

TERMS AND CONDITIONS FOR SEK 2,000,000,000 COVERED BONDS

1 DEFINITIONS

In these Conditions, the following terms shall have the following meanings:

Account Operator means a bank or other party duly authorised to operate as an account operator (Sw. *kontoförande institut*) pursuant to the Swedish Financial Instruments Accounts Act and through which a Holder has opened a Securities Account in respect of its Covered Bonds.

Adjusted Nominal Amount means the aggregate nominal amount of the Covered Bonds less the nominal amount of all Covered Bonds held by the Issuer, another Group Company or any Affiliate of the Issuer, whether the Issuer, that Group Company or any such Affiliate is directly registered as holder of such Covered Bonds or not.

Affiliate means, in relation to any person a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

Bankruptcy Liquidity Loans means loans made by the bankruptcy administrator of the Initial Issuer to secure liquidity or take out liquidity credit in accordance with Section 26 of the Finnish Covered Bonds Act and prior to the occurrence of the Issuer Change Event recorded, in accordance with the Finnish Covered Bonds Act, in the register of Covered Bonds maintained by the Initial Issuer.

Base Rate means STIBOR or any reference rate replacing STIBOR in accordance with Condition 5.5.

Base Rate Administrator means Swedish Financial Benchmark Facility AB (SFBF) or any person replacing it as administrator of the Base Rate.

Business Day means a day on which commercial banks and foreign exchange markets settle payments and are open for general business in Helsinki or Stockholm, as applicable.

Calculation Agent means the Initial Issuer.

Companies Act means (i) prior to the occurrence of the Issuer Change Event, the Finnish Companies Act (Fi. *osakeyhtiölaki*) (624/2006, as amended) or (ii) after the occurrence of the Issuer Change Event, the Swedish Companies Act (Sw. *aktiebolagslagen* (2005:551)).

Conditions means these terms and conditions, originally dated 11 February 2022 and as most recently amended and restated on 27 June 2022.

Covered Bond means:

- (i) prior to the occurrence of the Issuer Change Event, covered bonds (Fi. *katetut joukkolainat*) issued pursuant to the Finnish Covered Bonds Act by the Initial Issuer under these Conditions and coupled with rights of priority in accordance with the Finnish Covered Bonds Act and the Finnish Rights of Priority Act; or
- (ii) after the occurrence of the Issuer Change Event, bonds (Sw. *säkerställd obligation*) issued pursuant to the Swedish Covered Bonds Act by the Subsequent Issuer under these Conditions and coupled with rights of priority in accordance with the Swedish Covered Bonds Act and the Swedish Rights of Priority Act,

in each case registered in accordance with the Swedish Financial Instruments Accounts Act.

CSD means the central securities depository and registrar in which the Covered Bonds are registered, being Euroclear Sweden on the date of these Conditions.

Day Count Convention means, when calculating an amount for a certain reference period, the calculation method “actual/360”, which means that the amount is to be calculated on the actual number of days elapsed in the relevant period divided by 360.

Debt Register means the register, held by Euroclear Sweden in relation to the Covered Bonds.

Derivative Transactions means derivative transactions entered into by the Initial Issuer to hedge against risks relating to the Covered Bonds or the underlying assets in the Swedish Cover Pool and prior to the occurrence of the Issuer Change Event recorded, in accordance with the Finnish Covered Bonds Act, in the register of Covered Bonds.

Eligible Bank means (a) the Bank of Finland provided that the long-term credit rating assigned by Standard & Poor's to the Republic of Finland is at least "AA" or (b) a bank or credit institution which has a long-term credit rating assigned by Standard & Poor's of at least "A" or, if such bank or credit institution (or its debt securities) are not rated by Standard & Poor's, such bank or credit institution shall be deemed to be an Eligible Bank if Standard & Poor's confirms to the Issuer in writing that the use of such bank or credit institution for the purpose stated in the Condition 3.1 does not adversely impact the then current Standard & Poor's rating of the Covered Bonds.

Euroclear Rules means regulations, decisions and operating procedures applicable to and/or issued by Euroclear Sweden.

Euroclear Sweden means Euroclear Sweden AB, a limited liability company incorporated in Sweden with registration number 556112-8074 and having its registered address at Klarabergsviadukten 63, P.O. Box 191, SE-101 23 Stockholm, Sweden.

Extended Maturity Date means the date falling twelve (12) months from the Maturity Date.

Finnish Covered Bonds Act means the Finnish Act on Mortgage Credit Bank Operations (Fi. laki kiinnitysluottopankkitoiminnasta) (688/2010, as amended), including any act amending, supplementing or replacing the same.

Finnish Rights of Priority Act means the Finnish Act on Order of Priority of Claims (Fi. laki velkojien maksunsaantijärjestyksestä) (1578/1992, as amended).

Group means the relevant Issuer and its Subsidiaries from time to time.

Group Company means a member of the Group.

Holder means the person who is registered on a Securities Account as direct registered owner (Sw. *ägare*) or nominee (Sw. *förvaltare*) with respect to a Covered Bond.

Holding Company means, in relation to a person, any other person in respect of which it is a Subsidiary.

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

Initial Issuer means Ålandsbanken Abp, a public limited liability company incorporated in Finland with business identity code 0145019-3, LEI Code: 7437006WYM821IJ3MN73.

Interest Payment Date means each day on which interest is due and payable under these Conditions, being:

during the period from the Issue Date up to and including the Maturity Date, 12th May, 12th August, 12th November and, 12th February in each year, commencing on 12th August 2020; and

during the period from (but excluding) the Maturity Date up to and including the Extended Maturity Date, 12th day of each month in each year.

Interest Period each period of time for which the interest on the Covered Bonds is calculated.

Interest Rate means the applicable interest rate as adjusted by any application of Condition 5.5.

Issue Date means 12 May 2020.

Issuer means:

- (a) prior to the occurrence of the Issuer Change Event, the Initial Issuer; and
- (b) after the occurrence of the Issuer Change Event, the Subsequent Issuer.

Issuer Agent means Nordea Bank Abp, filial i Sverige, acting as the issuer agent (Fi. *liikkeeseenlaskijan asiamies*; Sw. *emissionsinstitut*) of the Covered Bonds referred to in the Euroclear Rules and applicable laws, or any other person replacing the same in accordance with the Euroclear Rules.

Issuer Change Event means an event whereby the Subsequent Issuer replaces the Initial Issuer as issuer under the terms as set out in these Conditions and the obligations and liabilities of the Initial Issuer under these Conditions and the Covered Bonds are assumed by and transferred to the Subsequent Issuer. If the Initial Issuer transfers the assets belonging to its Swedish Cover Pool to the Subsequent Issuer, the Issuer Change Event will take place when the transfer becomes effective.

Margin means 0.500 per cent.

Maturity Date means 12 May 2025.

Mortgage means commercial mortgages (Fi. *liikekiinteistöluotto*) and residential mortgages (Fi. *asuntoluotto*), each as defined in the Finnish Covered Bonds Act.

Payment Default means a default by the relevant Issuer in the payment of any principal or interest due in respect of any of its material Indebtedness where the default continues for a period of five (5) days in the case of principal and three (3) days in the case of interest.

Public-Sector Debt means public sector debt (Fi. *julkisyhteisöluotto*) as defined in the Finnish Covered Bonds Act.

Rating Agency means each of S&P Global Ratings Europe Limited, Moody's Investors Service Ltd and Fitch Ratings Limited.

Record Date means the date pursuant to CSD's applicable rules and practices.

Securities Account means the account maintained by the CSD in which (i) an owner of such security is directly registered or (ii) an owner's holding of securities is registered in the name of a nominee, in accordance with the laws of Sweden.

SEK means Swedish kronor, the lawful currency of Sweden.

STIBOR means:

- (a) the Stockholm interbank offered rate (STIBOR) administered by the Base Rate Administrator for the offering of deposits in Swedish Kronor and for a period equal to the relevant Interest Period, as displayed on page STIBOR= of the Thomson Reuters screen (or any replacement thereof) as of or around 11.00 a.m. on the Quotation Day;
- (b) if no rate as described in paragraph (a) is available for the relevant Interest Period, the rate determined by the Issuing Agent by linear interpolation between the two closest rates for STIBOR fixing, as displayed on page STIBOR= of the Thomson Reuters screen (or any replacement thereof) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in SEK;
- (c) if no rate as described in paragraph (a) or (b) is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by the Reference Banks, for deposits of SEK 100,000,000 for the relevant period; or
- (d) if no rate as described in paragraph (a) or (b) is available for the relevant Interest Period and no quotation is available pursuant to paragraph (c), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in SEK offered in the Stockholm interbank market for the relevant period.

Subsequent Issuer means Borgo AB (publ) (Reg. No. 559153-2303, LEI Code 54930030QWENGUD8ZR59), a public limited liability company incorporated in Sweden.

Subsidiary means, in relation to any person, any legal entity (whether incorporated or not), which at any time is a subsidiary to such person, directly or indirectly, as defined in the applicable Companies Act.

Supplemental Security Assets means supplemental security assets (Fi. *täytevakuus*) within the meaning of Section 15 of the Finnish Covered Bonds Act.

Swedish Covered Bonds Act means the Swedish Act on Issuance of Covered Bonds (Sw. *lag (2003:1223) om utgivning av säkerställda obligationer*), including any act amending, supplementing or replacing the same.

Swedish Cover Pool means the cover pool (Sw. *säkerhetsmassa*) securing the Covered Bonds and (i) prior to the occurrence of the Issuer Change Event, maintained by the Initial Issuer in accordance with the Finnish Covered Bonds Act and Condition 3.1 and (ii) after the occurrence of the Issuer Change Event, maintained by the Subsequent Issuer in accordance with the Swedish Covered Bonds Act and Condition 3.2.

Swedish Financial Instruments Accounts Act means the Swedish Financial Instruments Accounts Act (Sw. *lag (1998:1479) om värdepappercentraler och kontoföring av finansiella instrument*).

Swedish Limitations Act means the Swedish Limitations Act (Sw. *preskriptionslag (1981:130)*).

Swedish Rights of Priority Act means the Swedish Rights of Priority Act (Sw. *förmånrättslag (1970:979)*).

Quotation Date means, in relation to any Interest Period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

2 FORM, DENOMINATION AND ISSUANCE

The Covered Bonds are denominated in SEK and each Covered Bond is constituted by these Conditions. The Issuer undertakes to make payments in relation to the Covered Bonds and to comply with these Conditions.

By separate consent, each current Holder agrees that the Covered Bonds shall benefit from and be subject to these Conditions and by acquiring Covered Bonds, each subsequent Holder confirms such agreement.

The denomination of each book-entry unit relating to the Covered Bonds is SEK 2,000,000. The minimum subscription amount was SEK 2,000,000. The Covered Bonds shall be offered for subscription mainly to institutional investors.

The Covered Bonds are issued in uncertificated and dematerialised form in the register (Sw. *avstämningsregister*) held by Euroclear Sweden and formed in accordance with the Swedish Financial Instruments Accounts Act, other applicable Swedish legislation and the Euroclear Rules. Covered Bonds shall be registered on a Securities Account on behalf of Holders and, accordingly, no physical Covered Bonds will be issued. Registration requests relating to Covered Bonds shall be directed to an Account Operator.

3 STATUS AND SECURITY

3.1 Status and Security prior to the occurrence of the Issuer Change Event

Prior to the occurrence of the Issuer Change Event, the Covered Bonds constitute direct, unconditional and unsubordinated obligations of the Initial Issuer and rank *pari passu* among themselves and with Derivative Transactions and Bankruptcy Liquidity Loans and all other obligations of the Initial Issuer issued in respect of the statutory right of preference to assets registered in the Swedish Cover Pool, including the SEK 5,500,000,000 covered bonds issued by the Initial Issuer on 10 September 2021 which benefit from the Swedish Cover Pool and which are contemplated to be transferred to the Subsequent Issuer at the time of occurrence of the Issuer Change Event, in accordance with the Finnish Covered Bonds Act. Prior to the occurrence of the Issuer Change Event, to the extent that claims in relation to the Covered Bonds and other claims with the same priority are not met out of the assets of the Initial Issuer that are covered in accordance with the Finnish Covered Bonds Act, the residual claims will rank *pari passu* with the unsecured and unsubordinated obligations of the Initial Issuer.

Prior to the occurrence of the Issuer Change Event and for so long as the Covered Bonds are outstanding:

- (A) where Public-Sector Debt and/or Supplemental Security Assets are included in the Swedish Cover Pool, the Initial Issuer shall ensure that the debtors in respect of such Public-Sector Debt and Supplemental Security Assets

make all payments of principal and/or interest to which the Initial Issuer is entitled in respect of its holding of such Public-Sector Debt and/or Supplemental Security Assets to a bank account designated by the Initial Issuer which must be held with an Eligible Bank; and

- (B) as soon as practicable after the occurrence of a Payment Default, the Initial Issuer shall instruct the debtors in respect of Mortgages in the Swedish Cover Pool to make all payments of principal and/or interest to which the Initial Issuer is entitled in respect of such Mortgages to a bank account designated by the Initial Issuer which must be held with an Eligible Bank.

If a bank or credit institution to which debtors have been instructed to make payments in accordance with this Condition 3.1 ceases to be an Eligible Bank, then the Initial Issuer shall ensure that, for purposes of this Condition 3.1, such bank or credit institution is replaced with an Eligible Bank as soon as reasonably practicable, and in any event not later than 60 calendar days, after the date when such bank or credit institution ceased to be an Eligible Bank.

3.2 Status and Security after the occurrence of the Issuer Change Event

After the occurrence of the Issuer Change Event, the Covered Bonds constitute direct, unconditional and unsubordinated obligations of the Subsequent Issuer and rank *pari passu* without any preference among themselves. After the occurrence of the Issuer Change Event, the Covered Bonds are obligations issued or converted in accordance with the Swedish Covered Bonds Act and rank *pari passu* with all other obligations of the Subsequent Issuer that have been provided the same priority in the relevant Cover Pool.

4 NOMINAL AMOUNT AND CURRENCY

The aggregate nominal amount of the Covered Bonds issued under these Conditions is SEK 2,000,000,000, unless the Issuer decides to increase the aggregate nominal amount of the Covered Bonds.

5 INTEREST

5.1 Interest rate

Each Covered Bond bears interest at the percentage rate per annum which is the aggregate of the applicable STIBOR and the Margin.

If the rating designations employed by any Rating Agency are changed from those which are described in this Condition, the Issuer shall determine the rating designations of such Rating Agency as are most equivalent to the prior rating designations of the existing Rating Agency (or Rating Agencies, as the case may be).

5.2 Interest periods

The first Interest Period shall begin on the Issue Date and end on the following Interest Payment Date. Each following Interest Period begins on the previous Interest Payment Date and ends on the following Interest Payment Date.

Interest shall accrue for each Interest Period from (but excluding) the first day of the Interest Period to (and including) the last day of such Interest Period on the nominal amount of the Covered Bonds outstanding from time to time.

The last Interest Period ends on the Maturity Date (or if applicable, the Extended Maturity Date).

5.3 Payment of interest

Interest shall be paid in arrears on each Interest Payment Date up to (and including) the Maturity Date (or if applicable, the Extended Maturity Date) and shall be calculated by using the Day Count Convention.

If there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

Payment of interest shall be made in accordance with Swedish legislation governing the book-entry system, clearing operations and book-entry accounts as well as the Euroclear Rules, to the Holder that is entitled to receive such payment according to the book-entry account information.

5.4 Penalty interest

In the event of any delay in payment relating to principal and/or interest, penalty interest shall be payable on the overdue amount from its due date up to and including the date on which payment is made at a rate corresponding to the average of one week STIBOR for the duration of the delay, plus two (2) percentage points. STIBOR shall for this purpose be determined on the first Business Day in each calendar week for the duration of the period of default. Penalty interest, in accordance with this Condition 5.4, shall never be paid at a lower interest rate than the interest rate applicable to the Covered Bonds on the relevant due date with the addition of two (2) percentage points. Penalty interest shall not be capitalised. If the delay is due to an obstacle of the kind set out in Condition 9 on the part of the CSD, no penalty interest shall apply, in which case the interest rate which applied to the Covered Bonds on the relevant due date shall apply instead.

5.5 Replacement of Base Rate

Notwithstanding Condition 5.1 (*Interest rate*) above, any determination or election to be made by an Independent Adviser, the Issuer or the Holders in accordance with the provisions of this Condition 5.5 shall at all times be made by such Independent Adviser, the Issuer or the Holders (as applicable) acting in good faith, in a commercially reasonable manner and by reference to relevant market data.

If a Base Rate Event has occurred, this Condition 5.5 shall take precedent over the fallbacks set out in paragraph (b) to (d) of the definition of STIBOR.

In this Condition 5.5:

Adjustment Spread means a spread (which may be positive, negative or zero) or a formula or methodology for calculating a spread, or a combination thereof determined in accordance with Condition 5.5.1, to be applied to a Successor Base Rate or an Alternative Base Rate, the objective of which, in each case, shall be to reduce or eliminate, to the fullest extent reasonably practicable, any transfer of economic value from one party to another as a result of a replacement of the Base Rate.

Alternative Base Rate means the reference rate that has replaced the Base Rate in customary market usage in the relevant debt capital markets for the purposes of determining rates of interest in respect of Covered Bonds denominated in Swedish kronor or, if there is no such rate, such other rate as the Independent Adviser determines is most comparable to the Base Rate.

Base Rate Amendments has the meaning set forth in Condition 5.5.

Base Rate Event means that:

- (a) the Base Rate has (i) been permanently or indefinitely discontinued, (ii) ceased to exist or (iii) ceased to be published for at least five (5) consecutive Business Days as a result of the Base Rate ceasing to be calculated or administered;
- (b) the Base Rate Administrator ceases to publish the applicable Base Rate permanently or indefinitely and, at that time, no successor administrator has been appointed to continue to publish the Base Rate;
- (c) the supervisor of the Base Rate Administrator (i) has made a public statement stating that the Base Rate is no longer representative of the underlying market or (ii) is recommending the usage of a Successor Base Rate for the applicable Base Rate;
- (d) the Base Rate Administrator or its supervisor announces that (i) the Base Rate methodology has changed materially after the Issue Date or (ii) the Base Rate may no longer be used, either generally or in respect of the Covered Bonds; or
- (e) it has become unlawful for the Issuer or the Issuing Agent to calculate any payments due to be made to any Holder using the applicable Base Rate.

Base Rate Event Announcement means a public statement by the Base Rate Administrator or the supervisor of the Base Rate Administrator that any event or circumstance specified in paragraphs (a) to (e) of the definition of Base Rate Event will occur.

Independent Adviser means an independent financial institution or adviser of repute in the debt capital markets where the Base Rate is commonly used.

Relevant Nominating Body means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee of any of them or the Financial Stability Council (*Finansiella stabilitetsrådet*) or any part thereof.

Successor Base Rate means a screen or benchmark rate which is formally recommended as a successor to or replacement of the Base Rate by a Relevant Nominating Body.

5.5.1 Determination of Base Rate, Adjustment Spread and Base Rate Amendments

Without prejudice to Condition 5.5, upon a Base Rate Event Announcement, the Issuer may, if it is possible to determine a Successor Base Rate or an Alternative Base Rate at such point of time, at any time before the occurrence of the relevant Base Rate Event at the Issuer's expense appoint an Independent Adviser to determine a Successor Base Rate or, if there is no Successor Base Rate, an Alternative Base Rate and, in each case, the Adjustment Spread and any Base Rate Amendments for purposes of determining and calculating the applicable Base Rate. For the avoidance of doubt, the Issuer will not be obliged to take any such actions until obliged to do so pursuant to Condition 5.5.

If (i) a Base Rate Event has occurred or (ii) a Base Rate Event Announcement has been made and the announced Base Rate Event will occur within six (6) months, the Issuer shall use all commercially reasonable endeavours to, as soon as reasonably practicable and at the Issuer's expense, appoint an Independent Adviser to determine, as soon as commercially reasonable, a Successor Base Rate or (if there is no Successor Base Rate) an Alternative Base Rate and, in each case, the Adjustment Spread and any Base Rate Amendments for purposes of determining and calculating the applicable Base Rate.

If the Issuer fails to appoint an Independent Adviser in accordance with Condition 5.5, the Holders shall, if so decided at a Holders' Meeting or by way of Procedure in Writing, be entitled to appoint an Independent Adviser (at the Issuer's expense) for the purposes set forth in Condition 5.5.

The Adjustment Spread determined by the Independent Adviser, shall be the Adjustment Spread which:

- (a) is formally recommended in relation to the replacement of the Base Rate by any Relevant Nominating Body; or
- (b) if paragraph (a) above does not apply, the Independent Adviser determines is customarily applied to the relevant Successor Base Rate or Alternative Base Rate (as applicable), in comparable debt capital markets transactions.

The Independent Adviser shall also determine any technical, administrative or operational changes required to ensure the proper operation of a Successor Base Rate or an Alternative Base Rate or to reflect the adoption of such Successor Base Rate or Alternative Base Rate in a manner substantially consistent with market practice (**Base Rate Amendments**).

Provided that a Successor Base Rate or (if there is no Successor Base Rate) an Alternative Base Rate and, in each case, the applicable Adjustment Spread and any Base Rate Amendments have been determined no later than ten (10) Business Days prior to the relevant Quotation Day in relation to the next succeeding Interest Period, they shall become effective with effect from and including the commencement of the next succeeding Interest Period.

5.5.2 Interim measures

If a Base Rate Event has occurred but no Successor Base Rate or Alternative Base Rate and Adjustment Spread have been determined at least ten (10) Business Days prior to the relevant Quotation Day in relation to the next succeeding Interest Period, the Interest Rate applicable to the next succeeding Interest Period shall be:

- (a) if the previous Base Rate is available, determined pursuant to the terms that would apply to the determination of the Base Rate as if no Base Rate Event had occurred; or

- (b) if the previous Base Rate is no longer available or cannot be used in accordance with applicable law or regulation, equal to the Interest Rate determined for the immediately preceding Interest Period.

For the avoidance of doubt, the above shall apply only to the relevant next succeeding Interest Period and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustments as provided in, this Condition 5.5.

5.5.3 Notices etc.

The Issuer shall promptly following the determination by the Independent Adviser of any Successor Base Rate, Alternative Base Rate, Adjustment Spread and any Base Rate Amendments give notice thereof to the Issuing Agent and the Holders in accordance with Condition 11 and the CSD. Any notice that the Issuer or the Issuing Agent shall send to the Holders pursuant to this Condition 5.5.3 shall also be published by way of press release by the Issuer.

5.5.4 Variation upon replacement of Base Rate

No later than giving the Issuing Agent notice pursuant to Condition 5.5.3, the Issuer shall deliver to the Issuing Agent a certificate signed by the Independent Adviser and the CEO, CFO or any other duly authorised signatory of the Issuer confirming the relevant Successor Base Rate or Alternative Base Rate, the Adjustment Spread and any Base Rate Amendments, in each case as determined in accordance with the provisions of this Condition 5.5. The Successor Base Rate or Alternative Base Rate, the Adjustment Spread and any Base Rate Amendments (as applicable) specified in such certificate will, in the absence of manifest error or bad faith in any determination, be binding on the Issuer, the Issuing Agent and the Holders.

Subject to receipt by the Issuing Agent of the certificate referred to in this Condition 5.5.4, the Issuer and the Issuing Agent shall, at the request and expense of the Issuer, without the requirement for any consent or approval of the Holders, without undue delay effect such amendments to these Conditions as may be required by the Issuer in order to give effect to this Condition 5.5.

5.5.5 Limitation of liability for the Independent Adviser

Any Independent Adviser appointed pursuant to Condition 5.5 shall not be liable whatsoever for damage or loss caused by any determination, action taken or omitted by it under or in connection with any Conditions, unless directly caused by its gross negligence or wilful misconduct. The Independent Adviser shall never be responsible for indirect or consequential loss.

5.5.6 Amendment and waivers

The Issuing Agent is satisfied that any amendment or waiver to the Base Rate is made pursuant to Condition 5.5 at any relevant time.

6 MATURITY AND REDEMPTION

6.1 Redemption at maturity

Each Covered Bond will be redeemed by the Issuer on the Maturity Date (or if applicable, the Extended Maturity Date) in an amount equal to its nominal amount together with accrued but unpaid interest.

Payment of the redemption amount will be made in accordance with Swedish legislation governing the book-entry system, clearing operations and book-entry accounts as well as the Euroclear Rules, to the Holder that is entitled to receive such payment according to the book-entry account information.

6.2 Redemption for tax reasons

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date at their nominal amount, together with unpaid interest accrued to (but excluding) the date of redemption, provided that the Issuer has given not less than 30 days' prior notice to the Holders in accordance with Condition 11, if:

- (a) on the occasion of the next payment due under the Covered Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (i) as a result of any change in, or amendment to,

the laws or regulations of a Tax Jurisdiction (as defined in Condition 12) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date or (ii) solely due to the occurrence of the Issuer Change Event; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

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

6.3 Extension of maturity up to Extended Maturity Date

If the Issuer does not redeem all of the Covered Bonds in full on the Maturity Date or within two (2) Business Days thereafter, the maturity of the Covered Bonds and the date on which the Covered Bonds will be due and redeemable for the purposes of these Conditions will be automatically extended up to but no later than the Extended Maturity Date. In that event, the Issuer may redeem all or some only of the Covered Bonds then outstanding on any Interest Payment Date falling after the Maturity Date up to and including the Extended Maturity Date.

The Issuer shall give notice to the Issuer Agent and the Holders (in accordance with Condition 11) of (a) any decision to so extend the maturity of the Covered Bonds, in whole or in part, as soon as practicable after any such decision is made and (b) its intention to redeem all or some only of the Covered Bonds then outstanding or any of the nominal amount outstanding of the Covered Bonds in full at least three (3) Business Days prior to (i) the Maturity Date, where practicable for the Issuer to do so and otherwise as soon as practicable after the relevant decision to redeem the Covered Bonds (if any) is made or, as applicable (ii) the relevant Interest Payment Date or, as applicable (iii) the Extended Maturity Date.

Any failure by the Issuer to notify the Holders on the extension of the maturity of the Covered Bonds shall not affect the validity or effectiveness of any such extension of the maturity of the Covered Bonds or, as applicable, redemption by the Issuer of the Covered Bonds in accordance with these Conditions or give rise to any Holder having any rights in respect of any such redemption. However, such failure may result in a delay in payment being received by a Holder through Euroclear Sweden, as applicable, (including on the Maturity Date where at least three (3) Business Days' notice of such redemption is not given to the Holders (in accordance with Condition 11)) and Holders shall not be entitled to further interest or any other payment as a result of such delay.

Any extension of the maturity of the Covered Bonds under this Condition 6.3 shall be irrevocable. Where this Condition 6.3 applies, any failure to redeem the Covered Bonds on the Maturity Date or any extension of the maturity of the Covered Bonds under this Condition 6.3 shall not constitute an event of default for any purpose or give any Holder any right to receive any payment of interest, principal or otherwise on the relevant Covered Bonds other than as expressly set out in these Conditions.

If the Issuer redeems part and not all of the nominal amount of the Covered Bonds outstanding on any Interest Payment Date falling after the Maturity Date, the redemption proceeds shall be applied *pro rata* across the Covered Bonds and the nominal amount outstanding on the Covered Bonds shall be reduced by the level of that redemption.

If the maturity of any Covered Bonds is extended up to the Extended Maturity Date in accordance with this Condition 6.3, for so long as any of the Covered Bonds remains outstanding, the Issuer shall not issue any further covered bonds, unless the proceeds of issue of such further covered bonds are applied by the Issuer towards redeeming in whole or in part the relevant Covered Bonds the maturity of which has been extended in accordance with this Condition 6.3.

6.4 Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase Covered Bonds at any price in the open market or otherwise. Such Covered Bonds may be held, reissued, resold or cancelled at the Issuer's discretion.

7 SUBSCRIPTION OF THE COVERED BONDS

The Covered Bonds were offered for subscription at Nordea Bank Abp, Satamaradankatu 5, FI-00020 Nordea, Finland, on 5 May 2020.

The subscription amount equalled the aggregate nominal amount of the Covered Bonds being subscribed for as the issue price was fixed at 100.00 per cent.

8 DELIVERY OF COVERED BONDS

Covered Bonds subscribed and paid for were entered to the respective book-entry accounts of the subscribers on the Issue Date in accordance with Swedish legislation governing the book-entry system, clearing operations and book-entry accounts as well as the Euroclear Rules.

Each Covered Bond is freely transferable after it has been registered into the respective book-entry account.

9 FORCE MAJEURE

The Issuer, the Issuer Agent, the Calculation Agent, the subscription place or any Account Operator shall not be responsible for any loss arising from:

- (a) an act of an authority, war or threat of war, revolt, civil disturbance, or any act of terror;
- (b) disturbance in postal or telephone traffic, electronic communication, or supply of electricity that is beyond the control of, and that has an essential impact on, the operations of the Issuer, the Issuer Agent, the Calculation Agent, the subscription place or any Account Operator;
- (c) interruption or delay of action or measure of the Issuer, the Issuer Agent, the Calculation Agent, subscription place or any Account Operator that is caused by fire or equivalent accident;
- (d) strike or other industrial action which has an essential impact to the operations of the Issuer, the Issuer Agent, the Calculation Agent, the subscription place or any Account Operator, even when it only affects part of the personnel of the aforementioned entities and irrespective of whether the aforementioned entities are involved in it or not;
- (e) an act of God (such as, but not limited to, fires, explosions, earthquakes, drought, tidal waves and floods); or
- (f) other equivalent force majeure or any similar reason that causes unreasonable difficulty for the operations of the Issuer, the Issuer Agent, the Calculation Agent, the subscription place or any Account Operator.

10 PRESCRIPTION

10.1 Time barring of claims pertaining to the period prior to the occurrence of the Issuer Change Event

In the case any payment under the Covered Bonds pertaining to the period prior to the occurrence of the Issuer Change Event has not been claimed by the relevant Holder entitled to such payment within three (3) years from the original due date thereof, the right to such payment shall become forfeited by the relevant Holder and the Initial Issuer shall be permanently free from such payment.

10.2 Time barring of claims pertaining to the period after the occurrence of the Issuer Change Event

The right to receive repayment of principal of the Covered Bonds pertaining to the period after the occurrence of the Issuer Change Event shall be subject to time bar and become void ten years from the Maturity Date. The right to receive payment of interest on the Covered Bonds pertaining to the period after the occurrence of the Issuer Change Event shall be subject to time bar and become void three years from the relevant Interest Payment Date. The Subsequent Issuer is entitled to any funds set aside for payments in respect of claims which have become void due to time bar.

If a period of limitation is duly interrupted (Sw. *preskriptionsavbrott*) in accordance with the Swedish Limitations Act, a new limitation period of ten years with respect to the right to receive repayment of the principal of the Covered Bonds pertaining to the period after the occurrence of the Issuer Change Event, and of three years with respect to the right to receive payment of interest on the Covered Bonds pertaining to the period after the occurrence of the Issuer Change Event will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Limitations Act.

11 NOTICES AND RIGHT TO INFORMATION

Prior to the occurrence of the Issuer Change Event, Holders shall be advised of matters relating to the Covered Bonds by a stock-exchange release and a notice published on the Initial Issuer's website at <https://www.alandsbanken.com/about-us/debt-investors>.

After the occurrence of the Issuer Change Event, Holders shall be advised of matters relating to the Covered Bonds by a stock-exchange release, a notice published on the Subsequent Issuer's website at <https://borgohypotek.se/investor-relations/> or a notice published in any major Swedish national daily newspaper selected by the Subsequent Issuer. After the occurrence of the Issuer Change Event, the Subsequent Issuer will make the following information available to the Holders by way of press release and publication on the website of the Subsequent Issuer:

- (a) as soon as the same become available, but in any event within six months after the end of each accounting period of the Subsequent Issuer, its audited consolidated financial statements for that accounting period;
- (b) as soon as practicable upon becoming aware of an acquisition or disposal of any Covered Bond by the Subsequent Issuer or its Group, information regarding the aggregate Nominal Amount held by the Subsequent Issuer's Group, and the amount of any Covered Bonds cancelled by the Subsequent Issuer; and
- (c) any other information required by the Swedish Securities Markets Act (Sw. *lag (2007:582) om värdepappersmarknaden*) and in any event the rules and regulations of the Helsinki Stock Exchange.

The Issuer may and shall, if required by the Euroclear Rules or applicable laws, also deliver notices relating to the Covered Bonds in writing directly to the Holders at the address appearing on the list of the Holders provided by Euroclear Sweden in accordance with the below paragraph (or through Euroclear Sweden's book-entry system or Account Operators).

Any notice relating to the Covered Bonds shall be deemed to have been received by the Holders when published or delivered in accordance with this Condition 11.

Notwithstanding any secrecy obligation, the Issuer shall, subject to the Euroclear Rules and applicable laws, be entitled to obtain information of the Holders from Euroclear Sweden and Euroclear Sweden shall be entitled to provide such information to the Issuer. Furthermore, the Issuer shall, subject to the Euroclear Rules and applicable laws, be entitled to acquire from Euroclear Sweden a list of Holders, provided that it is technically possible for Euroclear Sweden to maintain such a list. The Issuer shall at the request of the Issuer Agent pass on such information to the Issuer Agent.

The address for notices to the Initial Issuer is:

Ålandsbanken Abp
Nygatan 2
PB 3
AX-22101 Mariehamn

The address for notices to the Subsequent Issuer is:

Borgo AB (publ)
Linnégatan 87 F
Box 24088
SE-104 50 Stockholm

12 TAXATION

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

- (a) presented for payment in the applicable Tax Jurisdiction;

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

For the purposes of this Condition 12:

Tax Jurisdiction means (i) prior to the occurrence of the Issuer Change Event, the Republic of Finland or any political subdivision or any authority thereof or therein having power to tax or (ii) after the occurrence of the Issuer Change Event, the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax; and

Relevant Date means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Issuer Agent, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Holders in accordance with Condition 11.

13 MEETING OF HOLDERS AND PROCEDURE IN WRITING

The Issuer may convene a meeting of Holders (**Holdings' Meeting**) or request a procedure in writing among the Holders (**Procedure in Writing**) to decide on amendments to these Conditions or other matters as specified below. Euroclear Sweden must be notified of the Holders' Meeting or a Procedure in Writing by the Issuer in accordance with the Euroclear Rules and applicable laws.

Notice of a Holdings' Meeting and the initiation of a Procedure in Writing shall be provided to the Issuer Agent and the Holders in accordance with Condition 11 at least ten (10) Business Days prior to the Holdings' Meeting or the last day for replies in the Procedure in Writing, and shall include information on the date, place and agenda of the Holdings' Meeting or the last day and address for replies in the Procedure in Writing (or if the voting is to be made electronically, instructions for such voting) as well as instructions as to any action required on the part of a Holder to attend the Holdings' Meeting or to participate in the Procedure in Writing. No matters other than those referred to in the notice of the Holdings' Meeting or initiation of the Procedure in Writing may be resolved upon at the Holdings' Meeting or the Procedure in Writing.

Only those who, according to the register kept by Euroclear Sweden in accordance with the Euroclear Rules and applicable laws, in respect of the Covered Bonds, were registered as Holders on the fifth (5th) Business Day prior to the Holdings' Meeting or the last day for replies in the Procedure in Writing on the list of Holders to be provided by Euroclear Sweden in accordance with Condition 11, or proxies authorised by such Holders, shall, if holding any of the nominal amount of the Covered Bonds at the time of the Holdings' Meeting or the last day for replies in the Procedure in Writing, be entitled to vote at the Holdings' Meeting or in the Procedure in Writing and shall be recorded in the list of the Holders present at the Holdings' Meeting or participating in the Procedure in Writing.

The Holdings' Meeting must be held in Stockholm and the chairman of the meeting shall be appointed by the Board of Directors of the Issuer.

A Holdings' Meeting or a Procedure in Writing shall constitute a quorum only if two (2) or more Holders present hold or represent at least 50 per cent. or one (1) Holder holding one hundred 100 per cent. of the Adjusted Nominal Amount outstanding attends the Holdings' Meeting or provides replies in the Procedure in Writing. Notwithstanding Condition 13 or anything set out in this paragraph, following the occurrence of the Issuer Change Event, the Subsequent Issuer may amend and/or restate these Conditions, and execute any documents required, without further Holder's consent in order to reflect that the Subsequent Issuer has assumed the rights and obligations of the Initial Issuer (including, but not limited to, for the purpose of aligning the terms contained herein with those in the Subsequent Issuer's medium term covered bond programme). For this purpose, each initial Holder agrees to such amendments and/or restatements by subscribing for Covered Bonds, and by acquiring Covered Bonds, each subsequent Holder confirms such agreement. For the avoidance of doubt, no separate decision by the Holders on a Holdings' Meeting or Procedure in Writing shall be required in order to effect the aforementioned amendments and/or restatements. Such amendments and/or restatements are for the purposes of adapting the Covered Bond to comply with Swedish law and regulation as well as market practice applicable to a Swedish issuer and may not decrease the Holders' rights.

If, within 30 minutes after the time specified for the start of a Holdings' Meeting, a quorum is not present, any consideration of the matters to be dealt with at the meeting may, at the request of the Issuer, be adjourned for consideration at a meeting

to be convened on a date no earlier than 14 calendar days and no later than 28 calendar days after the original meeting, at a place to be determined by the Issuer. Correspondingly, if by the last day for replies in the Procedure in Writing a quorum is not constituted, the time for replies may be extended as determined by the Issuer.

The quorum for an adjourned Holders' Meeting or extended Procedure in Writing will be at least 25 per cent. of the Adjusted Nominal Amounts outstanding.

Notice of an adjourned Holders' Meeting or in relation to a Procedure in Writing, information regarding the extended time for replies, shall be given in the same manner as notice of the original Holders' Meeting or the Procedure in Writing. The notice shall also state the requirements for the constitution of a quorum.

Voting rights of Holders shall be determined according to the proportion of the Adjusted Nominal Amount held by such Holder.

Resolutions shall be carried by a majority of more than 50 per cent. of the votes cast. A representative of the Issuer and a person authorised to act for the Issuer may attend and speak at a Holders' Meeting.

A Holders' Meeting or a Procedure in Writing is entitled to make the following decisions that are binding upon all Holders:

- (a) amend these Conditions, including approval of any proposal by the Issuer for any modification, abrogation, variation or compromise of these Conditions or any arrangement in respect of the obligations of the Issuer under or in respect of the Covered Bonds; and
- (b) waive any breach or consent to any proposed breach by the Issuer of its obligations under or in respect of the Covered Bonds,

provided, however, that consent of at least 75 per cent. of the Adjusted Nominal Amount outstanding is required to:

- (a) decrease the nominal amount of, or interest payable on (other than as a result of an application of Condition 5.5), the Covered Bonds;
- (b) extend the term of the Covered Bonds (other than pursuant to Condition 6.3);
- (c) amend the requirements for the constitution of a quorum at a Holders' Meeting or Procedure in Writing; or
- (d) amend the majority requirements of the Holders' Meeting or Procedure in Writing.

The consents can be given at a Holders' Meeting, in the Procedure in Writing or by other verifiable means in writing.

When consent from the Holders representing the requisite majority has been received in the Procedure in Writing, the relevant decision shall be deemed to be adopted even if the time period for replies in the Procedure in Writing has not yet expired, provided that the Holders representing such requisite majority are registered as Holders on the list of Holders provided by Euroclear Sweden in accordance with Condition 11 on the date when such requisite majority is reached.

The Holders' Meeting and the Procedure in Writing can authorise a named person to take necessary action to enforce the decisions of the Holders' Meeting or the Procedure in Writing.

Resolutions passed at a Holders' Meeting or in the Procedure in Writing shall be binding on all Holders irrespective of whether they have been present at the Holders Meeting or participated in the Procedure in Writing. In addition, Holders are obligated to inform subsequent transferees of Covered Bonds of resolutions made at a Holders' Meeting and in a Procedure in Writing. A Holders' Meeting's resolutions must also be notified to the Issuer Agent as well as Euroclear Sweden in accordance with the Euroclear Rules and applicable laws.

Any resolution at a Holders' Meeting or in a Procedure in Writing, which extends or increases the obligations of the Issuer, or limits, reduces or extinguishes the rights or benefits of the Issuer, shall be subject to the consent of the Issuer.

Notwithstanding anything to the contrary in these Conditions, the Issuer is entitled to, without the consent of the Holders to make appropriate changes to these Conditions if such changes do not weaken the position of the Holders. Any such

changes shall be binding upon the Holders. The Issuer shall notify the Holders of such changes in accordance with Condition 11 above.

14 ADMISSION TO TRADING

The Covered Bonds are admitted to trading on the Helsinki Stock Exchange and the Initial Issuer and the Subsequent Issuer (as applicable) undertake to take any reasonable measures that may be required to maintain the admission as long as the Covered Bonds are outstanding, however, no longer than what is possible pursuant to applicable laws and regulations.

15 FURTHER ISSUES

Subject to the last paragraph of Condition 6.3, the Issuer may from time to time without the consent of, or notice to, the Holders create and issue further covered bonds having the same terms and conditions as the Covered Bonds (or the same in all respects save for the amount and date of the first payment of interest thereon, the issue price, the minimum subscription amount and the date from which interest starts to accrue) and so that the same may be consolidated and form a single series with the outstanding Covered Bonds.

16 CHANGE OF ISSUER

The Initial Issuer contemplates to transfer the underlying assets in the Swedish Cover Pool to the Subsequent Issuer, thus triggering the Issuer Change Event. The Issuer Change Event is subject to, among other things, that the Initial Issuer has obtained the prior approval of the Finnish Financial Supervisory Authority for such transfer in accordance with Section 12 of the Finnish Covered Bonds Act. The final decision to transfer the underlying assets in the Swedish Cover Pool and, consequently, the Issuer Change Event taking place is at the full discretion of the Initial Issuer and the Subsequent Issuer and subject to the all the conditions precedent for closing under the related business purchase agreement to be entered into between the Initial Issuer and the Subsequent Issuer having been fulfilled or waived by the parties thereto.

If required by the Euroclear Rules or the rules of the relevant stock exchange or technical reasons attributable to Euroclear Sweden or the relevant stock exchange, upon the occurrence of the Issuer Change Event the Covered Bonds will be re-issued under these Conditions by the Subsequent Issuer.

Following the occurrence of the Issuer Change Event, the Subsequent Issuer will assume the rights and obligations of the Initial Issuer under these Conditions and the Covered Bonds. If required, the Subsequent Issuer may amend and/or restate these Conditions, and execute any documents required, without further Holder's consent in order to reflect that the Subsequent Issuer has assumed the rights and obligations of the Initial Issuer (including, but not limited to, for the purpose of aligning the terms contained herein with those in the Subsequent Issuer's medium term covered bond programme). For this purpose, each current Holder agrees to such amendments and/or restatements by approval of these Terms and Conditions through a separate consent, and by acquiring Covered Bonds, each subsequent Holder confirms such agreement. For the avoidance of doubt, no separate decision by the Holders on a Holders' Meeting or Procedure in Writing shall be required in order to effect the aforementioned amendments and/or restatements.

By approval of these Terms and Conditions, each current Holder agrees to the Issuer Change Event and by acquiring Covered Bonds, each subsequent Holder confirms such agreement. No remedy against the Initial Issuer or the Subsequent Issuer shall be available to the Holders, whether for the recovery of amounts owing in respect of the Covered Bonds or otherwise as a result of or in relation to the Issuer Change Event. For the avoidance of doubt, no separate decision by the Holders on a Holders' Meeting or Procedure in Writing shall be required in order to effect the Issuer Change Event.

The Initial Issuer and the Subsequent Issuer shall inform the Holders of the occurrence of the Issuer Change Event in accordance with Condition 11. In addition, the Initial Issuer and the Subsequent Issuer shall notify Euroclear Sweden, the Issuer Agent and (if the Covered Bonds are listed therein) the Helsinki Stock Exchange of the Issuer Change Event without delay upon its occurrence.

17 GOVERNING LAW AND JURISDICTION

17.1 Governing law

- (a) Prior to the occurrence of the Issuer Change Event, the Covered Bonds and any non-contractual obligations arising out of or in connection herewith, are and shall be governed by, and construed in accordance with, Finnish

law, except for the provisions on registration of the Covered Bonds in Euroclear Sweden, which shall be governed by, and construed in accordance with, Swedish law.

- (b) After the occurrence of the Issuer Change Event, the Covered Bonds and any non-contractual obligations arising out of or in connection herewith, are and shall be governed by, and construed in accordance with, Swedish law.

17.2 Submission to jurisdiction

- (a) Prior to the occurrence of the Issuer Change Event, any disputes relating to the Covered Bonds shall be settled in the first instance at the District Court of Helsinki (Fi. *Helsingin käräjäoikeus*).
- (b) After the occurrence of the Issuer Change Event, any disputes relating to the Covered Bonds shall be settled in the first instance at the Stockholm District Court (Sw. *Stockholms tingsrätt*).
- (c) If the claimant is a consumer, such claimant may take legal action in a district court of the claimant's place of residence.