-1 in the Norwegian Securities Regulation of 29 June 2007 no. 876;
- (c) to fewer than 150 natural or legal persons (other than "professional investors" as defined in Section 7-1 in the Norwegian Securities Regulation of 29 June 2007 no. 876), subject to obtaining the prior consent of the relevant Dealer or Dealers for any such offer; and
- (d) in any other circumstances provided that no such offer of Notes shall result in a requirement for the registration, or the publication by the Issuer or the Dealer or Dealers of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

The Notes shall be registered with the Norwegian Central Securities Depository unless (i) the Notes are denominated in NOK and offered or sold outside of the Kingdom of Norway to non-Norwegian tax residents only, or (ii) the Notes are denominated in a currency other than NOK and offered or sold outside of the Kingdom of Norway.

Further, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes will only be sold in the Kingdom of Norway to investors who have sufficient knowledge and experience to understand the risks involved with investing in the Notes.

The Kingdom of Spain

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes will not be offered, sold or distributed, nor will any subsequent resale of Notes be carried out in the Kingdom of Spain, except in circumstances which do not require the registration of a prospectus in Spain or without complying with all legal and regulatory requirements under Spanish securities laws (including, if applicable, those established by the Fourth Additional Provision of the Spanish Securities Market Law of 23 October approved by Legislative Royal Decree 4/2015 (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) (as amended, the "**Spanish Securities Market Law**").

Neither the Notes nor this Base Prospectus have been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and therefore this Base Prospectus is not intended for any public offer of the Notes in the Kingdom of Spain.

France

Each of the Dealers has represented and agreed, and each further Dealer will be required to represent and agree that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France, this Base Prospectus, the relevant Final Terms or Drawdown Prospectus or any other offering material relating to Notes, and that such offers, sales and distributions have been and shall only be made in the Republic of France to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) to qualified investors (*investisseurs qualifiés*) acting for their own account as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1, D.744-1, D.754-1 and D.764-1 of the French Code *monétaire et financier*. Accordingly, the offer of Notes does not require a prospectus to be submitted to the *Autorité des Marchés Financiers* (the "**AMF**") for its prior approval, and this Base Prospectus has not been approved by the AMF.

The direct or indirect resale of Notes to the public in the Republic of France may be made only as provided by and in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Code *monétaire et financier*.

Italy

The offering of any Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly no Notes may be offered, sold or delivered nor may copies of this Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy except:

- (i) to qualified investors (*investitori qualificati*) referred to under Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended ("**Financial Services Act**"), and Article 34-ter, paragraph 1, let. (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**Regulation No. 11971**"); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any such offer, sale or delivery of any Notes or distribution of copies of this Base Prospectus or any other document relating to any Notes in the Republic of Italy must:

- (a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**"); and
- (b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time), and/or any other Italian authority.

Switzerland

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Base Prospectus nor any other offering or marketing material relating to the offering, nor the Issuer nor the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA, and investors in the Notes will not benefit from protection or supervision by such authority.

Belgium

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

Singapore

This Base Prospectus has not been registered as a prospectus with the MAS, and the Notes will be offered pursuant to exemptions under the SFA. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any

Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA pursuant to Section 275(1) of the SFA), or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

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

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

Notification under Section 309B(1)(c) of the SFA - Unless otherwise stated in the relevant Final Terms or Drawdown Prospectus, all Notes shall be prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Product and the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

Each Dealer has represented, warranted and agreed to the best of its knowledge, and each further Dealer appointed under the Programme will be required to represent and agree to the best of its knowledge, that it has complied and will comply with all applicable securities laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus, any Final Terms or a Drawdown Prospectus or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus, any Final Terms or a Drawdown Prospectus comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus, any Final Terms or a Drawdown Prospectus or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) after the date hereof in applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "**General**" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the subscription agreement applicable to a particular Tranche of Notes and/or in a supplement to this Base Prospectus.

GENERAL INFORMATION

Authorisation

1. The establishment of the Programme was authorised by the Board of Directors of the Issuer on 25 September 2012 and the update of the Programme was authorised by the Board of Directors of the Issuer on 14 June 2019. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and/or the Issuer Group.

Significant/Material Change

3. Since 31 December 2018 there has been no material adverse change in the prospects of the Issuer and since 31 March 2019 there has been no significant change in the financial or trading position of the Issuer.

Auditors

4. The consolidated and unconsolidated financial statements of the Issuer have been audited without qualification for the years ended 31 December 2018 and 31 December 2017 by PricewaterhouseCoopers AS (with business address of Dronning Eufemias gate 71, 0191 Oslo, Norway), the Issuer Group's current independent auditors. PricewaterhouseCoopers AS is a member of The Norwegian Institute of Public Accountants (*Den norske Revisorforening*) and is registered with the FSAN under number 987009713.

No other information other than the 2018 and 2017 consolidated financial statements relating to the Issuer in this Base Prospectus has been audited by PricewaterhouseCoopers AS.

The audited consolidated and non-consolidated financial statements of the Issuer for each of the years ended 31 December 2018 and 31 December 2017 have been filed with the Registrar of Company Accounts in the Kingdom of Norway.

Documents on Display

5. Electronic or physical copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the office of the Issue and Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and at the registered office of the Issuer for the life of this Base Prospectus:
 - a) the constitutive documents of the Issuer;
 - b) the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2018 and 31 December 2017;
 - c) the unaudited consolidated financial statements of the Issuer for the three month period ended 31 March 2019;
 - d) the terms and conditions set out on pages 44 to 70 of the base prospectus dated 4 July 2018 under the heading "*Terms and Conditions of the Notes*";
 - e) the terms and conditions set out on pages 41 to 64 of the base prospectus dated 26 June 2017 under the heading "*Terms and Conditions of the Notes*";
 - f) the terms and conditions set out on pages 25 to 50 of the base prospectus dated 15 June 2016 under the heading "*Terms and Conditions of the Notes*";

- g) the terms and conditions set out on pages 28 to 53 of the base prospectus dated 18 May 2015 under the heading "*Terms and Conditions of the Notes*";
- h) the terms and conditions set out on pages 30 to 56 of the base prospectus dated 12 May 2014 under the heading "*Terms and Conditions of the Notes*";
- i) the Issue and Paying Agency Agreement;
- j) the Deed of Covenant;
- k) the Programme Manual; and
- l) the Issuer-ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream, Luxembourg with respect to the settlement in Euroclear and/or Clearstream, Luxembourg of Notes in New Global Note form).

Material Contracts

- 6. During the past two years the Issuer has not been a party to any contracts that were not entered into in the ordinary course of business of the Issuer and which was material to the ability of the Issuer to meet its obligations in respect of the Notes.

Conditions for determining price

- 7. Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms or Drawdown Prospectus. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Yield

- 8. The yield of each Tranche of fixed rate Notes will be calculated on an annual or semi-annual basis using the relevant Issue Price at the relevant Issue Date or as otherwise specified in the relevant Final Terms or Drawdown Prospectus.

Maturities

- 9. Notes issued may have any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank consents. Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only 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 who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer.

Clearing of the Notes

- 10. The Notes have been accepted for clearance through Euroclear (1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium) and Clearstream, Luxembourg (42 Avenue J.F. Kennedy, L-1855 Luxembourg). The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms or Drawdown Prospectus. The relevant Final Terms or Drawdown Prospectus shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Dealers' Interests

- 11. 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 for the Issuer and

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

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its respective affiliates. Certain of the Dealers or their affiliates that have lending relationships with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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