



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 and amendments thereto including Directive 2010/73/EU (the "**Prospectus Directive**"), as a base prospectus in accordance with 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 (the "**Main Securities Market**") or other regulated markets for the purposes of Directive 2004/39/EC or which are offered to the public in any Member State. Applications have been made to the Irish Stock Exchange to admit Notes issued under the Programme during the period of twelve months after the date hereof to listing on the official list of the Irish Stock Exchange (the "**Official List**") and to trading on the Main Securities Market which is a regulated market for the purposes of Directive 2004/39/EC. 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 20 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 Ltd ("**Moody's**") and Fitch Ratings Limited ("**Fitch**") has rated the Issuer, see page 12. In addition, the Programme has been rated A3 (Senior Notes, as defined herein) and Baa3 (Subordinated Notes, as defined herein) by Moody's and A- (Senior 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.

Arranger

Morgan Stanley

Dealers

Barclays
 BofA Merrill Lynch
 Commerzbank
 Danske Bank
 Goldman Sachs International
 J.P. Morgan
 Natixis
 Santander Global Corporate Banking
 SEB
 The Royal Bank of Scotland

BNP PARIBAS
 Citigroup
 Crédit Agricole CIB
 Deutsche Bank
 HSBC
 Morgan Stanley
 Nordea
 Société Générale Corporate & Investment Banking
 Swedbank AB
 UniCredit Bank

The date of this Base Prospectus is 15 June 2016

Responsibility for this Base Prospectus

Santander Consumer Bank AS (the "**Issuer**") accepts responsibility for the information contained in this Base Prospectus and any applicable 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. \$**", "**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, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes 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.

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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
Parent Company	Santander Consumer Finance, S.A.
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:	Morgan Stanley & Co. International plc
Dealers:	Banco Santander, S.A., Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Credit Agricole Corporate and Investment Bank, Danske Bank A/S, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Morgan Stanley & Co. International plc, Natixis, Nordea Bank Danmark A/S, Skandinaviska Enskilda Banken AB (publ), Société Générale, Swedbank AB (publ), The Royal Bank of Scotland plc, 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 the Irish Stock Exchange 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 depository or a common depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**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 subordinated or unsubordinated 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 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 Norwegian Financial Services Authority (*Finanstilsynet*).
- Tax Redemption:** Except as described in "*Optional Redemption*" above, early redemption will only 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 or the Kingdom of Spain.
- 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:	The Notes will have the benefit of a cross default as described in Condition 6.01(iii) (<i>Events of Default – Cross default</i>) 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, or the Kingdom of Spain, as the case may be, unless the withholding is required by law. In that event, the Issuer will, subject to customary exceptions, 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. The subordination provisions in relation to the Notes 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 15 June 2016, 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 United Kingdom, the Kingdom of Norway, the Kingdom of Spain and Japan, see " <i>Subscription and Sale</i> ".

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 risks associated with Notes issued under the Programme are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes 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 information set out elsewhere in this Base Prospectus and reach their own view prior to making any investment decision.

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

Risks relating to the Issuer

Since the Issuer Group's loan portfolio is concentrated in the Nordic countries, adverse changes affecting the economies of the Nordic countries could adversely affect the Issuer Group's financial condition.

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 flow and results of operations.

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.

Some of the business of the Issuer Group is cyclical. The income of the Issuer Group may decrease when demand for certain products or services is in a down cycle.

The level of income the Issuer Group derives, from certain of its products and services, 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 future income of the Issuer Group.

A sudden shortage of funds could increase the Issuer Group's cost of funding and have an adverse effect on its liquidity and funding.

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 their access to some of their 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.

The Issuer Group is vulnerable to disruptions and volatility in the global financial markets.

In the past six years, financial systems worldwide have experienced difficult credit and liquidity conditions and disruptions leading to less liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency on interbank lending rates. Global economic conditions deteriorated significantly between 2007 and 2009, and many of the countries in which the Issuer Group operates fell into recession and some countries have only recently begun to recover and 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 have also been 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 have reduced or ceased providing funding to borrowers (including to other financial institutions).

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

- Increased regulation of the Issuer Group's industry. Compliance with such regulation will increase the Issuer Group's costs and may affect the pricing for its products and services and limit the Issuer Group ability to pursue business opportunities.
- Reduced demand for the Issuer Group's products and services.
- Inability of the Issuer Group's borrowers to timely or fully comply with their existing obligations.
- 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.

- Macroeconomic shocks may negatively impact the household income of the Issuer Group's retail customers and may adversely affect the recoverability of the Issuer Group's retail loans, resulting in increased loan losses.

Despite recent improvements in certain segments of the global economy, uncertainty remains concerning the future economic environment. There can be no assurance that economic conditions in these segments will continue to improve or that the global economic condition as a whole will improve significantly. Such economic uncertainty could have a negative impact on the Issuer Group's business and results of operations. Investors remain cautious and the downgrade of the sovereign debt of France, for example, has induced greater volatility in the capital markets. 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.

Increased disruption and volatility 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.

Risks concerning borrower credit quality and general economic conditions are inherent to the business of 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. Adverse changes in the credit quality of the Issuer Group's borrowers and counterparties or a general deterioration in European or global economic conditions, or arising from systemic risks in the financial systems, could reduce the recoverability and value of the Issuer Group's assets and require an increase in its levels of provisions for credit losses. Deterioration in the economies in which the Issuer Group operates could reduce the profit margins for the Issuer Group's business.

The financial problems which the customers of the Issuer Group may face could adversely affect 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 the Issuer Group's 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 collateralising the Issuer Group's secured loans could still decline significantly, which could result in an impairment of the value of the Issuer Group's loan assets.

Any of the conditions described above could have a material adverse effect on the business of the Issuer Group and its 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 significant 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.

The Issuer Group is exposed to risks faced by other financial institutions.

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 chilling effect on inter-institutional financial transactions in general. Some of the transactions the Issuer Group enters into exposes it to significant credit risk in the event of default by one of the counterparties. Despite the risk control measures which the Issuer Group has put in place, 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 associated with fluctuations in bond and equity 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 investment and trading portfolios. 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 way. This may especially be the case for assets of the Issuer Group 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.

Despite the Issuer Group's risk management policies, procedures and methods, the Issuer Group may nonetheless be exposed to unidentified or unanticipated risks.

The risk management techniques and strategies of the Issuer Group 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 technologies and strategies for managing risk are based upon its use of observed historical market behaviour. The Issuer Group applies statistical and other tools to these observations to arrive at quantifications of their risk exposures. These qualitative techniques and strategies may fail to accurately predict future risk exposures. These risk exposures could, for example, arise from factors that the Issuer Group did not anticipate or correctly evaluate in its statistical models. This would limit the ability of the Issuer Group to manage its risks. The losses incurred by the Issuer Group could therefore 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. If existing or potential customers believe the risk management of the Issuer Group is inadequate, they could take their business elsewhere. This could harm the reputation of the Issuer Group as well as its revenues and profits.

Increased competition in the countries where the Issuer Group operates may adversely affect the growth prospects and operations of the Issuer Group.

Most of the consumer finance markets in which the Issuer Group operates are highly competitive. Financial sector reforms in the markets in which the Issuer Group operates, have increased the amount of competition with both local and foreign financial institutions, and the Issuer Group believes that this trend will continue. There can be no assurance that increased competition in the markets will not adversely affect its growth prospects, and therefore its 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, and financial companies.

Volatility in interest rates may negatively affect the Issuer Group's net interest income and increase the non-performing loan portfolio of the Issuer Group.

Changes in market interest rates could affect the interest rates charged on interest earning assets differently than 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 highly sensitive to many factors beyond the control of the Issuer Group, including increased regulation of the financial sector, monetary policies, domestic and international economic and political conditions and other factors.

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 the euro. Fluctuations in the value of the euro against other currencies may adversely affect the Issuer Group's profitability. Additionally, while most of the governments of the countries in which the Parent 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, basically using natural on-balance sheet hedges.

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.

Changes in the regulatory framework, including increased regulation of the financial services industry in the jurisdictions where the Issuer Group operates, could adversely affect its business.

The Issuer's business operations are governed by law and regulations and are subject to supervision by the Norwegian Financial Services Authority. Any changes to the current legislation could adversely affect the Issuer Group's business operations and its operating results and could impair the Issuer's ability to perform its obligations under the Notes.

Extensive legislation affecting the financial services industry has recently been adopted in the Kingdom of Norway, the Kingdom of Spain, the United States, the European Union and other jurisdictions, and regulations are in the process of being implemented.

In December 2010, the Basel Committee on Banking Supervision (the "**Basel Committee**") reached agreement on comprehensive changes to the capital adequacy framework, known as Basel III. A revised version of Basel III was published in June 2011. Basel III is intended to raise the resilience of the banking sector by increasing both the quality and quantity of the regulatory capital base and enhancing the risk coverage of the capital framework. Among other things, Basel III introduces new eligibility criteria for Common Equity Tier 1, Additional Tier 1 and Tier 2 capital instruments that are intended to raise the quality of regulatory capital, and increases the amount of regulatory capital that institutions are required to hold. Basel III also requires institutions to maintain a capital conservation buffer above the minimum capital ratios in order to avoid certain capital distribution constraints. The capital conservation buffer, to be comprised of Common Equity Tier 1 capital, would result in an effective Common Equity Tier 1 capital requirement of 7 per cent. of risk-weighted assets. In addition, Basel III directs national regulators to require certain institutions to maintain a counter-cyclical capital buffer during periods of excessive credit growth. Basel III introduces a leverage ratio for institutions as a backstop measure, to be applied from 2018 alongside current risk-based regulatory capital requirements. The changes in Basel III are intended to be phased in gradually between January 2013 and January 2022. The implementation of Basel III in the European Union is being performed through the Capital Requirements Directive IV ("**CRD IV**") & Capital Requirements Regulation ("**CRR**") legislative package. CRD IV was published in the Official Journal on June 27, 2013 and entered into force in July 2013 (being CRR applicable from January 2014), with particular requirements being phased in over a period of time, to be effective by 2019, although requirements relating to certain deductions from Common Equity Tier 1 could be delayed until 2024. CRD IV substantially reflects the Basel III capital and liquidity standards and facilitates the applicable implementation timeframes. However, certain issues continue to remain under discussion and certain details remain to be clarified in further binding technical standards to be issued by the European Banking Authority.

In addition to the changes to the capital adequacy framework published in December 2010 and June 2011 described above, the Basel Committee also published its global quantitative liquidity framework, comprising the Liquidity Coverage Ratio ("**LCR**") and Net Stable Funding Ratio ("**NSFR**") metrics, with objectives to (1) 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 (2) 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. The LCR has been subsequently revised by the Basel Committee in January 2013 which amended the definition of high-quality liquid assets and agreed a revised timetable for phase-in of the standard from 2015 to 2019, as well as making some technical changes to some of the stress scenario assumptions. As with the Basel Committee's proposed changes to the capital adequacy framework, the Basel III liquidity standards are being implemented within the European Union through the CRD IV legislative package. In January 2014 the Basel Committee published amendments to the Leverage Ratio and technical revisions to the NSFR ratio, confirming that it remains the intention that the latter ratio, including any future revisions, will become a minimum standard by January 1, 2018. Also, in January 2014, the Basel Committee proposed uniform disclosure standards related to the LCR and issued a new modification to the ratio, which should be adopted by banks from January 1, 2015.

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 may also face increased compliance costs and limitations on its ability to pursue certain business opportunities. Changes in regulations, which are beyond its control, may have a material effect on its business and operations. As some of the banking laws and regulations have been recently adopted, the manner in which those laws and related regulations are applied to the operations of financial institutions is still evolving. Moreover, no assurance can be given generally that laws or regulations will be adopted, enforced or interpreted in a manner that will not have material adverse effect on the Issuer Group's business.

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 are 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.

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

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

Damage to the reputation of the Issuer Group could cause harm to its business prospects.

Maintaining a positive reputation is critical to the ability of the Issuer Group to attract and maintain customers, investors and employees. Damage to the reputation of the Issuer Group could therefore cause significant harm to its business and prospects. Harm to its reputation can arise from numerous sources, including, among others, employee misconduct, litigation or regulatory outcomes, failing to deliver minimum standards of service and quality, compliance failures, unethical behaviour, and the activities of customers and counterparties. Further, negative publicity regarding the Issuer Group, whether or not true, may result in harm to its prospects.

Actions by the financial services industry generally or by certain members of or individuals in the industry could also affect the reputation of Issuer Group. For example, the role played by financial services firms in the financial crisis has damaged the reputation of the industry as a whole.

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 interests has become increasingly complex as the Issuer Group expands its business activities through more numerous transactions,

obligations and interests with and among their clients. The failure to adequately address or the 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. Therefore, there can be no assurance that conflicts of interest will not arise in the future that could cause material harm to the Issuer Group.

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

Failure to address issues appropriately such as potential conflicts of interest, legal and regulatory requirements, ethical issues, and conduct by companies in which the Issuer Group holds strategic investments or joint venture partners, could increase the number of litigation claims and the amount of damages asserted against the Issuer Group or subject it to regulatory enforcement actions, fines and penalties. Currently, the Issuer Group is the subject of a number of legal proceedings and regulatory actions. An adverse result in one or more of these proceedings could have a material adverse effect on the Issuer Group's operating results for any particular period.

Credit, market and liquidity risk may have an adverse effect on the Issuer Group's credit ratings and its cost of funding.

Credit ratings affect the cost and other terms upon which the Issuer Group is able to obtain funding. Rating agencies regularly evaluate the Issuer Group and its ratings are based on a number of factors, including its financial strength as well as conditions affecting the financial services industry generally.

The Issuer is rated A3 by Moody's outlook stable and A- by Fitch outlook stable. A negative outlook or rating downgrading of countries in which the Issuer Group or the Santander Group operate could negatively affect the ratings. The Issuer Group's failure to maintain its ratings would likely increase its cost of funding and adversely affect its interest margins. Any downgrade in the Issuer Group's ratings or even in the Santander Group rating would likely increase its borrowing costs, limit its access to capital markets and adversely affect the ability of the Issuer Group's business to sell or market its products, engage in business transactions and retain its customers. This, in turn, could reduce the Issuer Group's liquidity and have an adverse effect on its operating results and financial condition.

Risks Relating to 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 illiquidity, or failure to satisfy capital requirements, the Financial Supervisory Authority of the Kingdom of Norway (*Finanstilsynet*) (the "**FSAN**") immediately notifies the Ministry of Finance. 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 of the Ministry of Finance is made on a discretionary basis. If the Ministry of Finance decides not to place the bank under public administration, the provisions in 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. All savings banks and commercial banks incorporated in the Kingdom of Norway are required by the Financial Undertakings Act to be members of the Norwegian Banks' Guarantee Fund, cf. Chapter 19 of the Financial Undertakings Act.

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 the bank in question.

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 for capital or other soundness and stability requirements specified by act or regulation; or
- circumstances have occurred that may result in a serious loss of confidence or a financial loss which will significantly weaken or threaten the soundness of the institution.

The institution's auditor is also subject to an independent obligation to notify the FSAN unless the FSAN confirms to the auditor that this has already been done.

In such instances (regardless of whether notification has been given or not) the FSAN is given relatively broad powers to promptly enforce measures it considers necessary. In the first instance, the institution itself shall be involved in the process. One of the FSAN's powers is to ensure that the institution prepares an 'audited statement of financial position' (*revidert statusoppgjør*), which is a vital policy instrument for determining the institution's financial situation. The FSAN is granted with the powers to appoint one or several auditors to conduct the audited statement of financial position.

If the audited statement of financial position shows that a "significant part" of the equity and/or 25 per cent. of the share capital is lost, the board of directors is immediately obligated to call for a general meeting. "Equity" in this regard is the total amount of core capital and additional capital. Determining what is "significant" will depend on a discretionary assessment. The general meeting shall decide whether the institution has sufficient capital for continued, sound operations and, if so, whether operations should continue. Such decision to continue must be made with a two-thirds majority. If it is decided not to continue operations, the general meeting may vote by simple majority to transfer the institution's business in its entirety to other financial institutions. If such a resolution is not passed, the general meeting shall pass a resolution to liquidate the institution. If the general meeting does not pass such a resolution (or passes resolutions which the FSAN does not approve of), the FSAN shall appoint a liquidation board to liquidate the company. In this case, the above rules on public administration as further described in Part II of Chapter 21 of the Financial Undertakings Act will apply.

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 this effect, the Norwegian Ministry of Finance may decide that the share capital shall be written down by the amount of capital which pursuant to the audited statement of financial position is lost. Corresponding resolutions may be passed for write-downs of subordinated loan capital (unless otherwise expressly stated in the loan agreements to the extent permissible). In addition, the Ministry of Finance may (if necessary in order to ensure continued, sound operations) decide that the share capital must be increased. In this connection, the Ministry of Finance can specify subscription conditions and decide that the pre-emptive right of existing shareholders shall be waived. The share increase of share capital assumes that private or public capital is available in the share issue. If not, the alternative will be public administration as described above. It is this process that resulted in the state obtaining ownership interests in a number of Norwegian banks at the beginning of the 1990s.

If 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.

Changes to the Capital Adequacy Framework

On 12 June 2014, the Directive 2014/59/EU, of the European Parliament and the Council of 15 May 2014, providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms, known as the Recovery and Resolution Directive (the "**RRD**") was published in the Official Journal of the European Union. The purpose of the RRD is to provide authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses. Due to the European Economic Area agreement, the RRD will be implemented in the Kingdom of Norway on the basis of European Union legislation. The RRD is not enacted into Norwegian legislation and the draft legislation proposal is still pending.

The powers provided to "resolution authorities" in the RRD include write down/conversion powers to ensure relevant capital instruments (including Tier 2 capital instruments such as the Subordinated Notes) fully absorb losses at the point of non-viability of the issuing institution. Accordingly, the RRD contemplates that resolution authorities will be required to write down such capital instruments in full on a permanent basis, or convert them in full into common equity Tier 1 instruments (the "**RRD Loss Absorption Requirement**"), before any resolution action is taken (see below). The point of non-viability under the RRD is the point at which the national resolution authority determines if the institution fulfils the requirement for resolution, which is defined as:

- (a) the institution is failing or likely to fail, which means:
 - (i) the institution infringes or there are objective elements to support a determination that the institution will, in the near future, infringe the requirements for continuing authorisation in a way that would justify the withdrawal of the authorisation by the competent authority including but not limited to because the institution has incurred or is likely to incur losses that will deplete all or a significant amount of its own funds; and/or
 - (ii) the assets of the institution are or there are objective elements to support a determination that the assets of the institution will, in the near future, be less than its liabilities; and/or
 - (iii) the institution is or there are objective elements to support a determination that the institution will, in the near future, be unable to pay its debts or other liabilities as they fall due; and/or
 - (iv) extraordinary public financial support is required;
- (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of the institution within a reasonable timeframe; and
- (c) a resolution action is necessary in the public interest.

European Union member states were expected to implement the RRD by 31 December 2014, with the RRD Loss Absorption Requirement becoming effective as of 1 January 2015. It is expected that the RRD will be implemented in the Kingdom of Norway through the adoption of special regulations by the Norwegian Parliament and/or Ministry of Finance.

An additional bail-in tool, which comprises a more general power for resolution authorities to write down the claims of unsecured creditors of a failing institution and to convert unsecured debt claims into equity, is applicable under the RRD as of 1 January 2016. The RRD provides that a write down/conversion

resulting from the use of the bail-in tool would, in summary, follow the ordinary allocation of losses and ranking in an insolvency of the relevant institution.

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, société anonyme (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.

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.

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 Main Securities Market of the Irish Stock Exchange, 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. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

The Senior Notes may be redeemed by the Issuer prior to maturity.

Senior Notes may be redeemable prior to maturity at the Issuer's option in certain circumstances, and an optional redemption feature of Senior Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Senior Notes, the market value of those Senior Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Senior Notes when their cost of borrowing is lower than the interest rate on the Senior Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the

interest rate on the Senior 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.

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 Note, investors will not be entitled to receive Definitive Notes. 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 New Global Note) for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note 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.

Potential conflicts of interest between Noteholders and the Calculation Agent.

Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including where a Dealer acts as a calculation agent), including with respect to certain determinations and judgments that such Calculation Agent may make pursuant to the Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

Risks related to the structure of a particular issue of Notes

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

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.

Notes issued at a substantial discount or premium.

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

The Issuer's obligations under Subordinated Notes are subordinated.

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and, subject to cancellation as described in Condition 3.03 (*Status of Subordinated Notes*), will rank junior in priority of payment to all unsubordinated obligations of the Issuer, and rank *pari passu* without any preference among themselves and at least equally with all other subordinated obligations of the Issuer (whether actual or contingent) having a fixed maturity from time to time outstanding.

In the event of a liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration, Noteholders are entitled to receive (in lieu of any other payment, but subject as provided in Condition 3.03 (*Status of Subordinated Notes*)), in respect of the principal amount of the Notes an amount equal to the principal amount of the Notes and, in the case of interest on the Notes, an amount equal to any interest accrued to but excluding the date of repayment but which is unpaid. The relevant Noteholders' claim under such Subordinated Notes shall be subordinated in right of payment only to the claims against the Issuer of all unsubordinated creditors of the Issuer and to claims preferred under Norwegian law generally.

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

In certain circumstances, some or all of the principal amount of 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 in respect of all Subordinated Notes).

There are no events of default in relation to Subordinated Notes.

According to the Norwegian Regulations no. 435 of 1 June 1990 (as amended) adopted by the Norwegian Financial Services Authority and circulation letter no. 11/2014 from the FSAN, (i) dated Subordinated Notes must not contain provisions permitting a Noteholder to exercise an option to redeem a dated Subordinated Note before the stated maturity date, and (ii) undated Subordinated Notes must not contain provisions permitting a Noteholder to exercise an option to redeem an undated Subordinated Note and no redemption may occur without the prior written consent of the FSAN. Notwithstanding the foregoing, and subject to Condition 3.03 (*Status of Subordinated Notes*), 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 bring proceedings against the Issuer for payment of such amounts.

INFORMATION INCORPORATED BY REFERENCE

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

- (1) an English language translation of the audited consolidated financial statements (including the notes thereto) of the Issuer for the years ended 31 December 2015 and 31 December 2014, together with the auditor's reports thereon; and
- (2) an English language translation of the unaudited consolidated financial statements of the Issuer for the three month period ended 31 March 2016.
- (3) 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;
- (4) 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 English language translation of the audited 2015 Consolidated Financial Statements of the Issuer is available on the following website:

<https://www.santanderconsumer.no/globalassets/om-oss/investor-relations/arsrapporter/2015-annual-report-scb.pdf>

The English language translation of the audited 2014 Consolidated Financial Statements of the Issuer is available on the following website:

<https://www.santanderconsumer.no/globalassets/om-oss/investor-relations/arsrapporter/2014-annual-report-scb.pdf>

The English language translation of the unaudited consolidated financial statements of the Issuer for the first quarter 2016 is available on the following website:

<https://www.santanderconsumer.no/globalassets/om-oss/investor-relations/kvartalsrapporter/quarterly-report-q1-2016-.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 depository or a common depository 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**"):

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms or Drawdown Prospectus; or
- (ii) at any time, if so specified in the relevant Final Terms or Drawdown Prospectus; or
- (iii) if the relevant Final Terms or Drawdown Prospectus specifies "in the limited circumstances described in the Permanent Global Note", then 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:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms or Drawdown Prospectus; or
- (ii) at any time, if so specified in the relevant Final Terms or Drawdown Prospectus; or
- (iii) if the relevant Final Terms or Drawdown Prospectus specifies "in the limited circumstances described in the Permanent Global Note", then 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.

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 15 June 2016 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.03) 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 applicable Final Terms or Drawdown Prospectus. The Issuer has executed and delivered a deed of covenant dated 15 June 2016 (the "**Deed of Covenant**"). 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 Final Terms (each, a "**Final Terms**"). 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, 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 1.05) and "**Receipts**" (as defined in Condition 1.06) 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**

- 1.01 Notes are issued in bearer form ("**Bearer Notes**") and are serially numbered.
- 1.02 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 Issue and Paying Agency Agreement. 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 Issue and Paying Agency Agreement; or
 - (ii) if so specified in the relevant Final Terms, serially numbered definitive Notes ("**Definitive Notes**").
- 1.03 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, société anonyme ("**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.
- 1.04 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.

- 1.05 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.
- 1.06 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

- 1.07 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

- 1.08 Notes may be denominated in any currency, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
- 1.09 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

- 2.01 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).
- 2.02 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 Notes

- 3.01 The Senior Notes (being those Notes which specify their status as senior, the "**Senior Notes**") and the Receipts and Coupons relating to them, constitute direct, unconditional, unsubordinated

and unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured obligations (including deposits) (other than subordinated obligations, if any) of the Issuer, present and future, from time to time outstanding. So long as any of the Senior Notes remains outstanding (as defined in the Issue and Paying Agency Agreement), the Issuer undertakes to ensure that the obligations of the Issuer under the Senior Notes rank and will rank *pari passu* with all other unsecured and unsubordinated obligations (including deposits) 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.

Status of Subordinated Notes

3.03 **Status of Subordinated Notes:** The Subordinated Notes (being Notes which specify their status as subordinated, the "**Subordinated Notes**") constitute direct, unconditional, subordinated and unsecured obligations of the Issuer, subject to cancellation as described below, and rank *pari passu* without any preference among themselves and at least equally with all other subordinated obligations of the Issuer (whether actual or contingent) having a fixed maturity from time to time outstanding.

In the event of a liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration, there shall be payable on the Subordinated Notes (in lieu of any other payment, but subject as provided in this Condition 3.03), in respect of the principal amount of the Subordinated Notes an amount equal to the principal amount of the Subordinated Notes and, in the case of interest on the Subordinated Notes, an amount equal to any interest accrued to but excluding the date of repayment but which is unpaid and such Subordinated Notes shall be subordinated in right of payment only to the claims against the Issuer of all unsubordinated creditors of the Issuer and to claims preferred under Norwegian law generally.

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 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.

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 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.01 Notes in relation to which this Condition 4B (*Interest – Floating Rate Notes Provisions*) is specified in the relevant Final Terms as being applicable, 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.01 shall apply to Notes to which this Condition 4B (*Interest – Floating Rate Notes Provisions*) applies.

4B.02 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.01) and on the maturity date.

4B.03 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.01) shall be determined by the Determination Agent (as defined in Condition 4C.03) 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.03) or, in the case of Notes denominated in euro, on the second TARGET Business Day (as defined in Condition 8B.02), 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 Determination Agent, 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.02) (or, in the case of Notes denominated in euro, in such financial centre or centres as the Determination Agent may select) selected by the Determination Agent, 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.

4B.04 **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.

4B.05 **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.01

(a) **Business Day Convention**

The Final Terms in relation to each Series of Notes in relation to which this Condition 4C.01 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.02) 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.02 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.02.
- 4C.03 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.04 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 Final Terms from the Interest Commencement Date (as specified in the 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 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).

5. Redemption and Purchase

Redemption at Maturity

- 5.01 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

- 5.02 Subject, in the case of Subordinated Notes, to obtaining the prior written consent of the FSAN as provided in Condition 5.13, 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** (i) 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 5.02 the Issuer shall deliver to the Issue and Paying Agent (A) a certificate signed by two directors 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 5.06 (*Optional Early Redemption (Put)*).

Optional Early Redemption (Call)

5.03 Subject, in the case of Subordinated Notes, to obtaining the prior written consent of the FSAN as provided in Condition 5.13, if this Condition 5.03 is specified in the relevant Final Terms as being applicable, then the Issuer may, having given the appropriate notice (as defined in Condition 5.04 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 5.06.

5.04 The appropriate notice referred to in Condition 5.03 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 officers 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

5.05 If the Notes of a Series are to be redeemed in part only on any date in accordance with Condition 5.03, 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 5.03 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)

5.06 If this Condition 5.06 is specified in the relevant Final Terms as being applicable to the Senior Notes, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Senior Note of the relevant Series, redeem such Senior 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 Senior 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 Senior 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 and Holders of Subordinated Notes may not redeem such Subordinated 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 5.02 or Condition 5.03.

Purchase of Notes

5.07 Subject, in the case of Subordinated Notes, to obtaining the prior written consent of the FSAN as provided in Condition 5.13, 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 unmatured 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 Issue and Paying Agent.

Retention or Cancellation of Redeemed and Purchased Notes

5.08 Any Notes purchased by the Issuer or a subsidiary of the Issuer pursuant to Condition 5.07 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

- 5.09 The provisions of Condition 4C.02 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.
- 5.10 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) and Early Termination 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

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

Notification of Irish Stock Exchange

- 5.12 The Issuer shall notify the Irish Stock Exchange of any early redemption (whether full or partial) of Notes.

Consent

- 5.13 In the case of Subordinated Notes, no early redemption in any circumstances or purchase under Condition 5.07 shall take place without the prior written consent of the FSAN. For the avoidance of doubt, redemption of Subordinated Notes under Condition 5.01 (*Redemption at Maturity*) shall not require the consent of the FSAN.

6. Events of Default

- 6.01 This Condition 6.01 shall apply only to Senior Notes 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 6.02) 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); or

- 6.02 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.
- 6.03 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.

7. **Taxation**

- 7.01 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 the Kingdom of Spain 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 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.
- 7.02 The Issuer shall not be required to pay any additional amounts as referred to in Condition 7.01 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;
 - (iii) where the withholding or deduction referred to in Condition 7.01 is imposed on a payment to an individual and is required to still be made pursuant to the now repealed European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, this Directive; or
 - (iv) presented for payment by or on behalf of a Holder of a Note, Receipt or Coupon who would have been able to avoid such withholding or deduction by presenting the relevant

Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

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.

7.03 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*).

7.04 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.01 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.02 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.03 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.03 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.04 applies) the United States.

- 8A.03 Payments of amounts due in respect of interest on the Bearer Notes and exchanges of Talons for Coupon sheets in accordance with Condition 8A.06 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.04 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.02) and (in the case of Definitive Notes only) a local banking day (as defined in Condition 8B.02), 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.04.
- 8A.05 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.05 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.06 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.03 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.07 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.01 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.02 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

- 9.01 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.
- 9.02 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.05 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

- 10.01 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.03, a Paying Agent with a specified office in New York City, (v) a Paying Agent in a European Union member state that will not be obliged to withhold or deduct

tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced to conform to, this Directive, and (vi) a Determination Agent where required by the Terms and Conditions applicable to any Notes (in the case of (i), (ii) and (vi) 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*).

- 10.02 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**

- 12.01 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.

12.02 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 the Irish Stock Exchange if the Notes are listed on the Irish Stock Exchange (and, so long as such Notes are listed on the Irish Stock Exchange 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**

17.01 The status of the Subordinated Notes 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.

17.02 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.

17.03 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.

17.04 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 17.04 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 17.04 applies to proceedings in England and to proceedings elsewhere.

17.05 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.

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

under the €2,500,000,000

Euro Medium Term Note Programme

[PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 15 June 2016 [and the supplemental Prospectus dated *[insert date]* which [together] constitute[s] a base prospectus for the purposes of the Directive 2003/71/EC and amendments thereto including Directive 2010/73/EU (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 Prospectus dated *[insert date]*] [is] [are] available for viewing at *[address]* [and] on www.ise.ie and copies may be obtained from *[address]*.¹

[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 subparagraphs. [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 <i>[insert description of the Series]</i> on <i>[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 <i>[insert date]</i>]]</i> .] |
| 2. | | Specified Currency or Currencies: | [] |
| 3. | | Aggregate Principal Amount: | [] |
| | [(i)] | Series: | [] |

¹ *In the case of Notes to be listed on a non-regulated market, references to the Prospectus Directive to be removed.*

- [(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]²
[Issuer Call]³
[(further particulars specified at points 14 and 15 below)][Not applicable]
11. [(i)] Status of the Notes: [Senior/Subordinated]
- [(iii)] [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-

² *Not applicable in the case of Subordinated 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.*

³ *Euroclear and Clearstream, Luxembourg must be given 5 business days' notice of Issuer call option.*

- 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)]/[Actual/360]
- (v) Determination Dates: [] 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[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: []
- (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

14. Call Option: [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(s): []
 - (ii) Optional Early Redemption Amount (Call) of each Note: [] per Note of [] specified denomination
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: []
 - (b) Maximum Redemption Amount: []
 - (iv) Notice period:⁴ []

⁴ *If setting notice periods which are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issue and Paying Agent.*

15. Put Option: [Applicable/Not applicable]
(If not applicable, delete the remaining subparagraphs 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. Maturity Redemption Amount of each Note: [[] per Note of [] specified denomination
17. Early Redemption Amount (Tax):
- Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default: []

GENERAL PROVISIONS APPLICABLE TO THE NOTES

18. Form of Notes: Bearer
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [] days' notice]
- [Permanent Global Note exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
19. New Global Note: [Yes] [No]
20. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): []
21. Business Day: [Not applicable/[]] [*Specify any additional financial centres necessary for the purposes of Condition [8B.02] or any modification*]

required.]

22. Relevant Financial Centre: *[Specify any modification required.]*
23. Relevant Financial Centre Day: *[Specify any additional financial centres necessary for the purposes of Condition [8B.02], or [8A.04].]*
24. Details relating to Instalment Notes: [Applicable/Not applicable]
- (i) Instalment Amount(s): []
- (ii) Payment Date(s): []
- (iii) Number of Instalments: []

DISTRIBUTION

25. [(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] []
26. If non-syndicated, name and address of Dealer/Manager: []
27. [Total commission and concession: [] per cent. of the Aggregate Nominal Amount]
28. US Selling Restrictions: [Reg. S Category 2; TEFRA C/TEFRA D]

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

Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to listing on the Official List of the Irish Stock Exchange 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]

2. RATINGS

The Notes to be issued have been rated:

[Fitch: []]

[Moody's: []]

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

[(i)] Estimated net proceeds: []

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(ii)] Estimated total expenses⁵: []

(Include breakdown of expenses.)

5. **[[Fixed Rate Notes only] YIELD**

Indication of yield: []

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

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

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

7. **OPERATIONAL INFORMATION**

ISIN: []

Common Code: []

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

⁵ Only the estimated total expenses related to admission to trading should be included.

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.]

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 15 June 2016 (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 5.06 (*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 5.03 (*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 depository or a common depository 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 the Irish Stock Exchange 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 the Irish Stock Exchange, 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 and Norwegian FSAs, 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 Financial Supervisory Authority of the Kingdom of Norway (*Finanstilsynet*) (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 2015, the Parent Company had 100 per cent. direct and indirect ownership interest in the share capital of the Issuer.

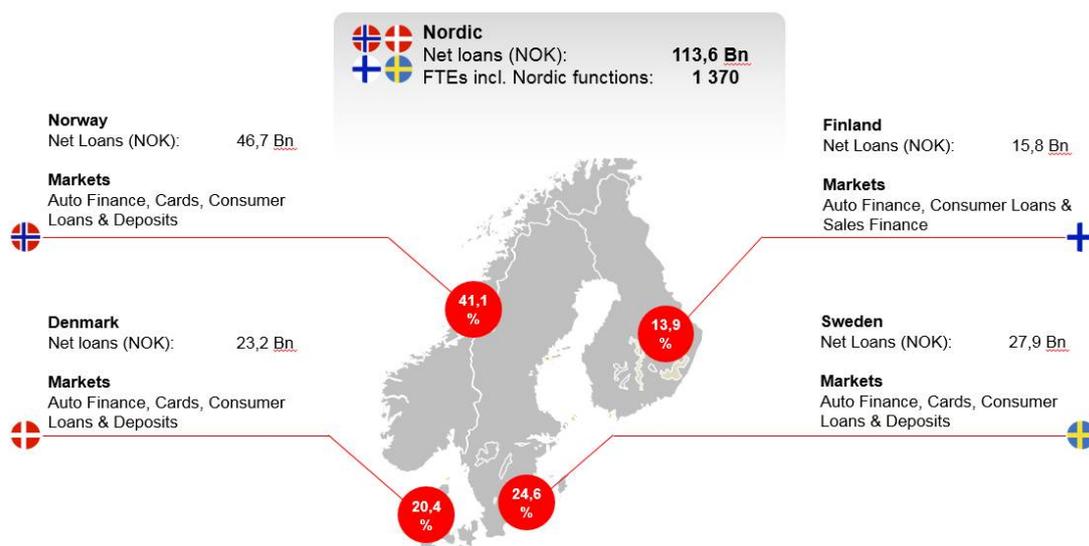
Business overview

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 2015, 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:



Sources: Santander Consumer Bank AS audited consolidated financial statements for the period ended 31 December 2015

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 2015 was centred on both organic and inorganic growth, operating profits, further development of deposit schemes in the Kingdom of Norway, Sweden and Denmark and diversification of the product range offered.

New business of the Issuer

The volume of new loans without stock financing for the year ended 31 December 2015 was NOK 62.7 billion, representing an increase of 36 per cent. compared to the same period for 2014. New loans or new business are defined as newly originated loans in the mentioned periods.

The following table summarises new financing volume as at 31 December 2015 by product line compared with the same period in the previous year:

	2015	Percentage of total activity	2014	Variation 2015/2014
	<i>(NOK million)</i>	<i>(percentage)</i>	<i>(NOK million)</i>	<i>(percentage)</i>
New Business				
(W/O Stock Financing)				
Cars	40,953	65.3%	35,270	16.1%
New Cars	16,676	26.6%	15,520	7.5%
Used Cars	24,277	38.7%	19,750	22.9%
Consumer Financing	9,085	14.5%	3,285	276.6%
Credit Cards	9,652	15.4%	5,066	90.5%
Other	3,020	4.8%	2,483	21.6%
Total financing activity	62,711	100%	46,104	36.0%

The automotive business of the Issuer Group comprises all of the business related to the financing of new and used vehicles, including operating and financing leases. As at 31 December 2015, the value of this business accounted for NOK 40,953 million representing 65,3 per cent. of the new financing activity during 2015 and an increase of 16.1 per cent. over the same period in 2014.

The Issuer Group's consumer financing business relates to unsecured personal loans made to customers. As at 31 December 2015, the value of this business accounted for NOK 9,085 million representing 14.5 per cent. of the new financing activity during 2015 and an increase of 276,6 per cent. over the same period in 2014.

The Issuer's credit card business reflects the business of extending consumer credit by means of credit cards. This product represented NOK 9,652 million (15.4 per cent.) of the Issuer's total activity as at 31 December 2015, representing an increase of 90.5 per cent. when compared to the same period in 2014.

Main markets in which the Issuer competes

In 2015, 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 approximately NOK 935 million in operating result for the year ended 31 December 2015, with net loans of NOK 46.7 billion in the same period.

Sweden

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

In Sweden, the Issuer generated approximately NOK 64 million in operating result for the year ended 31 December 2015, with net loans NOK 27.9 billion in the same period.

Denmark

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

In Denmark, the Issuer generated approximately NOK 501 million in operating result for the year ended 31 December 2015, with net loans of NOK 23.2 billion in the same period.

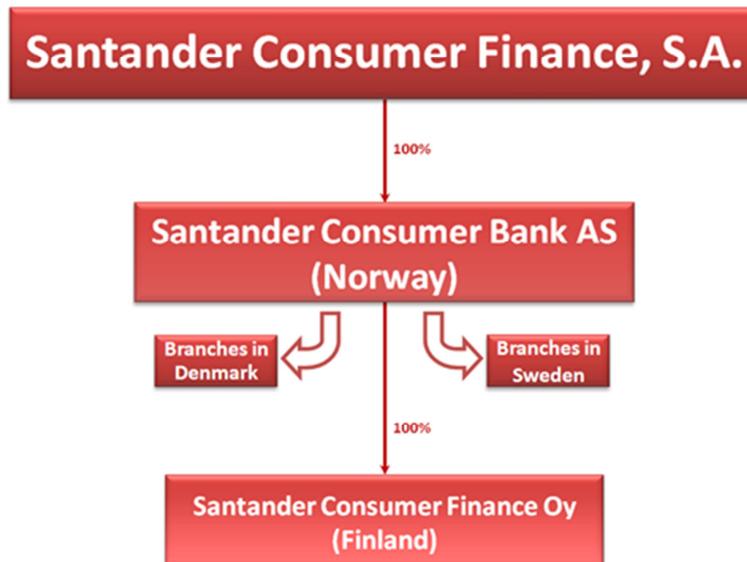
Finland

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

In Finland, the Issuer generated approximately NOK 420 million in operating result for the year ended 31 December 2015 with net loans of NOK 15.8 billion in the same period.

Organisational Structure

The diagram below summarises the organisational structure of the Issuer Group as at 31 December 2015.



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

similar securitisation transactions have been completed by the Issuer's Swedish branch and four securitisation transactions by the Issuer's Finnish subsidiary. The Issuer's Danish branch has also completed one securitisation transaction.

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

The funding initiatives outlined above are part of the Issuer'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. The Issuer had a self-funding ratio of approximately 71 per cent. as at 31 December 2015.

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 nine members, 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
Managing Director/CEO	Michael Hvidsten	May 2012	-
Chairman of the Board	Erik Kongelf	May 2012	-
Deputy Chairman of the Board	Bruno Montalvo Wilmot	July 2012	-
Member of the Board	Manuel Menéndez Barrero	January 2015	-
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	Vibeke Hamre Krey (Employee's representative)	July 2008	-
Member of the Board	Ola Tillberg (Employee's representative)	October 2015	-
Member of the Board	Francisco Javier Anton San Pablo	November 2011	-
Deputy member of the Board	Sigrid Dale (Employee's representative)	February 2016	-
Deputy member of the Board	Bent Ole Petersen (Employee's representative)	October 2015	-
Observer of the Board	Ulla Aronen (Employee's representative)	October 2015	-

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. Christoph Reuter was appointed as Chief Controlling Officer by the Managing Director of the Issuer with effect from 20 August 2012. Mr. Reuter 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. Reuter. Mr. Reuter's appointment as head of Control and Accounting was made with reference to his knowledge and experience in finance. Mr. Reuter is not a member of the Board of Directors.

Mr. Peter Sjöberg was appointed by the Managing Director of the Issuer as Chief Risk Officer ("**CRO**"). The primary role and responsibility of Mr. Sjöberg is to secure and control an adequate risk appetite, tuned to the overall strategy of the Issuer, considering market dynamics and business opportunities. Mr. Sjöberg 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. Mr. Sjöberg's appointment as CRO was made with reference to his knowledge and experience in risk management. Mr. Sjöberg is not a member of the Board of Directors.

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 four members and an alternate member who are appointed for a period of two years.

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)
- Bruno Montalvo
- Javier Anton

Risk Committee

The Issuer also has a separate Risk Committee consisting of three members 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
- Manuel Menendez

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:

	1 st line of defence	2 nd line of defence	3 rd line of defence
Function	Business	Risk control and Compliance	Internal Audit
Role	Act risk owner and ensure sound internal control through documented control activities.	Risk control: 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	- 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 control: - 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: - Risk assessments -Risk reporting with deficiencies and recommendations - Challenge the work and reporting in the first line of defence and the risk management work (setting risk appetite etc.) of the SMT and Board	- 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

Capital structure

At 31 December 2015, the Issuer's share capital consisted of NOK 9,652,418 fully subscribed and paid shares of NOK 10 par value each which, as at 31 December 2015, 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 2015 and 31 December 2014. English translations of the audited consolidated annual reports of the Issuer for the years ended 31 December 2015 and 31 December 2014 are incorporated by reference in this Base Prospectus.

The audited consolidated annual reports of the Issuer for the 2015 and 2014 financial years were audited by the external audit firm Deloitte AS of Dronning Eufemias gate 14, NO-0191 Oslo, Norway. Deloitte AS is a member of The Norwegian Institute of Public Accountants (*Den norske Revisorforening*). Deloitte AS is registered with the FSAN under number 980211282.

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

No other information relating to the Issuer in this Base Prospectus has been audited by Deloitte AS.

The date of the most recent audited financial information of the Issuer is 31 December 2015.

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 2015 and 31 December 2014 respectively. The Issuer's financial statements referred to in this Base Prospectus have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the accounting regulations issued by the FSAN. Such financial statements, together with (in the case of the Issuer 2015 Financial Statements and the Issuer 2014 Financial Statements) the reports of Deloitte 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 2015	31 December 2014	Variation (%)
Income Statements			
(NOK million)			
Operating result	1,942	1,321	47,0%
Profit after tax	1,507	956	57,6%

	31 December 2015	31 December 2014	Variation (%)
Balance sheet			
(NOK million)			
Total assets	135,936	96,252	41,2%
Total Loans before individual and group write-downs	116,250	83,322	39,5%
Total equity	15,251	9,252	64,8%

Trend information

There has been no material, adverse change in the prospects of the Issuer since 31 December 2015, the date of its latest audited consolidated financial statements.

SUPERVISION AND REGULATION

Overview

The most relevant Norwegian legislation applicable to Norwegian commercial banks, including the Issuer, is:

- the Private Limited Liability Company Act of 1997 ("**PLCA**");
- the Financial Undertakings Act of 10 April 2015 no. 17 (the "**Financial Undertakings Act**"), which through regulations implements the Banking Directive and the Capital Adequacy Directive, and which regulates, among other things, the authorisation of financial institutions, organisational requirements, finance activity and capital adequacy requirements, as well as the bank deposit guarantee fund and the public administration of banks that encounter financial difficulties;
- the Regulations on calculation of own funds which relates to the calculation of own funds, including the Tier 1 Capital instruments and Tier 2 Capital instruments such as subordinated loans; and
- the Norwegian Financial Supervision Act of 1956, which regulates the supervision of, among other things, banks, financial institutions and investments firms by the FSAN.

A complete revised set of regulations pertaining to the Financial Undertakings Act have not been adopted. In the meantime, the current regulations will apply with certain exemptions and there are some transition rules set out in the regulation adopted on 21 December 2015 no. 1794.

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 grants all licenses to engage in banking activities. The Ministry of Finance also issues regulations pursuant to the Financial Undertakings Act on many important issues relating to financial institutions, including capital adequacy ratios. The Ministry of Finance may revoke any license to engage in banking and insurance activities for violations of applicable laws and regulations.

Finanstilsynet (The Financial Supervisory Authority of The Kingdom of Norway, or FSAN)

The FSAN was created pursuant to the Banking, Insurance and Securities Commission Act, which sets forth the responsibilities and powers of the FSAN. The FSAN is an independent governmental entity with its own administrative staff and a five-member board of directors. However, 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.

The FSAN's objective is to ensure that financial institutions and financial markets in the Kingdom of Norway function safely and efficiently. It establishes general rules and regulations for the entire financial industry in the Kingdom of Norway and grants licenses to financing companies, securities brokerage firms and collective investment fund management companies. Certain amendments to the articles of association of such institutions must be approved by the FSAN.

The FSAN is responsible primarily for supervising and inspecting banks, insurance companies, financing companies, securities brokerage firms, collective investment fund management companies, real estate brokers, debt collectors, auditors, accountants, insurance brokers and financial holding companies.

Norges Bank

Norges Bank, or the Central Bank, is the executive and advisory body for Norwegian monetary, credit and foreign exchange policy. Norges Bank is a separate legal entity owned by the Government and its executive board has seven members, all appointed by the King. Norges Bank carries out ordinary and central bank functions and has important functions in relation to the banking sector. Norges Bank is required to ensure that the financial system functions satisfactorily and may provide liquidity loans and make deposits with banks. Norges Bank also carries out money market operations.

Regulatory Framework in The Kingdom of Norway

Overview

The Issuer is subject to the supervision of the FSAN. The FSAN prepares and/or issues regulations and supervises the operations of Norwegian financial institutions, among other things with regard to capital adequacy, accounting, governance structures and risk control and procedures. 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 record of such institutions. 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, and it may also revoke the institution's license to operate.

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 almost all relevant EU directives and regulations relating to financial services in its local legislation. For an EU Directive to be valid in a European Free Trade Association ("EFTA") country it has to be incorporated into the EEA Agreement. When it is incorporated into the EEA Agreement, it can be adopted into national law in that EFTA country. Due to constitutional issues in Norway, it has been challenging to incorporate the European Supervisory Authority Regulations into the EEA Agreement. There has been a lengthy negotiation between the EU and EFTA countries to resolve this situation. In October 2014 the parties reached an agreement in principle and within the framework of the EEA Agreement. It will, however, take time to have the new structure in place and a constitutional decision in Norway may be required. In the meantime, and in some areas, temporary Norwegian legislation has been enacted to compensate for this shortfall.

Authorisations

Under Norwegian law, any institution that accepts deposits from the general public and provides credit must obtain a banking licence. The Issuer was granted a licence according to the Norwegian Commercial Bank Act of 24 May 1961 No. 2 on 1 January 2006. In addition, as a private limited company, the Issuer is subject to the ongoing regulatory requirements of the Financial Undertakings Act.

Regulation of Banking Activities

The Financial Undertakings Act contains rules on incorporation, articles of association and share capital, governing bodies, business and dissolution/liquidation of banks. The Financial Undertakings Act also sets out rules relating to deposits and the proportion of total assets which may consist of real estate (including

shares in companies which are established to own or develop real estate) and the proportion of total assets which may consist of other shares and equity interests.

A commercial bank may engage in all the business and services customary or natural for banks. 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 business is customary or natural for banks. This does not prevent the 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 when approved by the FSAN, and the Issuer needs the consent of the FSAN 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 1 - Calculation of minimum regulatory capital: banks shall at all times satisfy capital adequacy requirements reflecting credit risk, operational risk and market risk. The current requirement is that equity shall constitute at least 8 per cent of risk-weighted assets. Equity 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 2009, the Basel Committee proposed a number of fundamental reforms to the regulatory capital framework. In December 2010, January 2011 and July 2011, the Basel Committee issued its final guidance on proposed changes to the capital requirements ("**Basel III**"). The Basel III reforms include a substantial strengthening of existing capital rules, including by raising the minimum common equity requirement and the total Tier I capital requirement. Banks will be required to maintain, in the form of common equity, a capital conservation buffer. Banks will also be required to build up a countercyclical capital buffer, also consisting of common equity, during periods of excessive credit growth. In addition, a leverage ratio will be introduced, together with a liquidity coverage ratio and net stable funding ratio. The Basel III reforms will also require Tier I and Tier 2 capital instruments to be more loss-absorbing.

In the EEA, the Basel III reforms have been implemented by way of Directive no. 36/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms ("**CRD**") and Regulation no. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms ("**CRR**") (together known as the "**CRD IV package**"), which replace the Directives 2006/48/EC and 2006/49/EC and which *inter alia* include 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**").

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. Directives and Regulations do not have direct effect into Norwegian law in the EU-law sense.

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 and the remaining 3.5 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 1 per cent. buffer of common equity Tier 1 from 1 July 2015 increasing to 2 per cent. from 1 July 2016. The Issuer is currently not considered as a systemic important financial institution in the Kingdom of Norway (please see next paragraph). In addition, there is a counter cyclical buffer ranging between 0 and 2.5 per cent., which is currently set at 1 per cent. However, it will increase to 1.5 per cent. from 30 June 2016. In total, the Issuer is required to hold 11 per cent. common equity Tier 1 increasing by 0.5 per cent. to 11.5 per cent. by 1 July 2016 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. Even if the Issuer scored high on the assessment based on the EBA criteria, the FSAN (in a public letter dated 31 March 2016) does not in their advice to the Ministry of Finance recommend that the Issuer is considered to be a systemic important financial institution in the Norwegian market. However, this is yet to be decided on by the Ministry of Finance.

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 the 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 Schemes

Chapter 21 of the Financial Undertakings Act requires that all savings banks and commercial banks incorporated in the Kingdom of Norway shall be members of the Norwegian Banks' Guarantee Fund. The Guarantee Fund provides a deposit guarantee of NOK 2 million per depositor per bank, should a member bank be unable to meet its commitments. The Norwegian deposit guarantee scheme implements Directive 94/19/EC.

The EU has adopted certain amendments to this directive that will impose an EU-wide harmonization of the deposit guarantee protection of EUR 100,000 with effect from 2014. The Norwegian Ministry of Finance has appealed to the EU for an exemption to maintain its NOK 2 million guarantee, but no resolution has been reached as of the date of this Base Prospectus.

Payment and Capital Adequacy Problems in a Financial Institution

The Financial Undertakings Act regulates, *inter alia*, liquidity and capital adequacy problems in certain financial institutions, including banks. All savings banks and commercial banks incorporated in the Kingdom of Norway are required by Chapter 21 of the Financial Undertakings Act to be members of the Norwegian Banks' Guarantee Fund, cf. Chapter 19 of the Financial Undertakings Act.

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 the bank in question.

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 fear 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 for capital or other soundness and stability requirements specified by act or regulation; or

- circumstances have occurred that may result in a serious loss of confidence or a financial loss which will significantly weaken or threaten the soundness of the institution.

The institution's auditor is also subject to an independent obligation to notify the FSAN unless the FSAN confirms to the auditor that this has already been done.

In such instances (regardless of whether notification has been given or not) the FSAN is given relatively broad powers to promptly enforce measures it considers necessary. In the first instance, the institution itself shall be involved in the process. One of the FSAN's powers is to ensure that the institution prepares an 'audited statement of financial position' (*revidert statusoppgjør*), which is a vital policy instrument for determining the institution's financial situation. The FSAN is granted with the powers to appoint one or several auditors to conduct the audited statement of financial position.

If the audited statement of financial position shows that a "significant part" of the equity and/or 25 per cent. of the share capital is lost, the board of directors is immediately obligated to call for a general meeting. "Equity" in this regard is the total amount of core capital and additional capital. Determining what is "significant" will depend on a discretionary assessment. The general meeting shall decide whether the institution has sufficient capital for continued, sound operations and, if so, whether operations should continue. Such decision to continue must be made with a two-thirds majority. If it is decided not to continue operations, the general meeting may vote by simple majority to transfer the institution's business in its entirety to other financial institutions. If such a resolution is not passed, the general meeting shall pass a resolution to liquidate the institution. If the general meeting does not pass such a resolution (or passes resolutions which the FSAN does not approve of), the FSAN shall appoint a liquidation board to liquidate the company. In this case, the below rules on public administration as further described in Part II of Chapter 21 of the Financial Undertakings Act will apply.

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 this effect, the Ministry of Finance may decide that the share capital shall be written down by the amount of capital which pursuant to the audited statement of financial position is lost. Corresponding resolutions may be passed for write-downs of subordinated loan capital (unless otherwise expressly stated in the loan agreements to the extent permissible). In addition, the Ministry of Finance may (if necessary in order to ensure continued, sound operations) decide that the share capital must be increased. In this connection, the Ministry of Finance can specify subscription conditions and decide that the pre-emptive right of existing shareholders shall be waived. The share increase of share capital assumes that private or public capital is available in the share issue. If not, the alternative will be public administration as further described below. It is this process that resulted in the state obtaining ownership interests in a number of Norwegian banks at the beginning of the 1990s.

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 the normal insolvency legislation. Instead, a special regime of proceedings - public administration proceedings - applies to banks as further described in Part II of Chapter 21 of the Financial Undertakings Act.

In the event of illiquidity, or failure to satisfy capital requirements, the FSAN immediately notifies the Ministry of Finance. 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 of the

Ministry of Finance is made on a discretionary basis. If the parent company in a financial group is placed under public administration, the Ministry of Finance may also decide that all or parts of the group shall be placed under public administration. The decision of the Ministry of Finance is made on a discretionary basis. If the Ministry of Finance decides not to place the bank under public administration, the provisions in Chapter 21 of the Financial Undertakings Act will apply.

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

Introduction

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.

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 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 25 per cent (with effect from the fiscal year 2016). The interest is 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 25 per cent (with effect from the fiscal year 2016).

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 1,400,000 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 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.

Taxation in the Kingdom of Spain

7. **Introduction**

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Base Prospectus:

- (a) for individuals resident for tax purposes in the Kingdom of Spain which are subject to the Individual Income Tax ("**IIT**"), Law 35/2006 of 28 November, on the IIT and on the Partial Amendment of the Corporate Income Tax Law, the Non-Residents Income Tax Law and the Net Wealth Tax Law ("**IIT Law**"), and Royal Decree 439/2007 of 30 March promulgating the IIT regulations, along with Law 29/1987, of 18 December on the Inheritance and Gift Tax;
- (b) for legal entities resident for tax purposes in the Kingdom of Spain which are subject to the Corporate Income Tax ("**CIT**"), Law 27/2014 of 27 November, on the CIT ("**CIT Law**") and Royal Decree 1777/2004, of 30 July promulgating the CIT regulations; and

- (c) for individuals and entities who are not resident for tax purposes in the Kingdom of Spain which are subject to the Non-Resident Income Tax ("**NRIT**"), Royal Legislative Decree 5/2004, of 5 March promulgating the Consolidated Text of the NRIT Law ("**NRIT Law**"), and Royal Decree 1776/2004 of 30 July promulgating the NRIT regulations, along with Law 29/1987, of 18 December on the Inheritance and Gift Tax; and
- (d) for individuals resident and not resident for tax purposes in the Kingdom of Spain which are subject to the Net Wealth Tax ("**NWT**"), Law 19/1991 of 6 June, on NWT ("**NWT Law**").

Whatever the nature and residence of the beneficial owner of the Notes, the acquisition and transfer of Notes will be exempt from indirect taxes in the Kingdom of Spain, i.e., exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September and exempt from Value Added Tax, in accordance with Law 37/1992, of 28 December regulating such tax.

8. **Individuals with Tax Residency in the Kingdom of Spain**

8.1 **Individual Income Tax (*Impuesto sobre la Renta de las Personas Físicas*)**

Both interest payments periodically received and income derived from the transfer, redemption or exchange of the Notes constitute a return on investment obtained from the transfer of a person's own capital to third parties in accordance with the provisions of Section 25 of the IIT Law, and therefore must be included in the investor's IIT savings taxable base pursuant to the provisions of the aforementioned law and taxed at a flat rate of 19 per cent. (20 per cent. in 2015) on the first €6,000, 21 per cent. (22 per cent. in 2015) for taxable income between €6,001 and €50,000, and 23 per cent. (24 per cent. in 2015) for taxable income exceeding €50,000.

The Issuer will pay interest without Spanish withholding tax to individual Noteholders who are resident for tax purposes in the Kingdom of Spain. In addition, income obtained upon transfer, redemption or exchange of the Notes may also be paid without Spanish withholding tax.

However, in the case of Notes held by Spanish resident individuals and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest under the Notes may be subject to Spanish withholding tax at the current rate of 19 per cent. (20 per cent. in 2015) which will be made by the depositary or custodian.

8.2 **Net Wealth Tax (*Impuesto sobre el Patrimonio*)**

Individuals with tax residency in the Kingdom of Spain are subject to NWT in tax year 2015 to the extent that their net worth exceeds €700,000. Therefore, they should take into account the value of the Notes which they hold as at 31 December 2015, the applicable rates ranging between 0.2 per cent. and 2.5 per cent. However, this varies depending on the autonomous region of residency of the individual.

As from 1 January 2016, NWT will be effectively eliminated. The NWT Law provides for an 100 per cent. reduction on the NWT liability due by any NWT taxpayer (while also derogating NWT filing obligations).

8.3 **Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)**

Individuals resident in the Kingdom of Spain for tax purposes who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and State rules. The applicable tax rates currently range between 7.65 per cent. and 81.6 per cent. depending on relevant factors

(such as the specific regulations imposed by each Spanish autonomous region, the amount of the pre-existing net wealth of the individual and the degree of kinship with the deceased or donor).

9. **Legal Entities with Tax Residency in the Kingdom of Spain**

9.1 **Corporate Income Tax (*Impuesto sobre Sociedades*)**

Both interest received periodically and income derived from the transfer, redemption or repayment of the Notes are subject to CIT at the current general tax rate of 25 per cent. (28 per cent. in 2015) in accordance with the rules for this tax.

There is no obligation to withhold on income payable to Spanish CIT taxpayers (which for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds).

9.2 **Net Wealth Tax (*Impuesto sobre el Patrimonio*)**

Legal entities resident in the Kingdom of Spain for tax purposes are not subject to NWT.

9.3 **Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)**

Legal entities resident in the Kingdom of Spain for tax purposes which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax but must include the market value of the Notes in their taxable income for Spanish CIT purposes.

10. **Individuals and Legal Entities with no Tax Residency in the Kingdom of Spain**

10.1 **Non-Resident Income Tax (*Impuesto sobre la Renta de no Residentes*)**

(a) *With permanent establishment in the Kingdom of Spain*

If the Notes form part of the assets of a permanent establishment in the Kingdom of Spain of a person or legal entity who is not resident in the Kingdom of Spain for tax purposes, the tax rules applicable to income deriving from such Notes are, generally, the same as those previously set out for Spanish CIT taxpayers. See "*Taxation in Spain-Legal Entities with Tax Residency in Spain—Corporate Income Tax (Impuesto sobre Sociedades)*". Ownership of the Notes by investors who are not resident for tax purposes in the Kingdom of Spain will not in itself create the existence of a permanent establishment in the Kingdom of Spain.

(b) *With no permanent establishment in the Kingdom of Spain*

Both interest payments received periodically and income derived from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who are not resident in the Kingdom of Spain for tax purposes and who do not act, with respect to the Notes, through a permanent establishment in the Kingdom of Spain, are exempt from NRIT.

10.2 **Net Wealth Tax (*Impuesto sobre el Patrimonio*)**

Individuals resident in a country with which the Kingdom of Spain has entered into a double tax treaty in relation to NWT would generally not be subject to such tax. Otherwise, non-Spanish resident individuals whose properties and rights located in the Kingdom of Spain, or that can be exercised within the Spanish territory exceed €700,000 would be subject to NWT in tax year 2015, the applicable rates ranging between 0.2 per cent. and 2.5 per cent.

10.3 **Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)**

Individuals not resident in the Kingdom of Spain for tax purposes who acquire ownership or other rights over the Notes by inheritance, gift or legacy, will be subject to the Spanish Inheritance and Gift Tax if the Notes are located in the Kingdom of Spain at the time of death or gift in accordance with the applicable Spanish regional and state rules, unless they reside in a country for tax purposes with which the Kingdom of Spain has entered into a double tax treaty in relation to Inheritance and Gift Tax. In such case, the provisions of the relevant double tax treaty will apply.

Non-Spanish resident legal entities which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax. Such acquisitions may be subject to NRIT (as described above), except as provided in any applicable double tax treaty entered into by the Kingdom of Spain. In general, double tax treaties provide for the taxation of this type of income in the country of tax residence of the Holder.

EU Savings Directive

During fiscal year 2016 or until the following obligations have been fulfilled, under the now repealed Council Directive 2003/48/EC on the taxation of savings income as amended by Council Directive 2006/98/EC and Council Directive 2014/107/EU (the “**Directive**”), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

For a transitional period until September 2017, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments deducting tax at a rate of 35 per cent. If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Terms and Conditions) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

The proposed financial transactions tax ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, the Kingdom of Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

FATCA

FATCA imposes a new reporting regime and potentially a withholding tax of 30% on certain payments made by a non U.S. financial institution (a "**foreign financial institution**" or "**FFI**" (as defined by FATCA)) to (i) any FFI that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA, and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as a "**U.S. account holder**", which can include non-U.S. entities with substantial U.S. owners, (a "**Recalcitrant Holder**"). The Issuer will be classified as an FFI.

As relevant to payments made by the Issuer, this new withholding regime will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to any payments of interest or principal in respect of any Notes characterised as debt for U.S. federal tax purposes that are issued after the "**grandfathering date**," which is the date that is six months after the date on which final U.S. Treasury regulations defining the term "foreign passthru payment" are promulgated, or which are issued before the grandfathering date and materially modified on or after the grandfathering date. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes (including a negative impact on market price).

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to the "Model 1" IGA released by the United States, an FFI in an IGA signatory country could be treated as a "Reporting FI" and such Reporting FI generally would not be required to withhold from any payments it makes. A Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government. The United States and the Kingdom of Norway have entered into an IGA based largely on the Model 1 IGA.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes and received by the ICSDs, even after the term "foreign passthru payment" is defined, given that the ICSDs have announced that they are Participating FFIs. Nevertheless, payments made to the participants in the ICSDs and thereafter to any other intermediary FFIs in the custodial chain through to the ultimate investors may constitute in whole or part foreign passthru payments (as eventually defined) which are subject to FATCA withholding, and so investors are encouraged to consider the compliance with FATCA of such participants and intermediaries. Also, it is contemplated, under circumstances that are currently considered remote, that the Global Notes may be exchanged into definitive form and so be taken out of the ICSDs. If this were to happen, a non-FATCA compliant holder or Recalcitrant Holder of a Definitive Note could be subject to FATCA withholding under certain circumstances.

FATCA is particularly complex and its precise application to the Notes is uncertain at this time. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

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 PLC, BNP Paribas, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Credit Agricole Corporate and Investment Bank, Danske Bank A/S, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Morgan Stanley & Co. International plc, Natixis, Nordea Bank Danmark A/S, Skandinaviska Enskilda Banken AB (publ), Société Générale, Swedbank AB (publ), The Royal Bank of Scotland plc 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 15 June 2016 (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.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, (as the case may be)) to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the Final Terms or Drawdown Prospectus in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Public Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus which is not a Drawdown Prospectus has subsequently been completed by the Final Terms contemplating such Public Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable, and the relevant Issuer has consented in writing to its use for the purpose of the Public Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of Notes to the public in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State.

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 neither if TEFRA is specified as not applicable in the relevant Final Terms.*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S of the Securities Act ("**Regulation S**").

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 Additional United Kingdom Securities Laws

Each Dealer has represented, warranted and agreed that:

- (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 has represented and agreed, 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 Norwegian competent authority, 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, other than:

- (a) to persons who are automatically treated as professional investors according to section 7-1 of Regulation 876 of 29 June 2007, as amended; or
- (b) in circumstances which according to chapter 7 of the Securities Trading Act do not trigger a requirement to file this Base Prospectus with the Norwegian competent authority, including because the denomination of the Notes are €100,000 or more, or an equivalent amount in another currency.

Notes denominated in Norwegian Kroner may not be offered or sold within the Kingdom of Norway or outside the Kingdom of Norway to Norwegian citizens abroad, without the Notes prior thereto having been registered with the Norwegian Central Securities Depository ("**VPS**").

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

The Notes may not be offered, sold or distributed, nor may any subsequent resale of Notes be carried out in the Kingdom of Spain, except in circumstances which do not constitute a public offer of securities in the Kingdom of Spain within the meaning of the Spanish Securities Market Law (*Royal Legislative Decree*

4/2015, of 23 October, for the approval of the consolidated text of the Securities Market Law), as amended and restated, or without complying with all legal and regulatory requirements under Spanish securities laws. No publicity or marketing of any kind shall be made in the Kingdom of Spain in relation to the Notes.

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.

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 7 June 2016. 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 2015 there has been no material adverse change in the prospects of the Issuer and since 31 March 2016 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 2015 and 31 December 2014 by the external audit firm Deloitte AS of Dronning Eufemias gate 14, 0191 Oslo, the Kingdom of Norway. Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity.

Deloitte Norway conducts business through two legally separate and independent limited liability companies; Deloitte AS, providing audit, consulting, financial advisory and risk management services, and Deloitte Advokatfirma AS, providing tax and legal services.

No other information relating to the Issuer in this Base Prospectus has been audited by Deloitte AS.

The audited consolidated and non-consolidated financial statements of the Issuer for each of the years ended 31 December 2015 and 31 December 2014 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 2015 and 31 December 2014;

- (c) the unaudited consolidated financial statements (including the auditor's report thereon and notes thereto) of the Issuer for the three month period ended 31 March 2016;
- (d) 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";
- (e) 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";
- (f) the Issue and Paying Agency Agreement;
- (g) the Deed of Covenant;
- (h) the Programme Manual; and
- (i) 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 Notes will be calculated on an annual or semi-annual basis using the relevant Issue Price at the relevant Issue Date.

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.

REGISTERED OFFICE OF THE ISSUER

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ARRANGER

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Sweden

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A&L Listing Limited

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