

# Information Memorandum



## Kommuninvest i Sverige Aktiebolag (publ)

(incorporated with limited liability in the Kingdom of Sweden)

### A\$3,000,000,000 Debt Issuance Programme

for the issue of debt instruments  
representing short and medium term debt obligations guaranteed by certain county councils of Sweden  
and certain Municipalities of Sweden

Under the A\$3,000,000,000 Programme described in this Information Memorandum ("**Programme**"), Kommuninvest i Sverige Aktiebolag (publ) (the "**Issuer**" or "**Kommuninvest**"), subject to compliance with all relevant laws and directives, may, from time to time, offer debt instruments comprising short term notes and medium term notes (collectively, "**Notes**") in the Australian and New Zealand domestic wholesale capital markets.

The aggregate principal amount of the Notes issued under the Programme may be up to A\$3,000,000,000 (or an equivalent amount in NZ\$) outstanding at any one time (as that amount may be increased from time to time).

The Notes will be guaranteed by certain county councils of Sweden and certain municipalities of Sweden.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**") or the securities laws of any state in the United States. The Notes may not be offered or sold within the United States or to or for the account of U.S. persons (as defined in Regulation S under the Securities Act) unless such Notes are registered under the Securities Act or an exemption from the registration requirements thereof is available. For a description of certain restrictions on offers and sales of the Notes and on distribution of this Information Memorandum, see the section entitled "Selling Restrictions" below.

Kommuninvest is not a bank which is authorised under the Banking Act 1959 of the Commonwealth of Australia or a registered bank under the Reserve Bank of New Zealand Act 1989, or otherwise regulated or supervised by the Reserve Bank of New Zealand.

The Notes are not guaranteed by the Commonwealth of Australia or the Government of New Zealand.

*Arranger*

**Nomura**

*Dealers*

**ANZ Bank New Zealand Limited  
Australia and New Zealand Banking Group Limited  
Commonwealth Bank of Australia  
National Australia Bank Limited**

**Nomura  
Royal Bank of Canada  
TD Securities  
Westpac Banking Corporation**

16 May 2016

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# Important Notice

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## Introduction

This Information Memorandum relates to a debt issuance programme ("**Programme**") established by Kommuninvest i Sverige Aktiefbolag (publ) ("**Issuer**") for the issue, from time to time, of short term notes ("**STNs**") and medium term notes ("**MTNs**" and together with STNs, "**Notes**"). The term "**Notes**", unless the context otherwise requires, includes any interests or rights in respect of any Notes.

This Information Memorandum replaces in its entirety the Information Memorandum dated 9 July 2013.

Terms used in this Information Memorandum but not otherwise defined have the meaning given to them in the Conditions (as defined below).

The Notes may be issued up to a maximum of A\$3,000,000,000 (or an equivalent amount in NZ\$) (as that amount may be increased from time to time).

## Place of issuance

Subject to compliance with all relevant laws and directives, Kommuninvest may from time to time issue Notes in Australia denominated in Australian dollars ("**Australian Notes**") and Notes in New Zealand denominated in New Zealand dollars ("**New Zealand Notes**"). No action has been taken in any jurisdiction to permit a public offering of Notes.

This Information Memorandum is not a prospectus or a product disclosure statement for the purposes of the Corporations Act 2001 of the Commonwealth of Australia ("**Corporations Act**").

No prospectus or other disclosure document in relation to the Programme or the Notes has been lodged with the Australian Securities and Investments Commission ("**ASIC**") pursuant to the Corporations Act.

No issue of Notes under the Programme by the Issuer will be attributable to a permanent establishment of it in Australia.

No prospectus or other disclosure document in relation to the Programme has been, or will be, lodged with the New Zealand Registrar of Financial Service Providers or the New Zealand Financial Markets Authority.

Each issue of Notes will be made under documents agreed between the Issuer and Dealers (as defined in the section entitled "Summary of the Programme" below). This Information Memorandum describes the issue of Notes in registered form into the wholesale markets of Australia and New Zealand. The Issuer may publish a supplement to this Information Memorandum (or additional Information Memoranda) which describes the issue of Notes (or particular classes of Notes) not described in this Information Memorandum.

## Terms and conditions of issue

Notes will be issued in one or more Tranches (each a "**Tranche**") within one or more series (each a "**Series**"). Tranches of Notes within a particular Series may have various issue dates, issue prices and (if applicable) interest commencement dates and, in respect of the first interest payment (if any), different interest payment amounts, but will otherwise be issued on identical conditions. In particular, a pricing supplement ("**Pricing Supplement**") will be issued for each Tranche of MTNs and will contain details of the aggregate principal amount, the interest (if any) payable, the issue price, issue date and maturity date of the Tranche of MTNs, together with any other conditions not contained in this Information Memorandum which apply to that Tranche of MTNs. An STN supplement ("**STN Supplement**") may be issued for a Tranche of STNs setting out any conditions not contained in the Information Memorandum which apply to that Tranche of STNs.

Each Series (as defined below) of Notes will be guaranteed by certain county councils of Sweden and certain municipalities of Sweden (“**Guarantors**”) under a joint and several guarantee. The guarantee (“**Guarantee**”) is governed by Swedish law. A current list of Guarantors at any time and the terms of the Guarantee can be found at <http://www.kommuninvest.org>. However, other county councils and municipalities of Sweden may subsequently become Guarantors under the Guarantee and an existing Guarantor may cease to be a Guarantor in relation to liabilities entered into after they cease to be a Guarantor. For further information see the section entitled “The Issuer” below.

Australian Notes may be lodged in the settlement system operated by Austraclear Ltd (ABN 94 002 060 773) (“**Austraclear Australia**”) (“**Austraclear Australia System**”). New Zealand Notes may be lodged in the settlement system operated by the Reserve Bank of New Zealand (“**RBNZ**”) (“**NZClear System**”). Any approval of the Notes by Austraclear Australia or RBNZ is not a recommendation or endorsement by Austraclear Australia or RBNZ of the Notes. Notes may also be traded on the settlement system operated by Euroclear Bank S.A./N.V. (“**Euroclear**”), the settlement system operated by Clearstream, Luxembourg S.A. (“**Clearstream, Luxembourg**”) or any other clearing system described in the relevant Pricing Supplement (together with the Austraclear Australia System and the NZClear System, each a “**Clearing System**”).

## **Responsibility**

This Information Memorandum has been prepared by and issued with the authority of the Issuer. The Issuer accepts responsibility for the information contained in this Information Memorandum.

This Information Memorandum relates solely to a proposed issue of Notes by the Issuer and does not relate to, and is not relevant for, any other purpose.

## **Documents incorporated by reference**

The following documents are incorporated in, and taken to form part of, this Information Memorandum:

- (i) all amendments and supplements to this Information Memorandum published by the Issuer from time to time including each Pricing Supplement;
- (ii) the most recently published annual report of the Issuer from time to time;
- (iii) the most recent publicly available interim financial statements of the Issuer; and
- (iv) all documents published by the Issuer and stated to be incorporated by reference in this Information Memorandum.

This Information Memorandum is to be read and construed with all these documents which, unless the context otherwise requires, are deemed to be incorporated into it by reference and form part of this Information Memorandum. This Information Memorandum shall, unless otherwise expressly stated, be read and construed on the basis that such documents are so incorporated and form part of this Information Memorandum. References to this “Information Memorandum” are to this Information Memorandum and to any other document incorporated by reference collectively and to any of them individually.

Any statement contained in this Information Memorandum, or in any of the documents incorporated by reference in, and forming part, of this Information Memorandum, shall be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

Copies of documents which are incorporated by reference in this Information Memorandum may be obtained from the Issuer (at its respective office specified in the section entitled “Directory”), on the Issuer’s website at <http://www.kommuninvest.org> or from such other person specified in any Pricing Supplement.

Investors should review, amongst other things, the documents which are incorporated by reference in this Information Memorandum when deciding whether or not to subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes.

### **References to internet site addresses**

Any internet site addresses provided in this Information Memorandum are for reference only and the content of such internet site is not incorporated by reference into, and does not form part of, this Information Memorandum, except as expressly stated in this Information Memorandum.

### **No independent verification**

The only role of the Arranger, the Dealers and the Agents (each as defined in the section entitled "Summary of the Programme" below) in the preparation of this Information Memorandum has been to confirm to the Issuer that their legal name, address and ABN and/or AFSL numbers (where applicable) under the sections entitled "Summary of the Programme" and "Directory" below are accurate as at the Preparation Date.

Apart from the foregoing, none of the Arranger, the Dealers, or the Agents has independently verified the information contained in this Information Memorandum. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by them as to the accuracy or completeness of this Information Memorandum. In particular, none of the Arranger, the Dealers, or the Agents has undertaken to review the financial condition or affairs of the Issuer during the term of the Programme nor advise any holder of the Notes of any information coming to its attention with respect to the Issuer or any of its affiliates, the Notes or the Programme at any time.

### **No authorisation**

No person has been authorised to give any information or make any representation not contained in, or consistent with, this Information Memorandum in connection with the Issuer, the Guarantors, the Programme or the Notes and, if given or made, that information or representation must not be relied on as having been authorised by the Issuer, the Arranger, the Dealers, or the Agents.

### **Distribution arrangements**

This Information Memorandum has been prepared for distribution only to professional investors whose ordinary business includes the buying and selling of securities such as the Notes. This Information Memorandum is not intended for, and should not be distributed to, and should not be construed as an offer or invitation in any jurisdiction to, any person to whom it is unlawful to make the offer or invitation in such jurisdiction.

The distribution of this Information Memorandum and the subscription, offer, sale or transfer of Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Arranger, the Dealers, or the Agents represents that this Information Memorandum may be lawfully distributed, or that any Notes may be lawfully subscribed for, offered, sold or transferred in compliance with any applicable law in any such jurisdiction, or under an exemption available in that jurisdiction, or assumes any responsibility for facilitating any that distribution or offering. No action has been taken, or will be taken, by the Issuer, the Arranger, the Dealers, or the Agents in any jurisdiction which would permit a public offering of any Notes or distribution of this Information Memorandum, or other offering material in relation to Notes in any jurisdiction where action for that purpose is required.

Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and directives. Persons into whose possession this Information Memorandum or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Information Memorandum and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Notes in Australia, the European Economic Area, the United Kingdom, the United States of America, Hong Kong, Japan, New Zealand, Singapore and Sweden as more fully set out in this Information Memorandum.

## **No registration or approval by authority in the United States**

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state in the United States of America. The Notes may not be offered, sold, delivered or transferred within the United States of America or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act), unless an exemption from the registration requirements of the Securities Act is available.

## **Agency and distribution arrangements**

The Issuer has agreed to pay the Agents' fees for undertaking their respective roles and reimburse them for certain of their expenses incurred in connection with the Programme.

The Issuer may also pay a Dealer a fee in respect of the Notes subscribed by it, may agree to reimburse the Dealers for certain expenses incurred in connection with this Programme and may indemnify the Dealers against certain liabilities in connection with the offer and sale of Notes.

Each Dealer, its subsidiaries, directors and employees may have pecuniary or other interests in the Notes and may also have interests pursuant to other arrangements and may receive fees, brokerage and commissions and may act as a principal in dealing in any Notes.

## **Intending purchases to make independent investment decision and obtain tax advice**

This Information Memorandum contains only summary information concerning the Issuer, the Guarantee and Notes. Neither the information contained in this Information Memorandum nor any other information supplied in connection with the Programme or the issue of any Notes is intended to be, an offer or invitation to subscribe for, purchase or otherwise deal in any Notes, or a recommendation or a statement of opinion (or a report of either of those things) by any of the Issuer, any Dealers or the Agents that any recipient of this Information Memorandum or any other information supplied in connection with the Programme or the issue of Notes should subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes.

Potential purchasers of the Notes should make (and are taken to have made) their own independent investigation and appraisal of the financial condition, affairs and creditworthiness of the Issuer and the Guarantors. Potential purchasers should:

- make and rely upon (and shall be taken to have made and relied upon) its own independent investigation of the financial condition and affairs of, and its own appraisal of the creditworthiness of, the Issuer;
- determine for themselves the relevance of the information contained in this Information Memorandum, and any other information supplied in connection with the Programme or the issue of any Notes, and must base their investment decisions solely upon their independent assessment and such investigations as they consider necessary; and
- carefully read this Information Memorandum and seek independent professional advice in respect of the legal, taxation, stamp duty, regulatory, financial and other implications of purchasing any Notes.

No advice is given in respect of the legal or taxation treatment of investors or purchasers in connection with an investment in any Notes or rights in respect of them and each investor is advised to consult its own professional adviser.

## **Risks**

Neither this Information Memorandum nor any other information supplied in connection with the Programme or the issue of any Notes describes the risks of an investment in any Notes. Prospective investors should consult their own professional, financial, legal and tax advisers about risks associated with an investment in any Notes and the suitability of investing in the Notes in light of their particular circumstances.

## **No offer**

This Information Memorandum does not, and is not intended to, constitute an offer or invitation by or on behalf of the Issuer, the Arranger, the Dealers, or any Agent to any person to subscribe for, purchase or otherwise deal in any Notes (or any rights in respect of any Notes).

## **Banking Act**

The Issuer is not a bank which is authorised under the Banking Act 1959 of the Commonwealth of Australia or a registered bank under the Reserve Bank of New Zealand Act 1989, or otherwise regulated or supervised by the RBNZ. The Notes are not guaranteed by the Commonwealth of Australia or by the Government of New Zealand.

## **Swedish Law**

Under the agreements and other documents relating to the Programme (other than the agreement entitled "Agency and Registry Services Agreement" dated 10 September 2009 between the Issuer and the New Zealand Registrar), the parties submit to the non-exclusive jurisdiction of the courts of New South Wales, Australia. The Issuer has been advised that a judgment against the Issuer in the courts of New South Wales, Australia may not be recognised as enforceable in the courts of the Kingdom of Sweden without a re-trial on its merits.

## **References to credit ratings**

There are references in this Information Memorandum to credit ratings. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating agency. Each rating should be evaluated independently of any other rating.

***Credit ratings are for distribution only to a person (a) who is not a "retail client" within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive the relevant document and anyone who receives the relevant document must not distribute it to any person who is not entitled to receive it.***

## **Currencies**

In this Information Memorandum, references to "**AUD**", "**A\$**", or "**Australian dollars**" are to the lawful currency of the Commonwealth of Australia and references to "**New Zealand dollars**" or "**NZ\$**" are to the lawful currency of New Zealand.

## **Currency of information**

The information contained in this Information Memorandum is prepared as of its Preparation Date. Neither the delivery of this Information Memorandum nor any offer, issue or sale made in connection with this Information Memorandum at any time implies that the information contained in it is correct at any time subsequent to the Preparation Date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the Preparation Date. In particular, neither the Issuer nor any of its affiliates is under any obligation to the holders of any Notes to update this Information Memorandum at any time after an issue of Notes.

In this Information Memorandum, "**Preparation Date**" means:

- in relation to this Information Memorandum, the date indicated on its face or, if the Information Memorandum has been amended or supplemented, the date indicated on the face of that amendment or supplement;

- in relation to annual reports and any financial statements incorporated in this Information Memorandum, the date up to, or as at, the date on which such annual reports and financial statements relate; and
- in relation to any other item of information which is to be read in conjunction with this Information Memorandum, the date indicated on its face as being its date of release or effectiveness.

Investors should review, amongst other things, the documents which are deemed to be incorporated in this Information Memorandum by reference when deciding whether or not to purchase any Notes.

# Summary of the Programme

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*The following is a brief summary only and should be read with the rest of this Information Memorandum and, in relation to any Notes, the conditions of the Notes (as set in the sections headed “STN Conditions” and “MTN Conditions” collectively the “Conditions”) and any applicable Pricing Supplement (or STN Supplement, if any). Terms defined in the Conditions have the same meaning when used in this summary.*

- Issuer: Kommuminvest i Sverige Aktiebolag (publ) (“**Kommuninvest**”)
- Guarantors: Each Series of Notes will be guaranteed by certain county councils of Sweden and certain municipalities of Sweden.
- The Guarantors at any time (including at the time of issue of any Tranche) are set out at <http://www.kommuninvest.org>. However, other county councils and municipalities of Sweden may subsequently become guarantors.
- A current list of Guarantors at any time and the terms of the Guarantee can be found at <http://www.kommuninvest.org>.
- Description: A non-underwritten debt issuance programme (“**Programme**”) under which, subject to applicable laws and directives, the Issuer may issue short term notes (“**STNs**”) and medium term notes (“**MTNs**” and, together with STNs, the “**Notes**”). The features of the Notes are described in greater detail elsewhere in this Information Memorandum.
- Programme Limit: A\$3,000,000,000 (or an equivalent amount in NZ\$).
- Programme Term: The Programme continues until terminated by the Issuer giving 30 days’ notice to the Arranger, the then current Dealers appointed to the Programme generally and Agents or earlier by agreement between the Issuer, Arranger, and those current Dealers and Agents.
- Rating: The programme is rated AAA by Standard & Poor’s Rating Service, a division of the McGraw Hill Companies Inc. (“**S&P**”) and has been given a Aaa long term unsecured debt rating and a P-1 short term debt rating by Moody’s Investor Services Limited (“**Moody’s**”).
- A Pricing Supplement or STN Supplement (as applicable) may specify that a particular credit rating is to be assigned to a particular Series of Notes.
- A rating is not a recommendation to buy, sell or hold Notes and is subject to variation, suspension or withdrawal at any time by the assigning organisation.
- Credit ratings are for distribution only to a person (a) who is not a “retail client” within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive the relevant document and anyone who receives the relevant document must not distribute it to any person who is not entitled to receive it.*
- Arranger: Nomura International plc

Dealers: ANZ Bank New Zealand Limited  
Australia and New Zealand Banking Group Limited  
Commonwealth Bank of Australia  
National Australia Bank Limited  
Nomura International plc  
The Toronto-Dominion Bank  
Royal Bank of Canada  
Westpac Banking Corporation

*Current details and particulars of each Dealer's applicable Australian Business Number ("ABN") and Australian financial services licence ("AFSL") number are set out in the section entitled "Directory".*

Additional Dealers may be appointed from time to time by the Issuer for any Tranche of Notes or to the Programme generally. The Issuer may also issue Notes directly to purchasers or investors (as applicable) procured by it. Registrar:

For:

- (a) Australian Notes, BTA Institutional Services Australia Limited (ABN 48 002 916 396, AFSL No. 239053) or any other persons appointed by the Issuer to maintain the Register (as defined below) of Australian Notes on the Issuer's behalf; and
- (b) New Zealand Notes, Computershare Investor Services Limited or any other persons appointed by the Issuer to maintain the Register (as defined below) of New Zealand Notes on the Issuer's behalf.

A Registrar may also provide issue and paying agency services with respect to each Series or Tranche of Notes initially lodged and held through or predominantly through the Austraclear Australia System or the NZClear System (as applicable).

Issuing and Paying Agent:

The Registrar or any other person appointed by the Issuer to provide issue and paying agency services with respect to a Series or a Tranche of Notes.

Calculation Agents:

If a Calculation Agent is required for the purpose of calculating any amount or making any determination in respect of a Series or Tranche of Notes, that appointment will be notified in the relevant Pricing Supplement.

The Issuer may terminate the appointment of the Calculation Agent, appoint additional or other Calculation Agents.

Where no Calculation Agent is appointed, the calculation of interest, principal and other payments in respect of Notes will be made by the Issuer.

Agents:

Each Registrar, Calculation Agent, Issuing and Paying Agent and any other person appointed by the Issuer to perform other agency functions with respect to a Series or Tranche of Notes. Details of each appointment will be notified in the relevant Pricing Supplement (or STN Supplement, if any).

Form of Notes:

Notes issued by the Issuer will be in registered form. They will be debt obligations of the Issuer which are constituted by, and owing under, a Second Note Deed Poll dated 16 May 2016 (as amended or supplemented from time to time) ("**Note Deed Poll**") or such other deed poll made by the Issuer as is specified in an applicable Pricing Supplement or STN

Supplement and will take the form of entries in a register maintained by the relevant Registrar (“**Register**”).

Type of Notes: Notes are senior notes and may be STNs or MTNs. STNs will be issued at a discount. MTNs may be fixed rate MTNs, floating rate MTNs or zero coupon MTNs and may be issued at a discount, at par or at a premium or any other type of MTN, as described in the relevant Pricing Supplement.

*Issuance and Purchase:* Notes may be issued at any price on a fully or partly paid basis, as specified in the relevant Pricing Supplement.

*Notes Conditions:* The terms and conditions of the MTNs are set out herein under the heading “MTN Conditions”, and the terms and conditions of the STNs are set out herein under the heading “STN Conditions” in each case, as modified and supplemented by a Pricing Supplement (or STN Supplement, if any) (in each case, as described further below) for the relevant Tranche.

Notes of any Series may be described as “Notes”, “Bonds”, “Instruments”, “FRNs”, “MTNs”, “STNs”, “Zero Coupon Notes”, “Senior Notes”, or by another marketing name specified in the relevant Pricing Supplement.

Tenor: STNs will be issued with a minimum tenor of 7 days and a maximum tenor of 364 days. MTNs will be issued with a minimum tenor of 365 days and will not have a maximum tenor.

Currency of Notes: Australian Notes will be denominated in Australian dollars. New Zealand Notes will be denominated in New Zealand dollars.

Denominations: Notes will be issued in denominations of A\$10,000 in the case of Australian Notes or NZ\$10,000 in the case of New Zealand Notes unless otherwise specified in the relevant Pricing Supplement (or STN supplement, if any), provided that:

- (a) in relation to Australian Notes offered in Australia:
  - (i) the aggregate consideration payable in respect of an issue or transfer is at least A\$500,000 (or its equivalent in another currency, disregarding money lent by the offeror or its associates); or
  - (ii) the Notes are otherwise offered and issued in a manner for which no disclosure is required to be made to investors under Parts 6D.2 or 7.9 of the Corporations Act; and
- (b) in relation to New Zealand Notes offered in New Zealand, the Notes are offered and issued in a manner that does not require disclosure of the offer as a “regulated offer” (as that term is defined in section 41 of the NZ FMCA) ; and
- (c) the issue complies with all other applicable laws or directives.

Title: Entry of the name of the relevant person in the Register in respect of a Note constitutes the conclusive evidence that the person so entered is the absolute owner of the Notes subject to correction for fraud or error. Title to those Notes passes when details of the transfer are entered in the relevant Register.

Notes held in the Austraclear Australia System will be registered in the name of Austraclear Australia. Notes held in the NZClear System will be

registered in the name of New Zealand Central Securities Depository Limited (“**NZCSD**”). Title to Notes held in a Clearing System will be determined in accordance with the rules and regulations of that Clearing System.

No certificates or other evidence of title will be issued to holders of Notes unless the Issuer determines that certificates should be available or are required by any applicable law.

Clearing System:

Notes may be transacted either within or outside any Clearing System (as defined below).

The Issuer may apply to Austraclear Ltd (ABN 94 002 060 773) (“**Austraclear Australia**”) for approval for the Australian Notes to be traded on the settlement system operated by Austraclear Australia (“**Austraclear Australia System**”). Such approval by Austraclear Australia is not a recommendation or endorsement by Austraclear Australia of the Australian Notes. The rights of a holder of interests in Notes held through the Austraclear Australia System are subject to the rules and regulations of the Austraclear Australia System.

The Issuer may apply to the Reserve Bank of New Zealand (“**RBNZ**”) for approval for the New Zealand Notes to be traded on the settlement system operated by RBNZ (“**NZClear System**”). Such approval by RBNZ is not a recommendation or endorsement by RBNZ of the New Zealand Notes. Interests in Notes may also be traded on the settlement system operated by Euroclear Bank S.A./N.V. (“**Euroclear**”), the settlement system operated by Clearstream, Luxembourg S.A. (“**Clearstream, Luxembourg**”) or any other clearing system described in the relevant Pricing Supplement (together with the Austraclear Australia System and the NZClear System, each a “**Clearing System**”). The rights of a holder of interests in Notes held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominees and/or custodians and the rules and regulations of the Austraclear Australia System or the NZClear System. In addition, any transfer of interests in a Note, which is held through Euroclear or Clearstream, Luxembourg will, to the extent such transfer will be recorded on the Austraclear Australia System, be subject to the Corporations Act and the requirements for minimum consideration summarised in the section headed “Transfer procedure” below.

The Issuer is not responsible for the operation of any Clearing System which is a matter for the relevant Clearing System, its members and the investors.

Status and ranking:

Notes will be direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank equally among themselves and at least equally with all other unsubordinated and unsecured obligations of the Issuer, except for liabilities mandatorily preferred by law.

Bail-in Power:

By its acquisition of the Notes, each holder of the Notes acknowledges, agrees to be bound by, and consents to the exercise of, the Bail-in Power that may result in the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the Notes and/or the conversion of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the Notes into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes, in each case, to give effect to the

exercise of the Bail-in Power. Each holder of the Notes further acknowledges and agrees that the rights of the holders of the Notes are subject to, and will be varied, if necessary, so as to give effect to, the exercise of the Bail-in Power.

- Negative pledge: The MTNs will have the benefit of a negative pledge as described in Condition 5 (Negative pledge) of the MTN Conditions.
- Stamp duty: Any stamp duty incurred at the time of issue of the Notes will be for the account of the Issuer. Any stamp duty incurred on a transfer of Notes will be for the account of the transferee or transferor.
- No Australian or New Zealand stamp duty is currently payable on the issue or transfer of the Notes.
- Taxes: An overview of the Australian, New Zealand and Swedish taxation treatment of payments of interest on the Notes is set out in the section entitled "Australian Taxation", "New Zealand Taxation" and "Swedish Taxation".
- However, investors should obtain their own taxation advice regarding the taxation status of investing in Notes.
- Additional Amounts: In the event that any tax withholdings are required by the laws of Sweden, such additional amounts will be paid as will result in the Holder of the Notes receiving such amount which would have been received in the absence of such withholding or deduction, subject to any exceptions and limitations set out in the Conditions of the Notes.
- Selling restrictions: The offer, sale, transfer and delivery of Notes and the distribution of this Information Memorandum and other material in relation to the Notes are subject to such restrictions as may apply in any jurisdiction in which the Notes may be offered, sold or transferred in connection with the offering and sale of a particular Tranche of Notes. In particular, restrictions on the offer or sale of the Notes in Australia, the European Economic Area, the United Kingdom, the United States of America, Hong Kong, Japan, New Zealand, Singapore and Sweden are set out in the section entitled "Selling Restrictions".
- Restrictions on the offer, sale and/or distribution of Notes may also be set out in the applicable Supplement.
- Cross default: The MTNs are subject to cross default as set out in Condition 14.1(c) (Events of Default) of the MTN Conditions.
- Governing law: The Notes, and all related documents, will be governed by the laws in force in New South Wales, Australia except for:
- (a) the Guarantee, which is governed by the laws of Sweden; and
  - (b) any registry services or other agency agreement entered into with the Registrar or other agent in New Zealand, which will be governed by the laws of New Zealand.
- Transfer procedure: Notes may be transferred in whole but not in part.
- Notes may only be transferred between persons in any jurisdiction or jurisdictions if the transfer is in compliance with the laws of the jurisdiction in which the transfer takes place.

Notes not held in a Clearing System may only be transferred by completing and delivering to the Registrar a signed transfer form in compliance with all applicable laws. Interests in respect of Notes held in a Clearing System are transferable only in accordance with the rules and regulations of the relevant Clearing System.

Restrictions on the transfer of Notes may also be set out in the relevant STN Supplement or Pricing Supplement in addition to, or in lieu of, the restrictions set out above.

**Redemption:** An STN may not be redeemed prior to its stated maturity. STNs will be redeemed at maturity. MTNs may be redeemed before their stated maturity where specified in the Conditions and the relevant Pricing Supplement.

Notes held in a Clearing System will be redeemed through that Clearing System in a manner consistent with the rules and regulations of that Clearing System.

**Payments and Record Date:** Payments to persons who hold interests or rights in respect of any Notes held in a Clearing System will be made in accordance with the rules and regulations of the relevant Clearing System.

If Notes are not held in a Clearing System, payments will be made to the account of the registered holder noted in the Register. If no account is notified, then payments will be made by cheque mailed on the Business Day immediately before the payment date, or in the case of New Zealand Notes, on the payment date to the registered holder at its address appearing in the Register at the close of business on the Record Date.

**STN Supplement:** In relation to the issue of any STNs, this Information Memorandum is to be read in conjunction with any STN Supplement issued by the Issuer in relation to those STNs.

**Pricing Supplement:** In relation to the issue of any MTNs, this Information Memorandum is to be read in conjunction with the Pricing Supplement issued by the Issuer in relation to those MTNs. Each Pricing Supplement will provide particular information relating to a particular Tranche of MTNs to be issued as part of a Series including details of the form of the MTNs, the Series in which the MTNs will be issued and any other information pertinent to the issue of those MTNs.

**Listing:** The Issuer does not currently intend to list the Notes on any stock exchange.

However, the Issuer may elect to apply to list one or more Tranches of Australian Notes on the stock exchange operated by ASX Limited (ABN 98 008 624 691) ("**ASX**"), or the New Zealand Notes on the stock exchange operated by NZX Limited ("**NZX**") or any other stock exchange specified in the relevant Pricing Supplement. Australian Notes which are listed on the ASX will not be transferred through or registered on the Clearing House Electronic Sub-Register System ("**CHESS**") operated by the ASX and will not be "Approved Financial Products" for the purposes of CHESS. If an interface between the Register and CHESS is established the documents relating to the Programme may be amended to facilitate settlement on CHESS and the Notes will become "Approved Financial Products" for the purposes of CHESS.

New Zealand Notes which are listed on the NZX will be transferred in accordance with the Reserve Bank of New Zealand (Designated Settlement System – NZCDC) Order 2010.

# The Issuer

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## History and Corporate Organisation

Kommuninvest i Örebro län Aktiebolag was incorporated in Örebro as a limited liability company on 6 August 1986 on the local initiative of the county council and the municipalities in Örebro County. The purpose of its establishment was to create a regional platform for cooperation on financial matters. During the years that followed, the benefits offered by financial collaboration generated increasing interest in the operation and, commencing in March 1993, municipalities and county councils outside Örebro County were offered the opportunity to participate in the cooperative, on a national level. To reflect the expansion of membership throughout Sweden, the company's name was changed to Kommuninvest i Sverige Aktiebolag (adopted on 26 March 1993) and the ownership structure of the company was transformed into indirect ownership through the Kommuninvest Cooperative Society (the "**Society**"), in which the owners are members. The Society is the sole owner of Kommuninvest i Sverige Aktiebolag (hereinafter, "**Kommuninvest**" or the "**Company**", and together with the Society, the "**Group**"), in which all financial operations are conducted. Following a decision by the Swedish Financial Supervisory Authority on 19 June 1995, Kommuninvest was granted the status of a joint-stock credit market company. The Company exclusively lends to the members of the Society and to their majority-owned companies, provided that the companies' obligations are guaranteed by their owners. Membership in the Society is voluntary. Each member has to sign a joint and several guarantee covering Kommuninvest's commitments (for further information regarding the guarantee, see "Ownership and Guarantee" below).

Kommuninvest operates from Örebro and does not have any branch offices or any significant subsidiaries. A real estate company is part of the Group, Kommuninvest Fastighets Aktiebolag, whose main purpose is to manage the premises in which the Company carries out its business.

Kommuninvest conducts its operations in accordance with the Swedish Companies Act (Sw: aktiebolagslagen (2005:551)) and otherwise in accordance with Swedish legislation, and its operations are regulated by the Swedish Banking and Financing Business Act (Sw: lagen (2004:297) om bank- och finansieringsrörelse). Kommuninvest is subject to the supervision of the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) and is registered with the Swedish Companies Registration Office (Sw. Bolagsverket) with company registration number 556281-4409. As an unlisted company, Kommuninvest is not required to comply with the Swedish Corporate Governance Code.

Kommuninvest has its registered office in Örebro. The Company's registered address is:

Kommuninvest i Sverige AB (publ)  
Box 124  
701 42 Örebro  
Sweden

## Ownership and Guarantee

Membership in the Society is available only to Swedish municipalities and county councils. As at 7 April 2016, 272 municipalities and nine county councils were members of the Society (for a list of members, see <http://www.kommuninvest.org>). The 281 members represent approximately 94% of Sweden's 290 municipalities and 45% of Sweden's 20 county councils. It is expected that the members of the Society will increase over time, and one of Kommuninvest's objectives is that its expansion will continue until all of Sweden's municipalities and county councils are members.

Each member must enter into a joint and several guarantee (the Guarantee) for all present and future liabilities of Kommuninvest as if they were liabilities of their own (Sw: proprieborgen). The undertaking is unconditional. Any member who leaves the Society will continue to be liable as a guarantor under the Guarantee in respect of all obligations of Kommuninvest guaranteed by the terms of the Guarantee at the time of such resignation. In addition, a new member which executes the Guarantee will become liable for obligations of Kommuninvest outstanding at the time of such execution as well as any subsequently incurred obligations. Since the establishment of the organisation, no member has left the

Society. The Guarantee will be periodically amended to include the municipalities and county councils who become members of the Society.

When a municipality or county council enter as a member of the Society, it must immediately to the Society pay a certain amount as participation capital. The participation capital is based on a decided amount multiplied with the number of inhabitants in the municipality or the county council. This amount per inhabitant is decided once a year by the Board of Directors of the Society. The Annual General Meeting of the Society can also decide, above the already paid participation capital at the membership entry of the Society, new obligations for the members concerning annual capital contributions. The annual capital contribution is related to what the members receive in distribution of surpluses in form of refunds and interest on their capital contributions. The member is not obliged to pay a higher capital contribution than what the member receives in distribution of surpluses.

At the General Meeting held on 10 April 2014 the Society resolved to initiate a process to amend its statutes. The amendments were confirmed by a second resolution at the General Meeting on 16 April 2015. The amendments include, among other things, establishing a maximum contribution level of SEK 900 per inhabitant in the member municipality and that the members will be able to make the capital contributions in the form of one or more lump sum(s) as an alternative to (or combined with) the current annual capital contributions. The amendments also provide that the Society will be able to raise capital from other sources than its members if needed in the future.

On 1 March 2016 the board of Kommuninvest resolved to raise the share capital with SEK 1,490,674,000 by issuance of 14,906,740 shares, thus raising the total issued share capital to SEK 5,417,059,000. The share issuance was registered by the Swedish Companies Registration Office (Sw. Bolagsverket) on 9 May 2016. It is anticipated that the share capital of Kommuninvest will be increased periodically, reflecting the enlargement of the Society's membership and the increased capital contributions made by the members of the Society.

## **Purpose**

Sweden's municipalities and county councils jointly own Kommuninvest with the purpose of securing stable and cost-effective financing. Kommuninvest's products and services are exclusively accessible to members of the Society and to their majority-owned companies, conditional upon a guarantee by their owners. According to its Articles of Association, Kommuninvest can also lend to certain intermunicipal cooperative societies and to certain community foundations, although such lending activities represent a minor part of Kommuninvest's operations. Such lending is conditional upon a separate guarantee from the owner (or majority-owner) of the borrower.

Under its Articles of Association, the objectives of Kommuninvest are to be carried out within the scope of Swedish municipal competence, which limits the extent of the Company's permitted business activities. As a general rule, it is not deemed to be within the municipal competence for local governments to pursue market driven profit-making business, which is reserved for individual initiative on the open market (or the Swedish state, should the state by virtue of its sovereignty consider it necessary to intervene). This limitation is also known as a general prohibition against speculative activity and is found in Chapter 2 Section 7 of the Local Government Act (Sw: kommunallagen (1991:900)). The limitation underpins the low-risk profile which Kommuninvest has adopted in its processes and procedures. Kommuninvest's primary purpose is not to generate profits for its owners, although it needs to generate positive returns in order to support anticipated growth in membership, lending and to be able to meet future capital requirements such as leverage ratio.

## **Strategy**

Kommuninvest is founded on the idea of voluntary collaboration. The key objectives of Kommuninvest are for all Swedish municipalities and county councils to be part of the financial cooperation and for Kommuninvest to be able to meet all of their financing needs. Kommuninvest aims to be the natural choice for Swedish municipalities and county councils, offering competitive loans, efficient service and sound advice.

## Key developments

### *Access to liquidity as a monetary policy counterparty to the Swedish Riksbank*

In early 2010, Kommuninvest was approved as a monetary policy counterparty to the Swedish Central Bank, Sveriges Riksbank, and since March 2010, it has been part of the Riksbank's RIX payment system for financial transactions. This is a recognition of Kommuninvest's importance to the financial system and, at the same time, grants Kommuninvest access to the Riksbank's intraday and overnight credits. This strengthens Kommuninvest's position as issuer of securities and improves the Company's management of, and access to, liquidity.

## Products and Services

### *Lending activity*

Kommuninvest currently lends in Swedish kronor and on terms up to 20 years, with the possibility to lend in other currencies and with longer terms. Lending involves both loans which can be cancelled and loans with tied-up capital at both fixed and variable interest rates.

The Company's product portfolio consists, among others, of four main loan products:

- *KI interest*. Variable interest (daily interest rate fixing) and tied-up capital for 60 days.
- *STIBOR until further notice*. Fixed interest rate three months, tied-up capital for three months.
- *3 m STIBOR*. Fixed interest rate three months, tied-up capital for up to 20 years. Option of selecting a different STIBOR period.
- *Fixed interest rate*. Fixed interest rate for optional period and tied-up capital for up to 20 years.

Since June 2015, Kommuninvest has also offered its clients an opportunity to finance their green investment projects with the launch of its Green Loans product. Wind power, green buildings, waste management and other projects with positive environmental and climate impact may be eligible for Green Loan financing.

At the end of 2015, municipalities and county councils represented 41% of Kommuninvest's aggregate lending. The municipal housing companies' share of lending amounted to 29%, and the share of lending to energy companies and other municipally-owned enterprises represented 29%. Some of the lending to municipalities relates to borrowing by the municipalities for onward lending to their own companies such as housing companies. At the end of the year, Kommuninvest's lending amounted to SEK 254.4 billion. The year's contracted lending, that is new loans and renewals of existing loans, consisted of 98% loans with capital tied up for more than a year and 2% loans with capital tied up for less than a year. Loans with capital tied up for one to three years accounted for 42% of the total volume. At the end of the year, the average period for which capital was tied up in Kommuninvest's lending portfolio was 2.2 years.

### *Debt management and other services*

For Kommuninvest, assisting customers with effective financial administration demands more than just competitive loans. For this reason, web-based analysis tools and models for effective debt management and financial administration are also offered. Kommuninvest conducts no deposit-taking or active trading operations.

## Borrowing activities

Kommuninvest's borrowing strategy is based on diversified sources of finance as regards geographical markets, investor categories, currencies and products.

Most of Kommuninvest's borrowing takes place in the form of issued bonds (for terms of over one year) and certificates (for terms of less than one year). The Company currently borrows for terms of

between one day and 30 years and has focused mainly on financial instruments with fixed or variable interest rates.

The Company's borrowing strategy includes the enhancement of its strategic position on the Swedish market and increasing the number of markets in order to ensure the highest level of diversification possible. Since 2012 Kommuninvest has been able to access the U.S. capital markets, placing Notes issued under the Euro Medium Term Note Programme with professional investors pursuant to Rule 144A in both benchmark size and via private placement. In November 2010, Kommuninvest launched a benchmark programme for Swedish local government bonds, establishing a new asset category in the Swedish fixed-income market. In 2009, a note programme for the markets in Australia and New Zealand was established.

Kommuninvest's largest borrowing programmes include:

- Kommuninvest Swedish benchmark bond programme, a medium-term bond programme for terms between one to ten years;
- Euro Medium Term Note Programme, a EUR 25 billion medium-term bond programme for terms of between one and 30 years;
- Euro-Commercial Paper Programme, a EUR 7 billion short-term borrowing programme for terms of between one and 364 days;
- Domestic Commercial Paper Program, a SEK 50 billion short-term borrowing programme aimed at the Swedish market;
- Japanese Shelf Registrations, a medium-term bond programme; and
- Kangaroo and Kauri Programme, an AUD 3 billion short-term and long-term bond programme.

In addition, Kommuninvest has the possibility to borrow within the framework of so-called German *Schuldscheins*, with medium terms, although this option has not recently been used due to pricing.

### **Control and Audit**

Kommuninvest, as a joint-stock credit market company, falls under the supervision of the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*). The Company is required by law to appoint an external auditor and may according to its Articles of Association appoint a deputy auditor.

The current external auditors of Kommuninvest are KPMG AB, with authorised public accountant and member of FAR (the professional institute for public accountants in Sweden), Anders Tagde, as auditor in charge.

### **Financial Year**

The Issuer's financial year follows the calendar year.

### **Government in Sweden**

Sweden has three levels of government: national, regional and local. The Swedish parliament, the *Riksdag*, is the supreme political decision-making body. On the regional and local level, Sweden is divided into 20 county councils and 290 municipalities. There is no hierarchical relation between municipalities and county councils, since they are self-governing local authorities with responsibility for different activities.

County councils are mainly responsible for providing healthcare and supporting regional growth and development. Municipalities are responsible for all types of public service related to the inhabitants and their immediate environment, excluding most healthcare services.

Municipalities and county councils have considerable autonomy and independent powers of taxation. Local self-government and the right to levy taxes form part of the Swedish Constitution. The right for municipalities and county councils to levy taxes was established in the local government ordinances of 1862. Taxes are levied as a percentage of inhabitants' income and local governments set their own tax rates.

General elections are held every four years, in which Swedes vote for political party representation in the municipal assembly, the county council assembly and the parliament. There is a long tradition of consensus at local and regional levels and it is common for parties to cooperate and form majorities across party political boundaries.

A number of features contribute to sustaining sound finances in the local government sector:

#### *Balanced budget requirement*

Every year, local governments must adopt a balanced budget and a financial plan for the next three years. If the council decides to introduce new expenditures during the current budget year, the decision must also contain details of how the expenditure is to be funded. If a deficit is reported for a particular financial year, the general rule is that the council, after looking into the balance requirement, must adopt an action plan for restoring the deficit in no more than three years. The principles of good economic management and balanced budget requirement apply to all individual entities of the sub-national government sector.

#### *System for financial equalisation*

To ensure that all local governments, irrespective of tax base and structural conditions, have equal conditions for providing services, Sweden has a system of balancing incomes and costs known as local government financial equalisation. In principle, the system comprises an income equalisation scheme and a cost equalisation scheme. Income equalisation evens out differences in the tax base and is primarily state-funded. Cost equalisation evens out differences in structural costs and does not affect state finances. Local governments with an unfavourable cost structure are paid a cost equalisation grant, while those with a favourable structure pay a charge.

#### *The Swedish State supports financial stability in local government*

The Swedish State has the ultimate responsibility for ensuring that public services as a whole develop in balance. The State therefore closely monitors local governments' financial development and has access to a number of supportive instruments in times of short-term difficulties due to special circumstances.

Another important feature in the relation between the State and local governments is 'the local government financing principle'. The principle holds that if the State decides on measures that directly affect the activities of the local governments, the financial effects of that decision should be neutralised by altering the level of the state grant. The principle has been approved by the Riksdag.

# EU Bank Resolution and Recovery Directive

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The Bank Recovery and Resolution Directive ("**BRRD**") provides an EU-wide framework for the recovery and resolution of credit institutions and investment firms, their subsidiaries and certain holding companies. The BRRD requires all European Economic Area ("**EEA**") member states to provide their relevant resolution authorities (a "**Relevant Resolution Authority**") with a set of tools to intervene sufficiently early and quickly in a failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the broader economy and financial system. Under the Swedish implementation of the BRRD, the Swedish National Debt Office (*Sw. Riksgäldskontoret*) has been appointed as Sweden's Relevant Resolution Authority.

In Sweden, the requirements of the BRRD are implemented into national law by the Resolution Act (Sw. lag (2015:1016) om resolution) (the "**Resolution Act**"). The Swedish implementation of the BRRD includes the introduction of a debt write-down tool (or bail-in tool) (the "**Bail-in Tool**") (*Sw. skuldnedskrivningsverktyget*) from 1 February 2016. The Resolution Act includes a requirement for the terms of debt instruments which are issued on or after the date the Resolution Act entered into force (i.e. 1 February 2016) and are not governed by the law of an EEA jurisdiction (including the Notes), to contain a contractual clause whereby holders of debt instruments recognize the applicability of the Bail-in Tool to their debt instruments.

Under the Resolution Act, substantial powers are granted to the Relevant Resolution Authority (and in certain circumstances, in consultation with the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) (the "**SFSA**"). These powers enable the Relevant Resolution Authority to implement resolution measures with respect to a relevant Swedish entity in circumstances in which Relevant Resolution Authority considers the failure of the relevant entity has become highly likely and a threat is posed to the public interest. The stabilisation options available to the Relevant Resolution Authority (all of the below except for (v), which is available to the Swedish Government) provide for:

- (i) sale of the relevant entity or parts of its business to one or more purchasers without the consent of shareholders (the "**sale of business tool**");
- (ii) transfer of all or part of the business of the relevant entity to a "bridge institution" (the "**bridge institution tool**");
- (iii) transfer of the relevant entity's assets, rights or liabilities to an asset management vehicle (the "**asset separation tool**");
- (iv) the write-down and conversion of the relevant entity's liabilities (the "**Bail-in Tool**"); and
- (v) temporary public ownership (nationalisation) of the relevant entity (the "**government stabilisation tool**").

Each of these stabilisation options is achieved through the exercise of one or more "stabilisation powers," which include (i) the power to make share transfer orders pursuant to which all or some of the securities issued by a Swedish entity may be transferred to a commercial purchaser, a bridge institution or the Swedish government; (ii) the resolution instrument power which includes the exercise of the Bail-in Tool; (iii) the power to transfer all or some of the property, rights and liabilities of a Swedish entity to a commercial purchaser or the Relevant Resolution Authority; and (iv) the third country instrument powers that recognize the effect of similar special resolution action taken under the law of a country outside the European Union ("**EU**"). A share transfer order can extend to a wide range of securities, including shares and bonds issued by a Swedish entity and warrants for such shares and bonds and could, therefore, apply to the Notes. In addition, the Resolution Act grants powers to modify contractual arrangements in certain circumstances and powers to suspend enforcement or termination rights that might be invoked as a result of the exercise of the resolution powers.

The exercise of any resolution power or any suggestion of any such exercise could materially adversely affect the value of any Notes and could lead to holders of the Notes losing some or all of the value of their investment in the Notes.

The resolution powers are designed to be triggered prior to insolvency of the relevant entity (i.e., the Issuer). However, holders of the Notes may not be able to anticipate the exercise of any resolution power (including the Bail-in Tool) by the Relevant Resolution Authority (and with respect to nationalisation, the Swedish Government).

The stabilisation options are intended to be used prior to the point at which any insolvency proceedings with respect to the relevant entity could have been initiated. The purpose of the stabilisation options is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns. Accordingly, the stabilisation options may be exercised if the Relevant Resolution Authority: (i) is satisfied that a relevant entity (such as the Issuer) is failing, or is likely to fail; (ii) determines that it is not reasonably likely that (ignoring the stabilisation powers) action will be taken by or in respect of the relevant entity that will result in condition (i) above ceasing to be met; (iii) considers that the exercise of the stabilisation powers to be necessary, having regard to certain public interest considerations (such as the stability of the Swedish financial system, public confidence in the Swedish Resolution system and the protection of depositors (also regulated by the SFSA), being some of the special resolution objectives); and (iv) considers that the special resolution objectives would not be met to the same extent by the winding-up of the relevant entity. The use of different stabilization powers is also subject to further "specific conditions" that vary according to the relevant stabilization power being used.

Although the Resolution Act provides for the above described conditions to the exercise of any resolution powers, it is uncertain how the Relevant Resolution Authority would assess such conditions in different pre-insolvency scenarios affecting the Issuer and in deciding whether to exercise a resolution power. The Relevant Resolution Authority is also not required to provide any advance notice to holders of the notes of its decision to exercise any resolution power. Therefore, holders of the Notes may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on the Issuer, and the Notes.

The Relevant Resolution Authority may exercise the Bail-in Tool to enable it to recapitalize an institution in resolution by allocating losses to its shareholders and unsecured creditors (which include holders of the Notes) in a manner that (i) ought to respect the hierarchy of claims in an ordinary insolvency and (ii) is consistent with shareholders and creditors not receiving a less favourable treatment than they would have received in ordinary insolvency proceedings of the relevant entity. Insured deposits and liabilities to the extent they are secured are among the liabilities excluded from the scope of the Bail-in Tool.

The Bail-in Tool includes the power to cancel a liability or modify the terms of contracts for the purposes of reducing or deferring the liabilities of the relevant entity under resolution and the power to convert a liability from one form or class to another. The exercise of such powers may result in the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the Notes and/or the conversion of all or a portion of the principal amount of, interest on, or any other amounts payable on, the Notes into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes, in each case, to give effect to the exercise by the Relevant Resolution Authority of such power.

Where the conditions for intervention under the Resolution Act and the use of the Bail-in Tool have been met, the Relevant Resolution Authority would be expected to exercise these powers without the further consent of the holders of the Notes.

The exercise of any resolution power, including the power to exercise the Bail-in Tool in respect of the Issuer and the notes or any suggestion of any such exercise could materially adversely affect the rights of the holders of the Notes, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes and could lead to holders of the Notes losing some or all of the value of their investment in such Notes.

Holders of the Notes may have only very limited rights to challenge the exercise of any resolution powers (including the Bail-in Power) by the Relevant Resolution Authority.

Holders of the Notes may have only very limited rights to challenge and/or seek a suspension of any decision of the Relevant Resolution Authority to exercise its resolution powers (including the Bail-in Tool) or to have that decision reviewed by a judicial or administrative process or otherwise. In addition, even in circumstances where a claim for compensation is established under the “no creditor worse off” safeguard in accordance with a valuation performed after the resolution action has been taken, it is unlikely that such compensation would be equivalent to the full losses incurred by the holders of the Notes in the resolution and there can be no assurance that such holders would recover such compensation promptly.

# STN Conditions

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*The following are the Conditions which, as supplemented, amended or replaced by any applicable STN Supplement, apply to each STN constituted by the Note Deed Poll. References to the "STN Supplement" in these Conditions do not limit the provisions which may be supplemented, amended or replaced by the STN Supplement in relation to a particular Series of STNs.*

*The Issuer is not a bank which is authorised under the Banking Act 1959 of the Commonwealth of Australia, nor is it a registered bank in New Zealand pursuant to the Reserve Bank of New Zealand Act 1989.*

*The Notes are not guaranteed by the Commonwealth of Australia or the Government of New Zealand.*

## Part 1 Interpretation

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### 1 Interpretation

#### 1.1 Definitions

In these Conditions these meanings apply unless the contrary intention appears:

**Agency Agreement** means:

- (a) in the case of Australian STNs:
  - (i) the agreement entitled "Agency and Registry Services Agreement" dated 10 September 2009 between the Issuer and the Australian Registrar in relation to the Australian STNs; and
  - (ii) any other agreement between the Issuer and the Australian Registrar specified in an STN Supplement; and
  - (iii) any other agency agreement entered into by the Issuer in relation to an issue of Australian STNs; and
- (b) in the case of New Zealand STNs:
  - (i) the agreement entitled "Agency and Registry Services Agreement" dated 10 September 2009 between the Issuer and the New Zealand Registrar in relation to the New Zealand STNs; and
  - (ii) any other agreement between the Issuer and the New Zealand Registrar specified in an STN Supplement; and
  - (iii) any other agency agreement entered into by the Issuer in relation to an issue of New Zealand STNs;

**Agent** means the Registrar and any other agent appointed under an Agency Agreement or specified in an STN Supplement;

**Austraclear Australia** means Austraclear Ltd (ABN 94 002 060 773);

**Austraclear Australia Regulations** means the regulations known as the "Austraclear Regulations" together with any instructions or directions (as amended or replaced from time to

time), established by Austraclear Australia to govern the use of the Austraclear Australia System and binding on the participants in that system;

**Austraclear Australia System** means the system operated by Austraclear Australia in Australia for holding securities and electronic recording and settling of transactions in those securities between participants of that system;

**Australian Register** means a register, including any branch register, of Australian STNs established and maintained on behalf of the Issuer in accordance with an Agency Agreement;

**Australian Registrar** means, in relation to Australian STNs, BTA Institutional Services Australia Limited (ABN 48 002 916 396 and AFSL No 239053) or any other person appointed by the Issuer under an Agency Agreement to maintain the Australian Register and perform any payment and other duties as specified in that agreement;

**Australian STN** means a short term debt obligation issued or to be issued by the Issuer in Australia which is constituted by, and owing under, the Note Deed Poll and the details of which are recorded in, and evidenced by entry in, the Australian Register;

**Australian Tax Act** means the Income Tax Assessment Act 1936 of Australia and where applicable, the Income Tax Assessment Act 1997 of Australia;

**Bail-in Power** means any write-down, conversion, transfer, modification or suspension power existing from time to time under, and exercised in compliance with, any law or regulation in effect in Sweden, relating to the transposition of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, including but not limited to the Swedish Resolution Act 2015 (Sw. lag (2015:1016) om resolution) and the Swedish Financial Supervisory Authority's (Sw. Finansinspektionen) regulations FFFS 2016:6 (Sw. Finansinspektionens föreskrifter (2016:6) om återhämtningsplaner, koncernåterhämtningsplaner och avtal om finansiellt stöd inom koncerner) applicable to the resolution of unsound or failing banks, investment firms or other financial institutions or their Swedish affiliates (otherwise than through liquidation, reorganisation or bankruptcy proceedings) and the instruments, rules and standards created thereunder, pursuant to which (i) any obligation of a bank or investment firm or affiliate of a bank or investment firm can be reduced, cancelled, modified or converted into shares, other securities or other obligations of such entity or any other person (or suspended for a temporary period), and (ii) any right in a contract governing an obligation of a bank or investment firm or affiliate of a bank or investment firm may be deemed to have been exercised;

**Business Day** means:

- (a) a day (not being a Saturday, Sunday or public holiday in the relevant place) on which banks are open for general banking business in Sydney (in respect of payments in Australian dollars), Auckland (in respect of payments in New Zealand dollars) and in any Relevant Financial Centre specified in any applicable STN Supplement; and
- (b) if an STN held in a Clearing System is to be issued or a payment made in respect of an STN held in a Clearing System on that day, a day on which each Clearing System is operating;

**Clearing System** means:

- (a) the Austraclear Australia System; or
- (b) the NZClear System; or
- (c) any other clearing system specified in an applicable STN Supplement;

**Corporations Act** means the Corporations Act 2001 of Australia;

**Denomination** means, for an Australian STN, A\$10,000 and for a New Zealand STN, NZ\$10,000, unless otherwise specified in any applicable STN Supplement;

**Guarantee** means the joint and several guarantee granted by the Guarantors for all present and future liabilities of the Issuer (and, in relation to each Tranche of STNs, as it applies in respect of that Tranche of STNs);

**Guarantors** means, with respect to any STN, the Initial Guarantors and any other county councils and municipalities of Sweden which enter into the Guarantee as a result of becoming members of the Kommuninvest Cooperative Society (unless released in accordance with the terms of the Guarantee);

**Information Memorandum** means, in respect of an STN, the information memorandum or other offering document referred to in the STN Supplement, prepared by, or on behalf of, and approved in writing by, the Issuer in connection with the issue of that STN and all other documents incorporated by reference in it, including any applicable STN Supplement and any other applicable amendments or supplements to it;

**Initial Guarantors** means, in respect of a Tranche of STNs, those county councils and municipalities of Sweden which have entered into the Guarantee as at the Issue Date of the relevant STNs;

**Issue Date** means, for an STN, the date on which that STN is, or is to be, issued, as recorded in the Register;

**Issuer** means Kommuninvest i Sverige Aktiebolag (publ);

**Maturity Date** means, for an STN, the date on which that STN matures, as recorded in the Register;

**New Zealand Register** means a register, including any branch register, of New Zealand STNs established and maintained on behalf of the Issuer in accordance with an Agency Agreement;

**New Zealand Registrar** means, in relation to New Zealand STNs, Computershare Investor Services Limited or any other person appointed by the Issuer under an Agency Agreement to maintain the New Zealand Register and perform any payment and other duties as specified in that agreement;

**New Zealand STN** means a short term debt obligation issued or to be issued by the Issuer in New Zealand which is constituted by, and owing under, the Note Deed Poll and the details of which are recorded in, and evidenced by, entry in the New Zealand Register;

**New Zealand Tax Act** means the Income Tax Act 2007 of New Zealand;

**Note Deed Poll** means the document entitled "Second Note Deed Poll" dated 16 May 2016 executed by the Issuer;

**NZClear Rules** means the rules and guidelines known as the "NZClear System Rules" and the "NZClear Operating Guidelines" (read together, and as amended or replaced from time to time) established by RBNZ to govern the use of the NZClear System;

**NZClear System** means the system operated by RBNZ in New Zealand for holding securities and electronic recording and settling of transactions in those securities between members of that system;

**NZCSD** means New Zealand Central Securities Depository Limited or any other entity appointed from time to time by RBNZ under the NZClear Rules, as custodian trustee, to hold securities on the NZClear System;

**NZ FMCA** means the Financial Markets Conduct Act 2013 of New Zealand;

**RBNZ** means the Reserve Bank of New Zealand, or its successor or replacement from time to time;

**Register** means in relation to an Australian STN, the Australian Register and in relation to a New Zealand STN, the New Zealand Register;

**Registrar** means, in the case of an Australian STN, the relevant Australian Registrar, and in the case of a New Zealand STN, the relevant New Zealand Registrar;

**Relevant Resolution Authority** means any authority with the ability to exercise the Bail-in Power;

**Relevant Tax Jurisdiction** means the Kingdom of Sweden or a political subdivision of it;

**Series** means an issue of STNs made up of one or more Tranches all of which form a single Series and are issued on the same Conditions except that the Issue Date may be different in respect of different Tranches of a Series;

**Specified Office** means, for a person, that person's office specified in the Information Memorandum or STN Supplement or any other address notified to STN Holders from time to time;

**STN** means an Australian STN or a New Zealand STN. Unless expressly stated otherwise, reference in these Conditions to STNs are to the STNs of the relevant Series only, not to all STNs that may be issued under the programme;

**STN Holder** means, for an STN, each person whose name is entered in the Register as the holder of that STN. If an STN is held in a Clearing System, references to the STN Holder of that STN include the operator of that Clearing System or a nominee for that operator or a common depository for one or more Clearing Systems (in each case acting in accordance with the rules and regulations of the Clearing System or Clearing Systems);

**STN Supplement** means, in respect of a Tranche, the STN supplement to the Information Memorandum specifying the relevant issue details in relation to it;

**Taxes** means taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties, fines and expenses in connection with them except if imposed on, or calculated having regard to, the net income of an STN Holder; and

**Tranche** means an issue of STNs specified as such in any applicable STN Supplement issued on the same Issue Date and on the same terms.

## 1.2 Business Day Convention

Unless the contrary intention appears, if a payment is due on a day which is not a Business Day then the due date for payment is the next Business Day. No STN Holder is entitled to any additional payment in respect of that delay.

## 1.3 References to certain general terms

Unless the contrary intention appears, a reference in these Conditions to:

- (a) a group of persons is a reference to any two or more of them jointly and to each of them individually;
- (b) a document (including these Conditions) includes any variation or replacement of it;

- (c) law means common law, principles of equity and laws made by any parliament (and laws made by parliament include federal or state laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (d) a directive means a treaty, an official directive, request, regulation, guideline or policy (whether or not having the force of law) with which responsible participants in the relevant market generally comply;
- (e) **“Australian dollars”** or **“A\$”** is a reference to the lawful currency of Australia;
- (f) **“New Zealand dollars”** or **“NZ\$”** is a reference to the lawful currency of New Zealand;
- (g) a time of day is:
  - (i) in relation to Australian STNs, a reference to that time in Sydney; and
  - (ii) in relation to New Zealand STNs, a reference to that time in New Zealand;
- (h) the word **“person”** includes an individual, a firm, a body corporate, an unincorporated association and an authority;
  - (i) a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
  - (j) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
  - (k) anything (including any amount) is a reference to the whole and each part of it; and
  - (l) the words **“including”**, **“for example”** or **“such as”** when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

#### 1.4 References to particular terms

Unless the contrary intention appears, in these Conditions:

- (a) a reference to the Issuer, the Registrar or another Agent is a reference to the person so specified in the Information Memorandum or any applicable STN Supplement;
- (b) a reference to the Agency Agreement is a reference to the Agency Agreement applicable to the STNs of the relevant Series;
- (c) a reference to an STN is a reference to an STN of a particular Series issued by the Issuer specified in any applicable STN Supplement; and
- (d) a reference to an STN Holder is a reference to the holder of STNs of a particular Series.

#### 1.5 References to principal

Unless the contrary intention appears, in these Conditions any reference to “principal” in the context of an STN is taken to include any amount in the nature of principal payable in respect of the STN under these Conditions and any additional amounts in respect of principal which may be payable under Condition 8 (“Taxation”).

## **1.6 Number**

The singular includes the plural and vice versa.

## **1.7 Headings**

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Conditions.

## **1.8 Terms defined in STN supplement**

Terms which are defined in the STN Supplement as having a defined meaning have the same meaning when used in these Conditions but if the STN Supplement gives no meaning or specifies that the definition is "Not Applicable", then that definition is not applicable to the STNs.

# **Part 2 Introduction**

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## **2 Introduction**

### **2.1 Programme**

STNs are issued under a debt issuance programme established by the Issuer.

### **2.2 STN Supplement**

The Issuer issues the STNs on the terms set out in these Conditions as amended, supplemented or replaced by the STN Supplement. If there is any inconsistency between these Conditions and any applicable STN Supplement, the STN Supplement prevails.

The Issuer may issue the STNs in Series. A Series may comprise one or more Tranches having one or more Issue Dates. The STNs of each Tranche have the same terms as the STNs of each other Tranche.

Copies of the STN Supplement are available for inspection or on request by an STN Holder or prospective STN Holder during normal business hours at the Specified Office of the Issuer or the Registrar.

### **2.3 Types of STNs**

An STN is a short term debt obligation issued at a discount to its principal amount.

### **2.4 Denomination**

STNs of the same Series have the same Denomination.

Unless otherwise specified in the relevant STN Supplement:

- (a) Australian STNs may only be issued if:
  - (i) the aggregate consideration payable to the Issuer by each person subscribing for the Australian STNs is a minimum of A\$500,000 (disregarding any moneys lent by the Issuer or its associates to STN Holders) or if the offer or invitation for the issue of the Australian STNs does not require disclosure to be made to investors under Parts 6D.2 or 7.9 of the Corporations Act; and

- (ii) the issue of STNs otherwise complies with other applicable laws or directives in any relevant jurisdiction; and
- (b) New Zealand STNs may only be issued if:
  - (i) the New Zealand STNs are offered and issued in a manner that does not require disclosure of the offer as a “regulated offer” (as that term is defined in section 41 of the NZ FMCA); and
  - (ii) the issue of STNs otherwise complies with other applicable laws or directives in any relevant jurisdiction.

## **2.5 Currency**

Australian STNs are denominated in Australian dollars.

New Zealand STNs are denominated in New Zealand dollars.

## **2.6 Clearing Systems**

STNs may be held in a Clearing System. If STNs are held in a Clearing System, the rights of each STN Holder and any other person holding an interest in those STNs are subject to the rules and regulations of the Clearing System. The Issuer is not responsible for anything the Clearing System does or omits to do.

# **Part 3 The STNs**

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## **3 Form**

### **3.1 Constitution**

STNs are debt obligations of the Issuer constituted by, and owing under, the Note Deed Poll.

### **3.2 Form**

STNs are issued in registered form by entry in the Register.

### **3.3 No certificates**

No certificates will be issued in respect of any STN unless the Issuer determines that certificates should be issued or any applicable law requires them.

### **3.4 Effect of entries in Register**

Each entry in the Register in respect of an STN constitutes:

- (a) an irrevocable undertaking by the Issuer to the STN Holder to:
  - (i) pay principal and any other amounts payable in respect of the STN in accordance with these Conditions; and
  - (ii) comply with the other Conditions of the STN; and
- (b) an entitlement to the other benefits given to the STN Holder in respect of the STN under these Conditions and (if applicable) the Guarantee.

### **3.5 Register conclusive as to ownership**

Entries in the Register in relation to an STN are conclusive evidence that the person entered as the STN Holder is the absolute owner of the STN or, if two or more persons are entered as joint STN Holders, they are the joint owners of the STN, subject to correction for fraud, error or omission.

### **3.6 Non-recognition of interests**

Except as ordered by a court of competent jurisdiction or required by law, the Issuer and (if applicable) the Guarantors and the Registrar must treat the person whose name is entered as the STN Holder of an STN in the Register as the absolute owner of that STN.

No notice of any trust or other interest in, or claim to, any STN will be entered in the Register. Neither the Issuer nor the Registrar need take notice of any trust or other interest in, or claim to, any STN, except as ordered by a court of competent jurisdiction or required by law.

This Condition applies whether or not an STN is overdue.

### **3.7 Joint STN Holders**

If two or more persons are entered in the Register as joint STN Holders of an STN, they are taken to hold the STN as joint tenants with rights of survivorship. However, the Registrar is not bound to register more than four persons as joint STN Holders of an STN.

### **3.8 Copies of Note Deed Poll to STN Holders**

If an STN Holder requires a copy of the Note Deed Poll in connection with any proceeding brought by the STN Holder before a court, authority, commission or arbitrator in relation to its rights in connection with an STN, it may request a copy from the Issuer. If the Issuer receives a request, it must give the STN Holder a copy of the Note Deed Poll (or ensure that the STN Holder is given a copy of the Note Deed Poll) within 14 days after receiving the request.

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## **4 Status, ranking, guarantee and bail-in**

### **4.1 Status**

STNs are direct, unsubordinated unsecured obligations of the Issuer.

### **4.2 Ranking**

STNs rank equally among themselves and at least equally with all other unsubordinated and unsecured obligations of the Issuer, except for liabilities mandatorily preferred by law.

### **4.3 Guarantee**

The STNs have the benefit of the Guarantee.

The Initial Guarantors as of the Issue Date are specified by reference to a current website page or otherwise satisfactorily identified in the applicable STN Supplement together with the other relevant details of the Guarantee. Other county councils and municipalities of Sweden may subsequently become Guarantors. Details of the Guarantors from time to time in respect of the STNs will be available at <http://www.kommuninvest.org>.

The obligations of each Guarantor under the Guarantee are joint and several and constitute direct, unconditional, general and unsecured obligations of such Guarantor and rank *pari passu* with all other present or future outstanding unsecured and unsubordinated obligations of that Guarantor. The Guarantee may be enforced separately in relation to each Guarantor in

the Courts of Sweden upon failure by the Issuer to perform any obligations in respect of the STNs without exhaustion of remedies against the Issuer or any other Guarantor.

No Guarantor or any of its assets has any sovereign or other immunity in respect of legal proceedings brought against it in the Courts of Sweden. No Guarantor is required by the existing laws of Sweden to make any deductions or withholding from any amount payable under the Guarantee.

#### **4.4 Agreement with respect to exercise of the Bail-in Power**

- (a) By subscribing for or otherwise acquiring the STNs, each STN Holder acknowledges and agrees that they shall be subject to the exercise of any Bail-in Power by the Relevant Resolution Authority, which may result in the write-down or cancellation of all, or a portion of, any amount payable under the STNs in respect of the principal amount of, or outstanding amount payable in respect of, and/or interest on, the STNs and/or the conversion of all, or a portion, of any amount payable under the STNs in respect of the principal amount of, or outstanding amount payable in respect of, or interest on, the STNs into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of STNs to give effect to such exercise of Bail-in Power.
- (b) No amount payable under the STNs in respect of the repayment of the principal amount of, or outstanding amount payable in respect of, the STNs and/or payment of interest thereon (to the extent of the portion thereof affected by the exercise of the Bail-in Power) shall become due and payable after the exercise of any Bail-in Power by the Relevant Resolution Authority, unless such payment would be permitted to be made by the Issuer under the laws and directives of Sweden and the European Union then applicable to the Issuer.
- (c) Upon the Issuer becoming aware of the exercise of the Bail-in Power by the Relevant Resolution Authority with respect to the STNs, the Issuer agrees to notify the Agent and the relevant STN Holders of such exercise of the Bail-in Power. For the avoidance of doubt, any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-in Power nor its effect on the STNs.
- (d) Upon the exercise of the Bail-in Power by the Relevant Resolution Authority with respect to the STNs, the Issuer agrees to provide a written notice to Austraclear or the operator of any other clearing system through which interests in the STNs may be held from time to time as soon as practicable regarding such exercise of the Bail-in Power for the purposes of notifying the relevant STN Holders of such occurrence.
- (e) If the Relevant Resolution Authority exercises the Bail-in Power with respect to less than the total amount payable under all STNs, unless the Agent is otherwise instructed by the Relevant Resolution Authority, any cancellation, write-off or conversion into equity made in respect of the amount payable under the STNs pursuant to the Bail-in Power will be made on a pro-rata basis.

For the purposes of this Condition 4.4, a reference to “**STN Holder**” includes any person holding an interest in the STNs.

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## **5 Transfer of STNs**

### **5.1 Transfer**

STN Holders may only transfer STNs in accordance with these Conditions.

### **5.2 Title**

Title to STNs passes when details of the transfer are entered in the Register.

### **5.3 Transfers in whole**

STN Holders may only transfer STNs in whole.

### **5.4 Compliance with laws - Australia**

- (a) STN Holders may only transfer Australian STNs within, to or from Australia if:
  - (i) the offer or invitation giving rise to the transfer is for a minimum consideration of A\$500,000 (disregarding any moneys lent by the transferor or its associates to the transferee) or the transfer otherwise does not constitute an offer or invitation for which disclosure is required to be made to investors under Parts 6D.2 or 7.9 of the Corporations Act;
  - (ii) the transferee is not a “retail client” as that term is defined in section 761G of the Corporations Act; and
  - (iii) the transfer complies with any other applicable law or directive of the jurisdiction where the transfer takes place.
- (b) STN Holders that acquire such STNs in the secondary market shall be deemed to acknowledge, agree to be bound by and consent to these Conditions to the same extent as STN Holders that acquire the STNs upon their initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by and consent to Condition 4.4 (“Agreement with respect to exercise of the Bail-in Power”).

### **5.5 Compliance with laws - New Zealand**

- (a) STN Holders may only transfer New Zealand STNs within, to or from New Zealand if:
  - (i) the transfer is made in a manner that does not require disclosure of the offer as a “regulated offer” (as that term is defined in section 41 of the NZ FMCA); and
  - (ii) the transfer complies with any other applicable law or directive of the jurisdiction where the transfer takes place.
- (b) STN Holders that acquire such STNs in the secondary market shall be deemed to acknowledge, agree to be bound by and consent to these Conditions to the same extent as STN Holders that acquire the STNs upon their initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by and consent to Condition 4.4 (“Agreement with respect to exercise of the Bail-in Power”).

### **5.6 No transfers to unincorporated associations**

STN Holders may not transfer STNs to an unincorporated association.

### **5.7 Transfer procedures**

Interests in STNs held in a Clearing System may only be transferred in accordance with the rules and regulations of that Clearing System.

In particular, where NZCSD is the STN Holder and the STN is lodged in the NZClear System, RBNZ may, in its absolute discretion to the extent not prohibited by the NZClear Rules, instruct the New Zealand Registrar to transfer the STN to the person in whose Security Account (as defined in the NZClear Rules) that STN is recorded without any consent or action of such transferee and, as a consequence, remove that STN from the NZClear System.

STNs not held in a Clearing System may be transferred by sending a transfer form to the Specified Office of the Registrar.

To be valid, a transfer form must be:

- (a) in the form provided by the Registrar;
- (b) duly completed and signed by, or on behalf of, the transferor and the transferee; and
- (c) accompanied by any evidence the Registrar may require to establish that the transfer form has been duly signed.

Neither the Issuer nor the Registrar will recognise any interest other than the interest of a Clearing System as the STN Holder while the relevant STN is held in the Clearing System.

No fee is payable to register a transfer of STNs so long as all applicable Taxes in connection with the transfer have been paid.

## **5.8 Transfers of unidentified STNs**

If an STN Holder transfers some but not all of the STNs of the relevant Tranche or Series that it holds and the transfer form does not identify the specific STNs of that Tranche or Series transferred, the Registrar may choose which STNs registered in the name of STN Holder have been transferred. However, the aggregate principal amounts of the STNs registered as transferred must equal the aggregate principal amount of the STNs expressed to be transferred in the transfer form.

## **5.9 Austraclear Australia or NZCSD as STN Holder**

If Austraclear Australia or NZCSD is recorded in the Register as the STN Holder, each person in whose Security Record (as defined in the Austraclear Australia Regulations) or Security Account (as defined in the NZClear Rules) an STN is recorded is taken to acknowledge in favour of the Issuer, the Registrar, Austraclear Australia, NZCSD and RBNZ (as applicable) that:

- (a) the Registrar's decision to act as the Registrar of that STN is not a recommendation or endorsement by the Registrar, Austraclear Australia, NZCSD or RBNZ in relation to that STN, but only indicates that the Registrar considers that the holding of the STN is compatible with the performance by it of its obligations as Registrar under an Agency Agreement; and
- (b) the relevant STN Holder does not rely on any fact, matter or circumstance contrary to paragraph (a).

## **5.10 Estates**

A person becoming entitled to an STN as a consequence of the death or bankruptcy of an STN Holder or of a vesting order, or a person administering the estate of an STN Holder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the STN or, if so entitled, become registered as the holder of the STN.

## Part 4 Redemption and purchase

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### 6 Redemption

#### 6.1 Redemption of STNs

The Issuer agrees to redeem each STN on its Maturity Date by paying to the STN Holder the outstanding principal amount of the STN. However, the Issuer is not required to redeem an STN on its Maturity Date if the Issuer redeems, or purchases and cancels, the STN before its Maturity Date.

#### 6.2 Purchase of STNs

The Issuer and any of its subsidiaries may purchase STNs in the open market or otherwise at any time and at any price. If purchases are made by tender, tenders must be available to all STN Holders. STNs purchased under this Condition 6.2 may be held, resold or cancelled at the discretion of the purchaser and (if the STNs are to be cancelled, the Issuer), subject to comply with any applicable law or directive.

## Part 5 Payments

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### 7 Payments

#### 7.1 Payments to STN Holders

The Issuer agrees to pay amounts due in respect of the STN, to the person who is the STN Holder at close of business on the Business Day immediately before the due date in the place where the Register is maintained on the due date.

#### 7.2 Payments to accounts

The Issuer agrees to make payments in respect of an STN:

- (a) if the STN is held in a Clearing System, by crediting on the Payment Date, the amount due to
  - (i) in the case of Australian STNs, the account of Austraclear Australia in Australia (as the STN Holder);
  - (ii) in the case of New Zealand STNs, the account of NZCSD (as the STN Holder); or
  - (iii) in the case of any other relevant Clearing System, the applicable account,

in each case previously notified to the Issuer, or, if requested by the relevant Clearing System, the account previously notified by the applicable Clearing System to the Issuer and the Registrar in accordance with the Clearing System's rules and regulations, provided that such account is in Australia in the case of Australian STNs or, in New Zealand in the case of New Zealand STNs; and

- (b) if the STN is not held in a Clearing System, subject to Condition 7.3 ("Payments by cheque") by crediting on the Payment Date, the amount due to an account previously notified by the STN Holder to the Issuer and the Registrar in the country of the currency in which the STN is denominated, provided that in no case will payment be

mailed to an address in the United States of America or to an account in the United States of America.

If a payment in respect of an STN is prohibited by law from being made in Australia or New Zealand, such payment will be made in an international financial centre for the account of the relevant payee, and on the basis that the relevant amounts are paid in immediately available funds, freely transferable at the order of the payee.

### **7.3 Payments by cheque**

If an STN Holder has not notified the Registrar of an account to which payments to it must be made by close of business in the place where the Register is maintained on the Business Day immediately before the Maturity Date, the Issuer may make payments in respect of the STNs held by that STN Holder by cheque.

If the Issuer makes a payment in respect of an STN by cheque, the Issuer agrees to send the cheque by prepaid ordinary post on the Business Day immediately before the due date or in the case of New Zealand Notes, on the due date, to the STN Holder (or if two or more persons are entered in the Register as joint STN Holders of the STN, to the first named joint STN Holder) at its address appearing in the Register at close of business in the place where the Register is maintained on the Business Day immediately before the Maturity Date.

Cheques sent an STN Holder are sent at the STN Holder's risk and are taken to be received by the STN Holder on the due date for payment. If the Issuer makes a payment in respect of an STN by cheque, the Issuer is not required to pay any additional amount as a result of the STN Holder not receiving payment on the due date in immediately available funds.

### **7.4 Payments subject to fiscal law**

All payments (whether in respect of principal, redemption amount, interest or otherwise) in respect of STNs are subject in all cases to:

- (a) applicable provisions of fiscal and other laws, regulations and directives; and
- (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code ("**FATCA**"), any regulations or agreements thereunder, official interpretations thereof, or law implementing any intergovernmental approach thereto.

However, this does not limit Condition 8 ("Taxation").

### **7.5 Currency indemnity**

The Issuer waives any right it has in any jurisdiction to pay an amount other than in the currency in which it is due. However, if an STN Holder receives an amount in a currency other than that in which it is due:

- (a) it may convert the amount received into the due currency (even though it may be necessary to convert through a third currency to do so) on the day and at such rates (including spot rate, same day value rate or value tomorrow rate) as it reasonably considers appropriate. It may deduct its costs in connection with the conversion; and
- (b) the Issuer satisfies its obligation to pay in the due currency only to the extent of the amount of the due currency obtained from the conversion after deducting the costs of the conversion.

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## **8 Taxation**

### **8.1 No set-off, counterclaim or deductions**

The Issuer agrees to make all payments in respect of an STN in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless prohibited by law.

### **8.2 Withholding tax**

If a law requires the Issuer to withhold or deduct an amount in respect of Taxes from a payment in respect of an STN such that the STN Holder would not actually receive on the due date the full amount provided for under the STNs, then:

- (a) the Issuer agrees to withhold and/or deduct the amount for the Taxes (and any further withholding or deduction applicable to any further payment due under Condition 8.2(b) below); and
- (b) if the amount deducted or withheld is in respect of Taxes imposed by a Relevant Tax Jurisdiction, the amount payable is increased so that, after making the deduction and further deductions applicable to additional amounts payable under this Condition, each STN Holder is entitled to receive (at the time the payment is due) the amount it would have received if no deductions or withholdings had been required to be made.

### **8.3 Withholding tax exemptions**

The Issuer is not required to pay an additional amount under Condition 8.2(b) ("Withholding tax") if the obligation to do so arises as a result of any one or more of the following:

- (a) the deduction is required:
  - (i) in respect of Taxes by reason of the STN Holder having some connection with a Relevant Tax Jurisdiction other than the mere holding of the STN or receipt of payment in respect of the STN; or
  - (ii) as a result of the STN being presented for payment by or on behalf of a STN Holder, who would not be subject to such withholding or deduction if the STN Holder were to comply with any certification, identification, or other reporting requirements concerning nationality or residence or any connection with the Relevant Tax Jurisdiction; or
- (b) the deduction is required as a result of Taxes which would not be required to be deducted if the STN Holder (or a person acting on its behalf):
  - (i) provided the Issuer, its agent or any tax authority with their name, address, registration number or similar details or any relevant tax exemption or similar details; or
  - (ii) ensured that any third party complied with any other statutory requirements (such as making a declaration of non-residence or similar claim) for any relevant tax exemptions;
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council Savings Directive 2003/48/EC dated 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) in such other circumstances as specified in any STN Supplement.

For the avoidance of doubt, no additional amounts are payable in relation to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or FATCA, any regulations or agreements thereunder, official interpretations thereof, or any law implementing any intergovernmental approach thereto, as provided in Condition 7.4 (“Payments subject to fiscal law”).

#### 8.4 New Zealand Tax Status Information

- (a) Each person holding a direct or indirect interest in a New Zealand STN must supply the following tax status information to the Registrar:
  - (i) a certified copy of the person’s RWT exemption certificate (as defined in section YA 1 of the New Zealand Tax Act), if any, providing exemption from New Zealand resident withholding tax under the New Zealand Tax Act, unless the person is a registered bank under the Reserve Bank of New Zealand Act 1989;
  - (ii) confirmation that the person is either:
    - (A) resident in New Zealand; or
    - (B) carrying on business through a fixed establishment in New Zealand for the purposes of the New Zealand Tax Act; and
  - (iii) where the person is unable to confirm either paragraph (ii)(A) or (ii) (B), such information as the Issuer or Registrar may require to determine whether New Zealand non-resident withholding tax must be deducted from interest payable under the STN.

Where another person (a “**Beneficial Owner**”) is entitled to claim an interest in a New Zealand STN, the STN Holder must procure that the Beneficial Owner also complies with the tax status requirements set out above.

- (b) Each person who holds a direct or indirect interest in a New Zealand STN indemnifies the Issuer from and against all Taxes that may become owing by it (together with any associated interest, penalty, or other amount) as a result of that person failing to comply with its obligations under this Condition 8.4.
- (c) Where the Issuer or an Agent is required by law to make a withholding or deduction on account of tax under the New Zealand Tax Act (a “**Deduction**”), the Issuer and the Agent will not be required to reimburse or compensate or make any payment to an STN Holder for or in respect of any Deduction.

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## 9 Time limit for claims

A claim against the Issuer for a payment under an STN is void unless made within 10 years from the date on which payment first became due.

## Part 6 General

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### 10 Agents

#### 10.1 Role of Agent

Each Agent acts solely as agent of the Issuer. No Agent is an agent or trustee for the benefit of, or has any fiduciary duty to or other fiduciary relationship with, any STN Holder.

## **10.2 Appointment and replacement of Agents**

Subject to Condition 10.4 (“Required Agents”), the Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor.

## **10.3 Change of Agent**

The Issuer must notify the STN Holders if there is any change in the identity of any Agent or any Agent’s Specified Office.

## **10.4 Required Agents**

The Issuer must at all times maintain a Registrar.

## **10.5 Role of Agents and the Bail-in Power**

Each STN Holder:

- (a) expressly waives any and all claims against each Agent for, and agrees not to initiate a suit against an Agent in respect of, and agrees that no Agent shall be liable for, any action that an Agent takes, or abstains from taking, in either case in accordance with an exercise of any Bail-in Power by the Relevant Resolution Authority with respect to the STNs;
- (b) acknowledges and agrees that no Agent shall be under any duty to determine, monitor or report on whether there has been an exercise of any Bail-in Power by the Relevant Resolution Authority or to determine or calculate, or verify any determination or calculation of, or relating to, an exercise of any Bail-in Power; and
- (c) shall be deemed to have authorised, directed and requested each Agent, as applicable, to take any and all necessary action to give effect to the exercise of any Bail-in Power by the Relevant Resolution Authority without any further action or direction on the part of a STN Holder.

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## **11 Variation**

The Issuer may vary these Conditions without the approval of the STN Holders if, in the reasonable opinion of the Issuer, the variation is:

- (a) necessary or advisable to comply with any law; or
- (b) necessary to correct an obvious error, or is otherwise of a formal, technical or administrative nature only; or
- (c) is not materially prejudicial to the interests of the STN Holders as a whole; or
- (d) is made to cure any ambiguity or correct or supplement any defective or inconsistent provision; or
- (e) only applies to STNs issued by it after the date of amendment.

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## **12 Further issues of STNs**

The Issuer need not obtain the consent of the STN Holders if at any time it issues further Tranches of STNs with the same terms as the existing STNs of any Series in all respects so as to form a single series with those existing STNs.

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## **13 Notices and other communications**

### **13.1 Notices to STN Holders**

All notices and other communications to STN Holders must be in writing and must be:

- (a) sent by prepaid post (airmail, if appropriate) to the address of the STN Holder (as shown in the Register at close of business in the place where the Register is maintained on the day which is 3 Business Days before the date of the notice or communication); or
- (b) given by an advertisement published in:
  - (i) the Australian Financial Review or The Australian (in the case of Australian STNs);
  - (ii) the New Zealand Herald (in the case of New Zealand STNs); or
  - (iii) if any applicable STN Supplement specifies an additional or alternate newspaper, that additional or alternate newspaper.

### **13.2 Notices to the Issuer and the Agents**

All notices and other communications to the Issuer or an Agent must be in writing and may be left at the address of, or sent by prepaid post (airmail, if appropriate) to, the Specified Office of the Issuer or the Agent.

### **13.3 When effective**

Communications take effect from the time they are received or taken to be received (whichever happens first) unless a later time is specified in them.

### **13.4 When taken to be received**

Communications are taken to be received:

- (a) if published in a newspaper, on the first date published in all the required newspapers; or
- (b) if sent by post, five days after posting (or seven days after posting if sent from one country to another).

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## **14 Governing law**

### **14.1 Governing law**

These Conditions are governed by the law in force in New South Wales.

### **14.2 Jurisdiction**

The Issuer and each STN Holder submit to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them. The Issuer waives any right it has to object to an action being brought in those courts including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

### **14.3 Serving documents**

Without preventing any other method of service, any document in any court action in connection with any STNs may be served on the Issuer or an STN Holder by being delivered or left at the Issuer's or STN Holder's address for service of notices in accordance with Condition 13 ("Notices and other communications").

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## **15 Appointment of process agent**

### **15.1 Appointment**

The Issuer irrevocably appoints Dabserv Corporate Pty Ltd (ABN 73 001 824 111) currently of Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, Australia, as its process agent to receive any documents in any action in connection with the STNs.

### **15.2 Replacement**

If for any reason the process agent ceases to be able to act as process agent, the Issuer must promptly appoint another person with an office located in the State of New South Wales, Australia as process agent. The Issuer shall promptly notify the Registrar and the Holders of any such appointment.

### **15.3 Service sufficient**

The Issuer agrees that the service of the documents on the process agent or any other person appointed under this Condition 15 be sufficient service on it.

# MTN Conditions

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*The following are the Conditions which, as supplemented, amended or replaced by the relevant Pricing Supplement, apply to each MTN constituted by the Note Deed Poll. References to the "Pricing Supplement" in these Conditions do not limit the provisions which may be supplemented, amended or replaced by the Pricing Supplement in relation to a particular Series of MTNs.*

*The Issuer is not a bank which is authorised under the Banking Act 1959 of the Commonwealth of Australia, nor is it a registered bank in New Zealand pursuant to the Reserve Bank of New Zealand Act 1989.*

*The Notes are not guaranteed by the Commonwealth of Australia or the Government of New Zealand.*

## Part 1 Interpretation

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### 1 Interpretation

#### 1.1 Terms defined in Pricing Supplement

A term which has a defined meaning in the Pricing Supplement has the same meaning when used in these Conditions unless it is expressly defined in these Conditions, in which case the meaning in these Conditions prevails. But if the Pricing Supplement gives no meaning or specifies that the definition is "Not Applicable" then that definition is not applicable to the MTNs.

#### 1.2 Definitions

In these Conditions these meanings apply unless the contrary intention appears:

**Agency Agreement** means:

- (a) in the case of Australian MTNs:
  - (i) the agreement entitled "Agency and Registry Services Agreement" dated 10 September 2009 between the Issuer and the Australian Registrar in relation to the Australian MTNs; and
  - (ii) any other agreement between the Issuer and the Australian Registrar specified in the Pricing Supplement; and
  - (iii) any other agency agreement entered into by the Issuer in relation to an issue of Australian MTNs; and
- (b) in the case of New Zealand MTNs:
  - (i) the agreement entitled "Agency and Registry Services Agreement" dated 10 September 2009 between the Issuer and the New Zealand Registrar in relation to the New Zealand MTNs; and
  - (ii) any other agreement between the Issuer and the New Zealand Registrar specified in the Pricing Supplement; and
  - (iii) any other agency agreement entered into by the Issuer in relation to an issue of New Zealand MTNs;

**Agent** means the Registrar, the Calculation Agent and any other agent appointed under an Agency Agreement or specified in the Pricing Supplement;

**Amortised Face Amount** means, in relation to an MTN, an amount equal to the sum of:

- (a) the issue price specified in the Pricing Supplement; and
- (b) the amount resulting from the application of the amortisation yield specified in the Pricing Supplement (compounded annually) to the issue price (as specified in the Pricing Supplement) from (and including) the Issue Date specified in the Pricing Supplement to (but excluding) the date fixed for redemption or (as the case may be) the date the MTN becomes due and repayable.

If the calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year must be made on the basis of the Day Count Fraction specified in the Pricing Supplement;

**ASX** means the stock exchange operated by ASX Limited (ABN 98 008 624 691);

**Austraclear Australia** means Austraclear Ltd (ABN 94 002 060 773);

**Austraclear Australia Regulations** means the regulations known as the “Austraclear Regulations” together with any instructions or directions (as amended or replaced from time to time), established by Austraclear Australia to govern the use of the Austraclear Australia System and binding on the participants in that system;

**Austraclear Australia System** means the system operated by Austraclear Australia in Australia for holding securities and electronic recording and settling of transactions in those securities between participants of that system;

**Australian MTN** means a medium term debt obligation issued or to be issued by the Issuer in Australia which is constituted by, and owing under, the Note Deed Poll and the details of which are recorded in, and evidenced by, entry in, the Australian Register;

**Australian Register** means a register, including any branch register, of Australian MTNs established and maintained on behalf of the Issuer in accordance with an Agency Agreement;

**Australian Registrar** means, in relation to Australian MTNs, BTA Institutional Services Australia Limited (ABN 48 002 916 396 and AFSL No 239053) or any other person appointed by the Issuer under an Agency Agreement to maintain the Australian Register and perform any payment and other duties as specified in that agreement;

**Australian Tax Act** means the Income Tax Assessment Act 1936 of Australia and where applicable, the Income Tax Assessment Act 1997 of Australia;

**Bail-in Power** means any write-down, conversion, transfer, modification or suspension power existing from time to time under, and exercised in compliance with, any law or regulation in effect in Sweden, relating to the transposition of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, including but not limited to the Swedish Resolution Act 2015 (Sw. lag (2015:1016) om resolution) and the Swedish Financial Supervisory Authority's (Sw. Finansinspektionen) regulations FFFS 2016:6 (Sw. Finansinspektionens föreskrifter (2016:6) om återhämtningsplaner, koncernåterhämtningsplaner och avtal om finansiellt stöd inom koncerner) applicable to the resolution of unsound or failing banks, investment firms or other financial institutions or their Swedish affiliates (otherwise than through liquidation, reorganisation or bankruptcy proceedings) and the instruments, rules and standards created thereunder, pursuant to which (i) any obligation of a bank or investment firm or affiliate of a bank or investment firm can be reduced, cancelled, modified or converted into shares, other securities or other obligations of such entity or any other person (or suspended for a temporary period), and (ii) any right in a contract governing an obligation of a bank or investment firm or affiliate of a bank or investment firm may be deemed to have been exercised.

**Borrowing** means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (a) money borrowed, (b) liabilities under or in respect of any acceptances, or acceptance credit or (c) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash in whole or in part for a consideration other than cash;

**Business Day** means:

- (a) a day (not being a Saturday, Sunday or public holiday in the relevant place) on which banks are open for general banking business in Sydney (in respect of payments in Australian dollars only), Auckland (in respect of payments in New Zealand dollars only) and in each Relevant Financial Centre specified in the Pricing Supplement; and
- (b) if an MTN held in a Clearing System is to be issued or a payment made in respect of an MTN held in a Clearing System on that day, a day on which each Clearing System is operating;

**Business Day Convention** means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day. The following conventions, where specified in the Pricing Supplement in relation to any date applicable to any MTN, have the following meanings:

- (a) **Floating Rate Convention** means that the date is postponed to the next Business Day unless that day falls in the following calendar month, in which case:
  - (i) that date is brought forward to the first preceding day Business Day; and
  - (ii) if the date is an Interest Payment Date, each subsequent Interest Payment Date is the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the Pricing Supplement after the date; and
- (b) **Following Business Day Convention** means that the date is postponed to the next Business Day; and
- (c) **Modified Following Business Day Convention or Modified Business Day Convention** means that the date is postponed to the next Business Day unless that day falls in the next calendar month in which case the date is brought forward to the first preceding Business Day; and
- (d) **Preceding Business Day Convention** means that the date is brought forward to the first preceding Business Day; and
- (e) **No Adjustment** means that the relevant date is not adjusted.

If no convention is specified in the Pricing Supplement, the Following Business Day Convention applies. Different conventions may be specified in relation to different dates;

**Calculation Agent** means the Registrar or any person specified as such in the Pricing Supplement;

**Clearing System** means:

- (a) the Austraclear Australia System; or
- (b) the NZClear System; or
- (c) any other clearing system specified in the Pricing Supplement;

**Corporations Act** means the Corporations Act 2001 of Australia;

**Day Count Fraction** means, for the calculation of interest for any period (“**Calculation Period**”), the day count fraction specified in the Pricing Supplement and:

- (a) if “**Actual/Actual (ICMA)**” is so specified, means:
- (i) where the period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year; and
  - (ii) where the period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;
- (b) if “**Actual/365**” or “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the period divided by 365 (or, if any part of the period falls in a leap year, the sum of:
- (i) the actual number of days in that part of the period falling in a leap year divided by 366; and
  - (ii) the actual number of days in that part of the period falling in a non-leap year divided by 365);
- (c) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the period divided by 365;
- (d) if “**Actual/360**” is so specified, means the actual number of days in the period divided by 360;
- (e) if “**30/360**”, “**360/360**” or “**Bond Basis**” is so specified, means the number of days in the period divided by 360 calculated on a formula basis as follows:

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

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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 D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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 D<sub>1</sub> is greater than 29 in which case D<sub>2</sub> will be 30;

- (g) if “**RBA Bond Basis**” or “**Australian Bond Basis**” is so specified, means one divided by the number of Interest Payment Dates in a year (or where the Calculation Period does not constitute an Interest Period, 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:

(i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and

(ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365));

- (h) if “**NZ Govt Bond Basis**” is so specified, means one divided by the number of Interest Payment Dates in a year (or where the Calculation Period does not constitute an Interest Period, the actual number of days in the Calculation Period divided by 365 (Fixed)); and

- (i) if any other day count fraction is specified, it has the meaning given in the Pricing Supplement;

**Denomination** means, for an MTN, the principal amount of the MTN specified in the Pricing Supplement;

**Event of Default** means an event so described in Condition 14 (“Events of Default”);

**Extraordinary Resolution** has the meaning given in the Meetings Provisions;

**Fixed Coupon Amount** means, for a Fixed Rate MTN, the amount specified in, or determined in accordance with, the Pricing Supplement;

**Fixed Rate MTN** means an MTN which bears interest at a fixed rate;

**Floating Rate MTN** means an MTN which bears interest at a floating rate;

**Guarantee** means the joint and several guarantee granted by the Guarantors for all present and future liabilities of the Issuer (and, in relation to each Tranche of MTNs, as it applies in respect of that Tranche of MTNs);

**Guarantors** means, with respect to any MTN, the Initial Guarantors and any other county councils and municipalities of Sweden which enter into the Guarantee as a result of becoming members of the Kommuninvest Cooperative Society (unless released in accordance with the terms of the Guarantee);

**Information Memorandum** means, in respect of an MTN, the information memorandum or other offering document for the MTNs referred to in the pricing supplement, prepared by, or on behalf of, and approved in writing by, the Issuer in connection with the issue of that MTN and all other documents incorporated by reference in it, including any applicable Pricing Supplement and any other applicable amendments or supplements to it;

**Initial Guarantor** means, in respect of a Tranche of MTNs, those county councils and municipalities of Sweden which have entered into the Guarantee as at the Issue Date of the relevant MTNs;

**Interest Commencement Date** means, for an MTN, the Issue Date of the MTN or any other date specified in, or determined in accordance with, the Pricing Supplement;

**Interest Determination Date** means, for a Floating Rate MTN in respect of which "Screen Rate" applies, each date specified in, or determined in accordance with the Pricing Supplement;

**Interest Payment Date** means, for an interest bearing MTN:

- (a) each date specified in, or determined in accordance with, the Pricing Supplement; or
- (b) if no dates are specified in the Pricing Supplement, each date which falls the Specified Period after the preceding Interest Payment Date (or in the case of the first Interest Payment Date, after the Interest Commencement Date).

The last Interest Payment Date for an MTN is its Maturity Date;

**Interest Period** means each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the Interest Commencement Date; and
- (b) the last Interest Period ends on (but excludes) the Maturity Date;

**Interest Rate** means, for an interest bearing MTN, the interest rate (expressed as a percentage rate per annum) for that MTN specified in the Pricing Supplement or determined in accordance with these Conditions and the Pricing Supplement;

**ISDA Definitions** means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. (as supplemented, amended or updated as at the Issue Date of the first MTN);

**ISDA Rate** means for a Floating Rate MTN and an Interest Period, the rate the Calculation Agent determines would be the Floating Rate under a Swap Transaction if the Calculation Agent were acting as Calculation Agent for that Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option, the Designated Maturity and the Reset Date are as specified in the Pricing Supplement; and
- (b) the Period End Dates are each Interest Payment Date, the Spread is the Margin and the Floating Rate Day Count Fraction is the Day Count Fraction; and

For the purposes of this definition, “Swap Transaction”, “Floating Rate”, “Floating Rate Option”, “Designated Maturity”, “Reset Date”, “Period End Date”, “Spread” and “Floating Rate Day Count Fraction” have the meanings given to those terms in the ISDA Definitions;

**Issue Date** means, for an MTN, the date on which that MTN is, or is to be, issued as specified in, or determined in accordance with, the Pricing Supplement;

**Issuer** means Kommuninvest i Sverige Aktiebolag (publ);

**Margin** means, for a Floating Rate MTN, the margin specified in, or determined in accordance with, the Pricing Supplement;

**Maturity Date** means, for an MTN, the date specified in, or determined in accordance with, the Pricing Supplement;

**Meetings Provisions** means the provisions relating to meetings of MTN Holders set out in the schedule of the Note Deed Poll;

**MTN** means an Australian MTN or a New Zealand MTN. Unless expressly stated otherwise, reference in these Conditions to MTNs are to the MTNs of the relevant Series only, not to all MTNs that may be issued under the programme;

**MTN Holder** means, for an MTN, each person whose name is entered in the Register as the holder of that MTN. If an MTN is held in a Clearing System, references to the MTN Holder of that MTN include the operator of that Clearing System or a nominee for that operator or a common depository for one or more Clearing Systems (in each case acting in accordance with the rules and regulations of the Clearing System or Clearing Systems);

**New Zealand MTN** means a medium term debt obligation issued or to be issued by the Issuer in New Zealand which is constituted by, and owing under, the Note Deed Poll and the details of which are recorded in, and evidenced by entry in, the New Zealand Register;

**New Zealand Register** means a register, including any branch register, of New Zealand MTNs established and maintained on behalf of the Issuer in accordance with an Agency Agreement;

**New Zealand Registrar** means, in relation to New Zealand MTNs, Computershare Investor Services Limited or any other person appointed by the Issuer under an Agency Agreement to maintain the New Zealand Register and perform any payment and other duties as specified in that agreement;

**New Zealand Tax Act** means the Income Tax Act 2007 of New Zealand;

**Note Deed Poll** means the document entitled “Second Note Deed Poll” dated 16 May 2016 executed by the Issuer;

**NZClear Rules** means the rules and guidelines known as the “NZClear System Rules” and the “NZClear Operating Guidelines” (read together, and as amended or replaced from time to time) established by RBNZ to govern the use of the NZClear System;

**NZClear System** means the system operated by RBNZ in New Zealand for holding securities and electronic recording and settling of transactions in those securities between members of that system;

**NZCSD** means New Zealand Central Securities Depository Limited or any other entity appointed from time to time by RBNZ under the NZClear Rules, as custodian trustee to hold securities on the NZClear System;

**NZ FMCA** means the Financial Markets Conduct Act 2013 of New Zealand;

**Partly Paid MTN** means an MTN in relation to which the initial subscription moneys are payable to the Issuer in two or more instalments;

**Payment Date** means, for an MTN, each date on which a payment in respect of the MTN is due;

**Pricing Supplement** means, in respect of a Tranche, the pricing supplement specifying the relevant issue details in relation to it;

**RBNZ** means the Reserve Bank of New Zealand or its successor or replacement from time to time;

**Record Date** means:

- (a) for a payment due in respect of an Australian MTN, the close of business in the place where the Register is maintained on the eighth calendar day before the Payment Date specified in, or determined in accordance with, the Pricing Supplement;
- (b) for a payment due in respect of a New Zealand MTN, the close of business in the place where the Register is maintained on the tenth calendar day before the Payment Date or any other date specified in, or determined in accordance with, the Pricing Supplement;

**Redemption Amount** means:

- (a) for a Fixed Rate MTN or a Floating Rate MTN, the outstanding principal amount of the MTN on the date it is redeemed; and
- (b) for a Zero Coupon MTN, the Amortised Face Amount of the Zero Coupon MTN calculated on the date it is redeemed.

It also includes any amount in the nature of a redemption amount specified in, or determined in accordance with, the Pricing Supplement or these Conditions;

**Reference Banks** means, for a Floating Rate MTN in respect of which “Screen Rate” applies, the financial institutions specified in the Pricing Supplement or, if none are specified, four leading banks selected by the Calculation Agent in the Relevant Financial Centre;

**Reference Rate** means, for a Floating Rate MTN in respect of which “Screen Rate” applies, the rate specified in the Pricing Supplement;

**Register** means in relation to an Australian MTN, the Australian Register and, in relation to a New Zealand MTN, the New Zealand Register;

**Registrar** means, in the case of an Australian MTN, the relevant Australian Registrar, and in the case of a New Zealand MTN, the relevant New Zealand Registrar;

**Regular Period** means:

- (a) in the case of MTNs where interest is scheduled to be paid only by means of regular payments, each Interest Period;
- (b) in the case of MTNs where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of MTNs where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**Relevant Financial Centre** means, for a Floating Rate MTN in respect of which "Screen Rate" applies, the place specified in the Pricing Supplement;

**Relevant Indebtedness** means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being quoted, listed or capable of being quoted or listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market and (ii) any guarantee or indemnity of any such indebtedness;

**Relevant Resolution Authority** means any authority with the ability to exercise the Bail-in Power.

**Relevant Screen Page** means, for a Floating Rate MTN in respect of which "Screen Rate" applies:

- (a) the page, section or other part of a particular information service (including the Reuters Monitor Money Rates Service and the Dow Jones Telerate Service) which displays the applicable Reference Rate, as specified in the Pricing Supplement; or
- (b) any other page, section or other part as may replace it on that information service or another information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**Relevant Tax Jurisdiction** means the Kingdom of Sweden or a political subdivision of it;

**Relevant Time** means, for a Floating Rate MTN in respect of which "Screen Rate" applies, the time specified in the Pricing Supplement;

**Screen Rate** means, for a Floating Rate MTN and an Interest Period, the quotation offered for the Reference Rate as displayed on the Relevant Screen Page at the Relevant Time on the Interest Determination Date. However:

- (a) if more than one offered quotation is displayed on the Relevant Screen Page at the Relevant Time on the Interest Determination Date, "**Screen Rate**" means the rate the Calculation Agent calculates as the average of the offered quotations. If there are more than five offered quotations displayed, the Calculation Agent must exclude the

highest and lowest quotations (or in the case of equality, one of the highest and one of the lowest quotations) from its calculation; or

- (b) if an offered quotation is not displayed on the Relevant Screen Page by the Relevant Time on the Interest Determination Date or if it is displayed but the Calculation Agent determines that there is an obvious error in that offered quotation, the “**Screen Rate**” means:
  - (i) the rate the Calculation Agent calculates as the average of the Reference Rates quoted by the Reference Banks to leading banks in the Relevant Financial Centre at or about the Relevant Time on the Interest Determination Date for a period equivalent to the Interest Period; or
  - (ii) if the Calculation Agent is unable to calculate a rate under paragraph (i) because it is unable to obtain at least two quotes, the rate the Calculation Agent calculates as the average of the rates per annum (being the nearest equivalent to the Reference Rate) quoted by two or more leading banks in the Relevant Financial Centre selected by the Calculation Agent to leading banks in the Relevant Financial Centre at or about the Relevant Time on the Interest Determination Date for a period equivalent to the Interest Period; or
- (c) if the Pricing Supplement specifies an alternative method for determination of the Screen Rate, then that alternative method applies;

**Series** means an issue of MTNs made up of one or more Tranches all of which form a single Series and are issued on the same Conditions except that the Issue Date and Interest Commencement Date may be different in respect of different Tranches of a Series;

**Specified Office** means, for a person, that person's office specified in the Information Memorandum or Pricing Supplement or any other address notified to MTN Holders from time to time;

**Specified Period** means, for an MTN, the period specified in, or determined in accordance with, the Pricing Supplement;

**Taxes** means taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties, fines and expenses in connection with them except if imposed on, or calculated having regard to, the net income of an MTN Holder;

**Tranche** means an issue of MTNs specified as such in the Pricing Supplement issued on the same Issue Date and on the same terms; and

**Zero Coupon MTN** means an MTN which does not entitle the MTN Holder to the periodic payment of interest before its Maturity Date and which is issued at a discount to its Denomination.

### 1.3 Business Day Convention

Unless the contrary intention appears, in these Conditions a reference to a particular date is a reference to that date adjusted in accordance with the applicable Business Day Convention. No MTN Holder is entitled to any additional payment in respect of that delay.

### 1.4 References to certain general terms

Unless the contrary intention appears, a reference in these Conditions to:

- (a) a group of persons is a reference to any two or more of them jointly and to each of them individually;

- (b) a document (including these Conditions) includes any variation or replacement of it;
- (c) law means common law, principles of equity and laws made by any parliament (and laws made by parliament include and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (d) a directive means a treaty, an official directive, request, regulation, guideline or policy (whether or not having the force of law) with which responsible participants in the relevant market generally comply;
- (e) “**Australian dollars**” or “**A\$**” is a reference to the lawful currency of Australia;
- (f) “**New Zealand dollars**” or “**NZ\$**” is a reference to the lawful currency of New Zealand;
- (g) a time of day is:
  - (i) in relation to Australian MTNs, a reference to that time in Sydney; and
  - (ii) in relation to New Zealand MTNs, a reference to that time in New Zealand;
- (h) the word “**person**” includes an individual, a firm, a body corporate, an unincorporated association and an authority;
  - (i) a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
  - (j) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (k) anything (including any amount) is a reference to the whole and each part of it;
- (l) the words “**including**”, “**for example**” or “**such as**” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

## 1.5 References to particular terms

Unless the contrary intention appears, in these Conditions:

- (a) a reference to the Issuer, the Registrar, the Calculation Agent or another Agent is a reference to the person so specified in the Pricing Supplement;
- (b) a reference to the Agency Agreement is a reference to the Agency Agreement applicable to the MTNs of the relevant Series;
- (c) a reference to an MTN is a reference to an MTN of a particular Series issued by the Issuer specified in the Pricing Supplement;
- (d) a reference to an MTN Holder is a reference to the holder of MTNs of a particular Series; and
- (e) if the MTNs are Zero Coupon MTNs or other MTNs which do not bear interest, references to interest are not applicable.

## **1.6 References to principal and interest**

Unless the contrary intention appears, in these Conditions:

- (a) any reference to “principal” in the context of an MTN is taken to include the Redemption Amount of the MTN, any premium payable in respect of the MTN when it is issued, and any other amount in the nature of principal payable in respect of the MTN under these Conditions (including Condition 12 (Taxation));
- (b) the principal amount of an MTN issued at a discount is to be taken as at any time to equal the lesser of:
  - (i) its Denomination; and
  - (ii) if specified in the Pricing Supplement, its Amortised Face Amount at that time;
- (c) the principal amount of an MTN which may vary by reference to a schedule or formula at any time is taken to equal its varied amount as determined in accordance with these Conditions;
- (d) the principal amount of a Partly Paid MTN is to be taken to equal its paid up principal amount; and
- (e) any reference to “interest” in the context of an MTN is taken to include any interest and any amount in the nature of interest payable in respect of the MTN under these Conditions.

## **1.7 Number**

The singular includes the plural and vice versa.

## **1.8 Headings**

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Conditions.

## **Part 2 Introduction**

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## **2 Introduction**

### **2.1 Programme**

MTNs are issued under a debt issuance programme established by the Issuer.

### **2.2 Pricing Supplement**

The Issuer issues the MTNs on the terms set out in these Conditions as amended, supplemented or replaced by the Pricing Supplement. If there is any inconsistency between these Conditions and the Pricing Supplement, the Pricing Supplement prevails.

The Issuer may issue the MTNs in Series. A Series may comprise one or more Tranches having one or more Issue Dates. The MTNs of each Tranche have the same terms as the MTNs of each other Tranche (except for the first payment of interest, if any).

Copies of the Pricing Supplement are available for inspection or on request by an MTN Holder or prospective MTN Holder during normal business hours at the Specified Office of the Issuer or the Registrar.

## 2.3 Types of MTNs

An MTN may be:

- (a) a Fixed Rate MTN; or
- (b) a Floating Rate MTN; or
- (c) a Zero Coupon MTN; or
- (d) any combination of these; or

any other type of medium term debt obligation (including a certificate of deposit), as specified in the Pricing Supplement.

## 2.4 Denomination

MTNs of each Series have the same Denomination.

Unless otherwise specified in the relevant MTN Supplement:

- (a) Australian MTNs may only be issued if:
  - (i) the aggregate consideration payable to the Issuer by each person subscribing for the Australian MTNs is a minimum of A\$500,000 (disregarding any moneys lent by the Issuer or its associates to MTN Holders) or if the offer or invitation for the issue of the Australian MTNs does not require disclosure to be made to investors under Parts 6D.2 or 7.9 of the Corporations Act; and
  - (ii) the issue of MTNs otherwise complies with other applicable laws or directives in any relevant jurisdiction; and
- (b) New Zealand MTNs may only be issued if:
  - (i) the New Zealand MTNs are offered and issued in a manner that does not require disclosure as a “regulated offer” (as that term is defined in section 41 of the NZ FMCA); and
  - (ii) the issue of MTNs otherwise complies with other applicable laws or directives in any relevant jurisdiction.

## 2.5 Currency

Australian MTNs are denominated in Australian dollars.

New Zealand MTNs are denominated in New Zealand dollars.

## 2.6 Clearing Systems

MTNs may be held in a Clearing System. If MTNs are held in a Clearing System, the rights of each MTN Holder and any other person holding an interest in those MTNs are subject to the rules and regulations of the Clearing System. The Issuer is not responsible for anything the Clearing System does or omits to do.

## Part 3 The MTNs

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### **3 Form**

#### **3.1 Constitution**

MTNs are debt obligations of the Issuer constituted by, and owing under, the Note Deed Poll.

#### **3.2 Form**

MTNs are issued in registered form by entry in the Register.

#### **3.3 No certificates**

No certificates will be issued in respect of any MTN unless the Issuer determines that certificates should be issued or any applicable law requires them.

#### **3.4 Effect of entries in Register**

Each entry in the Register in respect of an MTN constitutes:

- (a) an irrevocable undertaking by the Issuer to the MTN Holder to:
  - (i) pay principal, any interest and any other amounts payable in respect of the MTN in accordance with these Conditions; and
  - (ii) comply with the other Conditions of the MTN; and
- (b) an entitlement to the other benefits given to the MTN Holder in respect of the MTN under these Conditions and (if applicable) the Guarantee

#### **3.5 Register conclusive as to ownership**

Entries in the Register in relation to an MTN are conclusive evidence that the person entered as the MTN Holder is the absolute owner of the MTN or, if two or more persons are entered as joint MTN Holders, they are the joint owners of the MTN, subject to correction for fraud, error or omission.

#### **3.6 Non-recognition of interests**

Except as ordered by a court of competent jurisdiction or required by law, the Issuer and (if applicable) the Guarantors and the Registrar must treat the person whose name is entered as the MTN Holder of an MTN in the Register as the absolute owner of that MTN.

No notice of any trust or other interest in, or claim to, any MTN will be entered in the Register. Neither the Issuer nor the Registrar need take notice of any trust or other interest in, or claim to, any MTN, except as ordered by a court of competent jurisdiction or required by law.

This Condition applies whether or not an MTN is overdue.

#### **3.7 Joint MTN Holders**

If two or more persons are entered in the Register as joint MTN Holders of an MTN, they are taken to hold the MTN as joint tenants with rights of survivorship. However, the Registrar is not bound to register more than four persons as joint MTN Holders of an MTN.

### **3.8 Copies of Note Deed Poll to MTN Holders**

If an MTN Holder requires a copy of the Note Deed Poll in connection with any proceeding brought by the MTN Holder before a court, authority, commission or arbitrator in relation to its rights in connection with an MTN, it may request a copy from the Issuer. If the Issuer receives a request, it must give the MTN Holder a copy of the Note Deed Poll (or ensure that the MTN Holder is given a copy of the Note Deed Poll) within 14 days after receiving the request.

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## **4 Status, ranking, guarantee and bail-in**

### **4.1 Status**

MTNs are direct unsubordinated and (subject to Condition 5 (“Negative Pledge”)) unsecured obligations of the Issuer.

### **4.2 Ranking**

MTNs rank equally among themselves and at least equally with all other unsubordinated and unsecured obligations of the Issuer, except for liabilities mandatorily preferred by law.

### **4.3 Guarantee**

The MTNs have the benefit of the Guarantee.

The Initial Guarantors as of the Issue Date are specified by reference to a current website page or otherwise satisfactorily identified in the applicable Pricing Supplement together with the other relevant details of the Guarantee. Other county councils and municipalities of Sweden may subsequently become Guarantors. Details of the Guarantors from time to time in respect of the MTNs will be available at <http://www.kommuninvest.org>.

The obligations of each Guarantor under the Guarantee are joint and several and constitute direct, unconditional, general and unsecured obligations of such Guarantor and rank *pari passu* with all other present or future outstanding unsecured and unsubordinated obligations of that Guarantor. The Guarantee may be enforced separately in relation to each Guarantor in the Courts of Sweden upon failure by the Issuer to perform any obligations in respect of the MTNs without exhaustion of remedies against the Issuer or any other Guarantor.

No Guarantor or any of its assets has any sovereign or other immunity in respect of legal proceedings brought against it in the Courts of Sweden. No Guarantor is required by the existing laws of Sweden to make any deductions or withholding from any amount payable under the Guarantee.

### **4.4 Agreement with respect to exercise of the Bail-in Power**

- (a) By subscribing for or otherwise acquiring the MTNs, each MTN Holder acknowledges and agrees that they shall be subject to the exercise of any Bail-in Power by the Relevant Resolution Authority, which may result in the write-down or cancellation of all, or a portion of, any amount payable under the MTNs in respect of the principal amount of, or outstanding amount payable in respect of, and/or interest on, the MTNs and/or the conversion of all, or a portion, of any amount payable under the MTNs in respect of the principal amount of, or outstanding amount payable in respect of, or interest on, the MTNs into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of MTNs to give effect to such exercise of Bail-in Power.
- (b) No amount payable under the MTNs in respect of the repayment of the principal amount of, or outstanding amount payable in respect of, the MTNs and/or payment of interest thereon (to the extent of the portion thereof affected by the exercise of the Bail-in Power) shall become due and payable after the exercise of any Bail-in Power

by the Relevant Resolution Authority, unless such payment would be permitted to be made by the Issuer under the laws and directives of Sweden and the European Union then applicable to the Issuer.

- (c) Upon the Issuer becoming aware of the exercise of the Bail-in Power by the Relevant Resolution Authority with respect to the MTNs, the Issuer agrees to notify the Agent and the relevant MTN Holders of such exercise of the Bail-in Power. For the avoidance of doubt, any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-in Power nor its effect on the MTNs.
- (d) Upon the exercise of the Bail-in Power by the Relevant Resolution Authority with respect to the MTNs, the Issuer agrees to provide a written notice to Austraclear or the operator of any other clearing system through which interests in the MTNs may be held from time to time as soon as practicable regarding such exercise of the Bail-in Power for the purposes of notifying the relevant MTN Holders of such occurrence.
- (e) If the Relevant Resolution Authority exercises the Bail-in Power with respect to less than the total amount payable under all MTNs, unless the Agent is otherwise instructed by the Relevant Resolution Authority, any cancellation, write-off or conversion into equity made in respect of the amount payable under the MTNs pursuant to the Bail-in Power will be made on a pro-rata basis.

For the purposes of this Condition 4.4, a reference to “**MTN Holder**” includes any person holding an interest in the MTNs.

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## 5 Negative pledge

So long as any of the MTNs remains outstanding, the Issuer will not create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a “**Security Interest**”) upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness unless the Issuer shall, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, take any and all action necessary to ensure that all amounts payable by it under the MTNs are secured by the Security Interest equally and rateably with the Relevant Indebtedness.

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## 6 Title and Transfer of MTNs

### 6.1 Transfer

MTN Holders may only transfer MTNs in accordance with these Conditions.

### 6.2 Title

Title to MTNs passes when details of the transfer are entered in the Register.

### 6.3 Transfers in whole

MTN Holders may only transfer MTNs in whole.

### 6.4 Compliance with laws

- (a) MTN Holders may only transfer Australian MTNs within, to or from Australia if:
  - (i) the offer or invitation giving rise to the transfer is for a minimum consideration of A\$500,000 (disregarding any moneys lent by the transferor or its associates to the transferee) or the transfer otherwise does not constitute an

offer or invitation for which disclosure is required to be made to investors under Part 6D.2 of the Corporations Act; and

- (ii) the transferee is not a “retail client” as that term is defined in section 761G of the Corporations Act; and
  - (iii) the transfer complies with any other applicable law or directive of the jurisdiction where the transfer takes place.
- (b) MTN Holders that acquire such MTNs in the secondary market shall be deemed to acknowledge, agree to be bound by and consent to these Conditions to the same extent as MTN Holders that acquire the MTNs upon their initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by and consent to Condition 4.4 (“Agreement with respect to exercise of the Bail-in Power”).

## **6.5 Compliance with laws - New Zealand**

- (a) MTN Holders may only transfer New Zealand MTNs within, to or from New Zealand if:
- (i) the transfer is made in a manner that does not require disclosure as a “regulated offer” (as that term is defined in section 41 of the NZ FMCA); and
  - (ii) the transfer complies with any other applicable law or directive of the jurisdiction where the transfer takes place.
- (b) MTN Holders that acquire such MTNs in the secondary market shall be deemed to acknowledge, agree to be bound by and consent to these Conditions to the same extent as MTN Holders that acquire the MTNs upon their initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by and consent to Condition 4.4 (“Agreement with respect to exercise of the Bail-in Power”).

## **6.6 No transfers to unincorporated associations**

MTN Holders may not transfer MTNs to an unincorporated association.

## **6.7 Transfer procedures**

Interests in MTNs held in a Clearing System may only be transferred in accordance with the rules and regulations of that Clearing System.

In particular, where NZCSD is the MTN Holder and the MTN is lodged in the NZClear System, RBNZ may, in its absolute discretion to the extent not prohibited by the NZClear Rules, instruct the New Zealand Registrar to transfer the MTN to the person in whose Security Account (as defined in the NZClear Rules) that MTN is recorded without any consent or action of such transferee and, as a consequence, remove that MTN from the NZClear System.

MTNs not held in a Clearing System may be transferred by sending a transfer form to the Specified Office of the Registrar.

To be valid, a transfer form must be:

- (a) in the form provided by the Registrar;
- (b) duly completed and signed by, or on behalf of, the transferor and the transferee; and
- (c) accompanied by any evidence the Registrar may require to establish that the transfer form has been duly signed.

Neither the Issuer nor the Registrar will recognise any interest other than the interest of a Clearing System as the MTN Holder while the relevant MTN is held in the Clearing System.

No fee is payable to register a transfer of MTNs so long as all applicable Taxes in connection with the transfer have been paid.

Transfers of MTNs which are not lodged in a Clearing System cannot be made between a Record Date and the relevant Interest Payment Date if a redemption of such MTNs is to occur during the period in accordance with these Conditions.

## **6.8 CHESS**

MTNs listed on the ASX are not:

- (a) transferred through, or registered on, the Clearing House Electronic Subregister System operated by the ASX; or
- (b) “Approved Financial Products” (as defined for the purposes of that system).

New Zealand MTNs which are listed on the NZX will be transferred in accordance with the Reserve Bank of New Zealand (Designated Settlement System – NZCDC) Order 2010.

## **6.9 Transfers of unidentified MTNs**

If an MTN Holder transfers some but not all of the MTNs of the relevant Tranche or Series that it holds and the transfer form does not identify the specific MTNs of that Tranche or Series transferred, the Registrar may choose which MTNs registered in the name of MTN Holder have been transferred. However, the aggregate principal amounts of the MTNs registered as transferred must equal the aggregate principal amount of the MTNs expressed to be transferred in the transfer form.

## **6.10 Austraclear Australia or NZCSD as MTN Holder**

If Austraclear Australia or NZCSD is recorded in the Register as the MTN Holder, each person in whose Security Record (as defined in the Austraclear Australia Regulations) or Security Account (as defined in the NZClear Rules) an MTN is recorded is taken to acknowledge in favour of the Issuer, the Registrar, Austraclear Australia, RBNZ and NZCSD (as applicable) that:

- (a) the Registrar’s decision to act as the Registrar of that MTN is not a recommendation or endorsement by the Registrar, Austraclear Australia, NZCSD or RBNZ in relation to that MTN, but only indicates that the Registrar considers that the holding of the MTN is compatible with the performance by it of its obligations as Registrar under an Agency Agreement; and
- (b) the MTN Holder does not rely on any fact, matter or circumstance contrary to paragraph (a).

## **6.11 Estates**

A person becoming entitled to an MTN as a consequence of the death or bankruptcy of an MTN Holder or a vesting order on a person administering the estate of an MTN Holder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the MTN or, if so entitled, become registered as the holder of the MTN.

## Part 4 Interest

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### **7 Fixed Rate MTNs**

*This Condition 7 (“Fixed Rate MTNs”) applies to the MTNs only if the Pricing Supplement states that it applies.*

#### **7.1 Interest on Fixed Rate MTNs**

Each Fixed Rate MTN bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate.

Interest is payable in arrear on each Interest Payment Date.

#### **7.2 Fixed Coupon Amount**

Unless otherwise specified in the Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of each Fixed Rate MTN for the preceding Interest Period is the Fixed Coupon Amount.

#### **7.3 Calculation of interest payable on Fixed Rate MTNs**

If the Pricing Supplement does not specify a Fixed Coupon Amount for any Interest Period, on the first day of the Interest Period the Calculation Agent must calculate the amount of interest payable on any Fixed Rate MTN for the Interest Period.

Unless otherwise specified in the Pricing Supplement, the amount of interest payable is calculated by multiplying the Interest Rate for the Interest Period, the outstanding principal amount of the Fixed Rate MTN and the applicable Day Count Fraction.

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### **8 Floating Rate MTNs**

*This Condition 8 (“Floating Rate MTNs”) applies to the MTNs only if the Pricing Supplement states that it applies.*

#### **8.1 Interest on Floating Rate MTNs**

Each Floating Rate MTN bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate.

Interest is payable in arrear on each Interest Payment Date.

#### **8.2 Interest Rate determination**

The Calculation Agent must determine the Interest Rate for any Floating Rate MTN for an Interest Period in accordance with these Conditions and the Pricing Supplement.

#### **8.3 ISDA Determination**

If “ISDA Determination” is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate for any Floating Rate MTNs for each Interest Period is the ISDA Rate.

#### **8.4 Screen Rate Determination**

If “Screen Rate Determination” is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate for any Floating Rate MTNs for each Interest Period is the sum of the Margin and the Screen Rate.

#### **8.5 BBSW Rate Determination**

If “BBSW Rate Determination” is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate for any Floating Rate MTNs for each Interest Period is the sum of the Margin and the BBSW Rate.

In this Condition 8, “**BBSW Rate**” means, for an Interest Period in the case of Australian MTNs, the rate for prime bank eligible securities having a tenor closest to the Interest Period which is designated as the “AVG MID” on the Reuters Screen BBSW page at approximately 10:10am on the first day of that Interest Period. However, if such rate does not appear on the Reuters Screen BBSW page by 10:30 am on that day, or if it does appear but the Issuer or the Calculation Agent determines that there is an obvious error in that rate, “**BBSW Rate**” means the rate determined by the Calculation Agent in good faith having regard, to the extent possible, to the comparable indices then available. The rate must be expressed as a percentage per annum and will be rounded up, if necessary, to the next higher one ten-thousandth of a percentage point (0.0001 per cent.).

#### **8.6 BKBM Rate Determination**

If “BKBM Rate Determination” is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Rate MTNs for each Interest Period is the sum of the Margin and the BKBM Rate.

In this Condition 8, “**BKBM Rate**” means, for an Interest Period, the “FRA” Rate for Bills having a tenor closest to the Interest Period as displayed on the “BKBM” page of the Reuters Monitor System (or its successor page) on the first day of that Interest Period.

However, if the average mid-rate is not displayed as close as reasonably practicable to 10:45 am (New Zealand time) on that day, or if it is displayed but the Issuer or the Calculation Agent determines that there is an obvious error in that rate, “**BKBM Rate**” means the rate determined by the Calculation Agent in good faith as close as reasonably practicable to 10:45 am (New Zealand time) on that day, having regard, to the extent possible, to the rates otherwise bid and offered for bank accepted Bills of that tenor at or around that time. The rate must be expressed as a percentage per annum.

“**Bill**” has the meaning it has in Bills of Exchange Act 1908 of New Zealand and a reference to the acceptance of a Bill is to be interpreted in accordance with that Act.

#### **8.7 Fallback Interest Rate**

Unless otherwise specified in the Pricing Supplement, if the Calculation Agent is unable to determine the Interest Rate for any Floating Rate MTN for an Interest Period, the Interest Rate for that Floating Rate MTN for that Interest Period is the same as the Interest Rate for the Floating Rate MTN for the Interest Period which immediately precedes it.

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## **9 General provisions applicable to interest**

### **9.1 Maximum or minimum Interest Rate**

Despite any other Condition, if the Pricing Supplement specifies a maximum Interest Rate or minimum Interest Rate for any MTN for any Interest Period then, the Interest Rate for that Interest Period for that MTN must not be greater than the specified maximum, or less than the specified minimum, as the case may be. The minimum Interest Rate shall not be less than

zero and if no minimum Interest Rate is specified in the relevant Pricing Supplement, the minimum Interest Rate shall be zero.

## **9.2 Calculation of interest payable on Floating Rate MTNs**

As soon as practicable after determining the Interest Rate for any Floating Rate MTN for an Interest Period, the Calculation Agent must calculate the amount of interest payable on that MTN for the Interest Period.

Unless otherwise specified in the Pricing Supplement, the amount of interest payable is calculated by multiplying the Interest Rate for the Interest Period, the outstanding principal amount of the MTN and the applicable Day Count Fraction.

## **9.3 Interpolation**

If the Pricing Supplement states that "Linear Interpolation" applies to an Interest Period, the Calculation Agent must determine the Interest Rate for that Interest Period using straight line interpolation by reference to two ISDA Rates, Screen Rates, BBSW Rates, BKBM Rates or other floating rates, in each case, as specified in the Pricing Supplement.

The first rate must be determined as if the Interest Period were the period of time for which rates are available next shorter than the length of the Interest Period (or any alternative Interest Period specified in the Pricing Supplement).

The second rate must be determined as if the Interest Period were the period of time for which rates are available next longer than the length of the Interest Period (or any alternative Interest Period specified in the Pricing Supplement).

## **9.4 Determination and calculation of other things**

If the Pricing Supplement specifies that the Calculation Agent must determine or calculate any amount, date or thing other than an amount of interest, the Calculation Agent must determine or calculate the amount, date or thing in the manner specified in the Pricing Supplement as soon as practicable after the time at which the amount, date or thing is to be determined or calculated.

## **9.5 Notification of Interest Rate, Interest Payment Date and other things**

If the Calculation Agent determines or calculates an Interest Rate, an Interest Payment Date, the amount of interest payable on an Interest Payment Date or any other amount, date or thing, it must notify the Issuer, the Registrar, the MTN Holders and any stock exchange or other relevant authority on which the MTNs are listed. The Calculation Agent must give notice as soon as practicable after making its determination or calculation. However, it must notify the Interest Rate for an Interest Period, the next Interest Payment Date and the amount of interest payable on that Interest Payment Date by the fourth day of the Interest Period.

If any Interest Period or calculation period changes, the Calculation Agent may amend its determination or calculation of any rate, amount, date or other thing (or make appropriate alternative arrangements by way of adjustment). If the Calculation Agent amends any determination or calculation, it must notify the Issuer, the Registrar, the MTN Holders and any stock exchange or other relevant authority on which the MTNs are listed. The Calculation Agent must give notice as soon as practicable after amending its determination or calculation.

## **9.6 Determination and calculation final**

Except where there is an obvious error, any determination or calculation the Calculation Agent makes in accordance with these Conditions is final and binds the Issuer, the Registrar, each Agent and each MTN Holder.

## **9.7 Rounding**

Unless otherwise specified in the Pricing Supplement, for any determination or calculation required under these Conditions:

- (a) all percentages resulting from the determination or calculation must be rounded to the nearest one hundred-thousandth of a percentage point (with 0.00005 per cent. being rounded up to 0.0001 per cent.); and
- (b) all amounts that are due and payable resulting from the determination or calculation must be rounded (with halves being rounded up) to one cent (in the relevant currency); and
- (c) all other figures resulting from the determination or calculation must be rounded to four decimal places (with halves being rounded up).

## **Part 5 Redemption and purchase**

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# **10 Redemption**

## **10.1 Redemption of MTNs**

The Issuer agrees to redeem each MTN on its Maturity Date by paying to the MTN Holder the Redemption Amount for the MTN. However, the Issuer is not required to redeem an MTN on its Maturity Date if the Issuer redeems, or purchases and cancels the MTN before its Maturity Date.

## **10.2 Redemption of Partly Paid MTNs**

The Issuer agrees to redeem each Partly Paid MTN on its Maturity Date in accordance with the Pricing Supplement.

## **10.3 Early redemption for taxation reasons**

If the Issuer is required under Condition 12.2 (“Withholding tax”) to deduct an amount in respect of Taxes from a payment in respect of an MTN, the Issuer may redeem the MTNs before their Maturity Date by paying to the MTN Holders the Redemption Amounts for the MTNs and any interest accrued on it to (but excluding) the redemption date.

However, the Issuer may only redeem the MTNs under this Condition 10.3 if:

- (a) between 15 and 60 days (or any other period specified in, or determined in accordance with, the Pricing Supplement) before the proposed redemption date, the Issuer notifies the proposed redemption to the Registrar, the MTN Holders, each other Agent and any stock exchange or other relevant authority on which the MTNs are listed; and
- (b) before the Issuer gives notice of the proposed redemption, the Issuer gives the Registrar an opinion of independent legal or tax advisers of recognised standing in its jurisdiction of incorporation, confirming that it would be required under Condition 12.2 (“Withholding tax”) to deduct an amount from the next payment due in respect of the MTNs.

For any redemption of interest bearing MTNs under this Condition 10.3:

- (a) any proposed redemption date must be an Interest Payment Date for the MTNs; and

- (b) the Issuer must not give notice of any proposed redemption more than 60 days before the Interest Payment Date occurring immediately before the first date on which the Issuer would be required under Condition 12.2 (“Withholding tax”) to deduct an amount from a payment in respect of the MTNs.

The Issuer may only redeem all (and not some) of the MTNs under this Condition 10.3.

#### **10.4 Early redemption at the option of MTN Holders (MTN Holder put)**

If the Pricing Supplement states that an MTN Holder may require the Issuer to redeem some or all of the MTNs held by the MTN Holder before their Maturity Date, the Issuer must redeem the MTNs specified by the MTN Holder by paying to the MTN Holder the Redemption Amounts for the MTNs and any interest accrued on it to (but excluding) the redemption date:

However, the Issuer is only required to redeem MTNs under this Condition 10.4 if:

- (a) the amount of MTNs to be redeemed is a whole multiple of their Denomination; and
- (b) between 30 and 60 days (or any other period specified in, or determined in accordance with, the Pricing Supplement) before the proposed redemption date, the MTN Holder notifies the proposed redemption to the Registrar by delivering to the Specified Office of the Registrar during normal business hours a completed and signed redemption notice in the form obtainable from the Specified Office of the Registrar; and
- (c) the redemption notice specifies an account in the country of the currency in which the MTNs are denominated to which the Issuer should pay the Redemption Amounts or an address to which the Issuer should send a cheque for payment of the Redemption Amounts; and
- (d) the proposed redemption date is an Early Redemption Date (Put) specified in the Pricing Supplement; and
- (e) between 15 and 60 days (or any other period specified in, or determined in accordance with, the Pricing Supplement) before the proposed redemption date, the Registrar notifies the proposed redemption to the MTN Holders, each other Agent and any stock exchange or other relevant authority on which the MTNs are listed; and
- (f) all other Conditions specified in the Pricing Supplement are satisfied.

An MTN Holder may not deliver a redemption notice in respect of an MTN under this Condition 10.4 if the Issuer has given notice that it will redeem that MTN under Condition 10.3 (“Early redemption for taxation reasons”) or Condition 10.5 (“Early redemption at the option of the Issuer (Issuer call)”).

#### **10.5 Early redemption at the option of the Issuer (Issuer call)**

If the Pricing Supplement states that the Issuer may redeem some or all of the MTNs before their Maturity Date, the Issuer may redeem so many of the MTNs specified in the Pricing Supplement by paying to the MTN Holders the Redemption Amounts for the MTNs and any interest accrued on it to (but excluding) the redemption date.

However, the Issuer may only redeem MTNs under this Condition 10.5 if:

- (a) the amount of MTNs to be redeemed is a whole multiple of their Denomination;
- (b) between 30 and 60 days (or any other period specified in, or determined in accordance with, the Pricing Supplement) before the proposed redemption date, the Issuer notifies the proposed redemption, specifying the MTNs to be redeemed, to the

Registrar, the MTN Holders of the MTNs to be redeemed, each other Agent and any stock exchange or other relevant authority on which the MTNs are listed;

- (c) the proposed redemption date is an Early Redemption Date (Call) specified in the Pricing Supplement; and
- (d) all other Conditions in accordance with the Pricing Supplement are satisfied.

#### **10.6 Partial redemptions at the option of the Issuer**

If the Issuer redeems some of the MTNs only under Condition 10.5 (“Early redemption at the option of the Issuer (Issuer call)”), the Issuer must select the MTNs redeemed:

- (a) in a fair and reasonable manner; and
- (b) in compliance with any applicable law, directive or requirement of any stock exchange or other relevant authority on which the MTNs are listed.

#### **10.7 Effect of redemption notice**

Any redemption notice given by the Issuer or an MTN Holder under this Condition 10 (“Redemption”) is irrevocable.

#### **10.8 Late payments**

If the Issuer does not pay an amount payable in respect of an MTN under this Condition 10 (“Redemption”) on the due date, then:

- (a) if the MTN bears interest, the Issuer agrees to pay interest on the unpaid amount (both before and after any demand or judgment) at the default rate specified in the Pricing Supplement (or, if no default rate is specified, the last applicable Interest Rate), and;
- (b) if the MTN is a Zero Coupon MTN, the obligation to pay the amount is replaced by an obligation to pay the Amortised Face Amount recalculated as at the date on which payment is made to the MTN Holder.

Interest payable under Condition 10.8(a) accrues daily from (and including) the due date to (but excluding) the date the Issuer actually pays and is calculated using the applicable Day Count Fraction.

#### **10.9 Purchase of MTNs**

The Issuer and any of its subsidiaries may purchase MTNs in the open market or otherwise at any time and at any price. If purchases are made by tender, tenders must be available to all MTN Holders. MTNs purchased under this Condition 10.9 may be held, resold or cancelled at the discretion of the purchaser and (if the MTNs are to be cancelled, the Issuer), subject to compliance with any applicable law, directive or requirement of any stock exchange or other relevant authority on which the MTNs are listed.

## Part 6 Payments

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### 11 Payments

#### 11.1 Payments to MTN Holders

The Issuer agrees to pay:

- (a) interest on any interest bearing MTN to the person who is the MTN Holder at close of business in the place where the Register is maintained on the Record Date; and
- (b) the Redemption Amount for an MTN, and all other amounts due in respect of the MTN, to the person who is the MTN Holder at close of business in the place where the Register is maintained on the Record Date.

#### 11.2 Payments to accounts

The Issuer agrees to make payments in respect of an MTN:

- (a) if the MTN is held in a Clearing System, by crediting on the Payment Date, the amount due to:
  - (i) in the case of Australian MTNs, the account of Austraclear Australia in Australia (as the MTN Holder);
  - (ii) in the case of New Zealand MTNs, the account of NZCSD (as the MTN Holder); or
  - (iii) in the case of any other relevant Clearing System, the applicable account,in each case previously notified to the Issuer, or, if requested by the relevant Clearing System, the account previously notified by the applicable Clearing System to the Issuer and the Registrar in accordance with the Clearing System's rules and regulations, provided that such account is in Australia in the case of Australian MTNs or in New Zealand in the case of New Zealand MTNs; and
- (b) if the MTN is not held in a Clearing System, subject to Condition 11.3 ("Payments by cheque") by crediting on the Payment Date, the amount due to an account previously notified by the MTN Holder to the Issuer and the Registrar in the country of the currency in which the MTN is denominated, provided that in no case will payment be mailed to an address in the United States of America or to an account in the United States of America.

If a payment in respect of an MTN is prohibited by law from being made in Australia or New Zealand, such payment will be made in an international financial centre for the account of the relevant payee, and on the basis that the relevant amounts are paid in immediately available funds, freely transferable at the order of the payee.

#### 11.3 Payments by cheque

If an MTN Holder has not notified the Registrar of an account to which payments to it must be made by close of business in the place where the Register is maintained on the Record Date, the Issuer may make payments in respect of the MTNs held by that Holder by cheque.

If the Issuer makes a payment in respect of an MTN by cheque, the Issuer agrees to send the cheque by prepaid ordinary post on the Business Day immediately before the due date, or in the case of New Zealand MTNs, on the due date to the MTN Holder (or if two or more persons are entered in the Register as joint MTN Holders of the MTN, to the first named joint MTN

Holder) at its address appearing in the Register at close of business in the place where the Register is maintained on the Record Date.

Cheques sent an MTN Holder are sent at the MTN Holder's risk and are taken to be received by the MTN Holder on the due date for payment. If the Issuer makes a payment in respect of an MTN by cheque, the Issuer is not required to pay any additional amount (including under Condition 10.8 ("Late payments")) as a result of the MTN Holder not receiving payment on the due date in immediately available funds.

#### **11.4 Payments subject to fiscal laws**

Payments (whether in respect of principal, redemption amount, interest or otherwise) in respect of the MTNs are subject in all cases to:

- (a) applicable provisions of fiscal and other laws and directives; and
- (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code ("**FATCA**"), any regulations or agreements thereunder, official interpretations thereof, or law implementing any intergovernmental approach thereto.

However, this does not limit Condition 12 ("Taxation").

#### **11.5 Currency indemnity**

The Issuer waives any right it has in any jurisdiction to pay an amount other than in the currency in which it is due. However, if an MTN Holder receives an amount in a currency other than that in which it is due:

- (a) it may convert the amount received into the due currency (even though it may be necessary to convert through a third currency to do so) on the day and at such rates (including spot rate, same day value rate or value tomorrow rate) as it reasonably considers appropriate. It may deduct its costs in connection with the conversion; and
- (b) the Issuer satisfies its obligation to pay in the due currency only to the extent of the amount of the due currency obtained from the conversion after deducting the costs of the conversion.

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## **12 Taxation**

### **12.1 No set-off, counterclaim or deductions**

The Issuer agrees to make all payments in respect of an MTN in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless prohibited by law.

### **12.2 Withholding tax**

If a law requires the Issuer to withhold or deduct an amount in respect of Taxes from a payment in respect of an MTN such that the MTN Holder would not actually receive on the due date the full amount provided for under the MTNs, then:

- (a) the Issuer agrees to withhold and/or deduct the amount for the Taxes (and any further withholding or deduction applicable to any further payment due under Condition 12.2(b) below); and

- (b) if the amount deducted or withheld is in respect of Taxes imposed by a Relevant Tax Jurisdiction, the amount payable is increased so that, after making the deduction and further deductions applicable to additional amounts payable under this Condition, each MTN Holder is entitled to receive (at the time the payment is due) the amount it would have received if no deductions or withholdings had been required to be made.

### **12.3 Withholding tax exemptions**

The Issuer is not required to pay an additional amount under Condition 12.2(b) (“Withholding tax”) if the obligation to do so arises as a result of any one or more of the following:

- (a) the deduction is required:
  - (i) in respect of Taxes by reason of the MTN Holder having some connection with a Relevant Tax Jurisdiction other than the mere holding of the MTN or receipt of payment in respect of the MTN; or
  - (ii) as a result of the MTN being presented for payment by or on behalf of a MTN Holder, who would not be subject to such withholding or deduction if the MTN Holder were to comply with any certification, identification, or other reporting requirements concerning nationality or residence or any connection with the Relevant Tax Jurisdiction; or
- (b) the deduction is required as a result of Taxes which would not be required to be deducted if the MTN Holder (or a person acting on its behalf):
  - (i) provided the Issuer, its agent or any tax authority with their name, address, registration number or similar details or any relevant tax exemption or similar details; or
  - (ii) ensured that any third party complied with any other statutory requirements (such as making a declaration of non-residence or similar claim) for any relevant tax exemptions;
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council Savings Directive 2003/48/EC dated 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) in such other circumstances as specified in any Pricing Supplement.

For the avoidance of doubt, no additional amounts are payable in relation to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or FATCA, any regulations or agreements thereunder, official interpretations thereof, or any law implementing any intergovernmental approach thereto, as provided in Condition 11.4 (“Payments subject to fiscal law”).

### **12.4 New Zealand Tax Status Information**

- (a) Each person holding a direct or indirect interest in a New Zealand MTN must supply the following tax status information to the Registrar:
  - (i) a certified copy of the person’s RWT exemption certificate (as defined in section YA 1 of the New Zealand Tax Act), if any, providing exemption from New Zealand resident withholding tax under the New Zealand Tax Act, unless the person is a registered bank under the Reserve Bank of New Zealand Act 1989;
  - (ii) confirmation that the person is either:

- (A) resident in New Zealand; or
- (B) carrying on business through a fixed establishment in New Zealand for the purposes of the New Zealand Tax Act; and
- (iii) where the person is unable to confirm either paragraph (ii)(A) or (ii) (B), such information as the Issuer or Registrar may require to determine whether New Zealand non-resident withholding tax must be deducted from interest payable under the MTN.

Where another person (a “**Beneficial Owner**”) is entitled to claim an interest in a New Zealand MTN, the MTN Holder must procure that the Beneficial Owner also complies with the tax status requirements set out above.

- (b) Each person who holds a direct or indirect interest in a New Zealand MTN indemnifies the Issuer from and against all Taxes that may become owing by it (together with any associated interest, penalty, or other amount) as a result of that person failing to comply with its obligations under this Condition 12.4.
- (c) Where the Issuer or an Agent is required by law to make a withholding or deduction on account of tax under the New Zealand Tax Act (a “**Deduction**”), the Issuer and the Agent will not be required to reimburse or compensate or make any payment to an MTN Holder for or in respect of any Deduction.

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## 13 Time limit for claims

A claim against the Issuer for a payment under an MTN is void unless made within 10 years (in the case of principal) or 5 years (in the case of interest and other amounts) from the date on which payment first became due.

### Part 7 Events of Default

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## 14 Events of Default

### 14.1 Event of Default

Each of the following is an Event of Default in respect of a Series of MTNs:

- (a) (**non payment**) there is a default in the payment of principal or any interest due on the MTNs for more than 10 days;
- (b) (**non-compliance with other obligations**) there is a default in the performance by the Issuer of any other obligation under these Conditions which continues for more than 21 days after notice thereof shall have been given to the Issuer;
- (c) (**cross default**) any Borrowing of the Issuer shall be accelerated so as to become due and payable prior to the due date therefor by reason of any default thereunder by the Issuer or any such Borrowing shall not be repaid on the due date thereof or within any applicable grace period provided that no event described in this Condition 14.1 (c) shall constitute an Event of Default unless the Borrowing or other relative liability either alone or when aggregated with other Borrowing and/or other liabilities relative to all (if any) other events which shall have occurred and be continuing shall amount to at least €30,000,000 (or its equivalent in any other currency);
- (d) (**dissolution**) an order is made or an effective resolution passed for the dissolution or liquidation of the Issuer or the Issuer is adjudicated or found bankrupt or insolvent by any competent court or the Issuer ceases or threatens to cease to carry on all or a

substantial part of its business or disposes or threatens to dispose of the whole or a substantial part of its assets;

- (e) (**insolvency**) the Issuer is unable to pay its debts as they fall due, or an encumbrancer takes possession of the whole or any substantial part of the property of the Issuer, or the Issuer makes an assignment for the benefit of its creditors, or any proceedings are instituted or other action is taken under any applicable bankruptcy, insolvency or similar law in respect of the Issuer seeking adjudication as a bankrupt or insolvent, a moratorium or a composition, or the appointment of a liquidator or receiver (or similar official) in bankruptcy or insolvency of the Issuer or any substantial part of its property, and any such proceedings or other action remains in effect for more than 30 days, or an order is made or effective resolution passed by the Issuer applying for or granting a suspension of payments; or
- (f) (**guarantee**) the Guarantee of the obligations of the Issuer in respect of the Notes ceasing in respect of all the Guarantors to be, or being claimed by all the Guarantors not to be, in full force and effect.

## 14.2 Consequences of an Event of Default

If an Event of Default occurs and continues unremedied in relation to the MTNs, then an MTN Holder may declare by notice to the Issuer (with a copy to the Registrar) that each MTN held by it is to be redeemed by the Issuer paying to the MTN Holder the Redemption Amount for the MTN (together with any accrued interest) in which case those amounts become immediately due and payable.

## 14.3 Notification of Event of Default

If an Event of Default occurs, the Issuer must promptly after becoming aware of it notify the Registrar of the occurrence of the Event of Default (specifying details of it) and use its reasonable endeavours to ensure that the Registrar promptly notifies MTN Holders, each other Agent and any stock exchange or other relevant authority on which the MTNs are listed of the occurrence of the Event of Default.

## Part 8 General

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# 15 Agents

## 15.1 Role of Agent

Each Agent acts solely as agent of the Issuer. No Agent is an agent or trustee for the benefit of, or has any fiduciary duty to or other fiduciary relationship with, any MTN Holder.

## 15.2 Appointment and replacement of Agents

Each initial Agent for a Series of MTNs is specified in the Pricing Supplement. Subject to Condition 15.4 ("Required Agents"), the Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor.

## 15.3 Change of Agent

The Issuer must notify the MTN Holders if there is any change in the identity of any Agent or any Agent's Specified Office.

## **15.4 Required Agents**

The Issuer must:

- (a) at all times maintain a Registrar; and
- (b) if a Calculation Agent is specified in the Pricing Supplement, at all times maintain a Calculation Agent.

## **15.5 Role of Agents and the Bail-in Power**

Each MTN Holder:

- (a) expressly waives any and all claims against each Agent for, and agrees not to initiate a suit against an Agent in respect of, and agrees that no Agent shall be liable for, any action that an Agent takes, or abstains from taking, in either case in accordance with an exercise of any Bail-in Power by the Relevant Resolution Authority with respect to the MTNs;
- (b) acknowledges and agrees that no Agent shall be under any duty to determine, monitor or report on whether there has been an exercise of any Bail-in Power by the Relevant Resolution Authority or to determine or calculate, or verify any determination or calculation of, or relating to, an exercise of any Bail-in Power; and
- (c) shall be deemed to have authorised, directed and requested each Agent, as applicable, to take any and all necessary action to give effect to the exercise of any Bail-in Power by the Relevant Resolution Authority without any further action or direction on the part of a MTN Holder.

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## **16 Meetings of MTN Holders**

The Meetings Provisions have effect as if they were set out in full in these Conditions. The Meetings Provisions contain provisions for convening meetings of the MTN Holders of any Series to consider any matter affecting their interests, including any variation of these Conditions.

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## **17 Variation**

### **17.1 Variation with consent**

Subject to Condition 17.2 (“Variation without consent”), these Conditions may be varied by the Issuer only with the approval of MTN Holders by Extraordinary Resolution in accordance with the Meetings Provisions.

### **17.2 Variation without consent**

The Issuer may vary these Conditions without the approval of the MTN Holders if, in the reasonable opinion of the Issuer, the variation is:

- (a) necessary or advisable to comply with any law; or
- (b) necessary to correct an obvious error, or is otherwise of a formal, technical or administrative nature only; or
- (c) is not materially prejudicial to the interests of the MTN Holders as a whole; or

- (d) is made to cure any ambiguity or correct or supplement any defective or inconsistent provision; or
- (e) only applies to MTNs issued by it after the date of amendment.

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## **18 Further issues of MTNs**

The Issuer need not obtain the consent of the MTN Holders if at any time it issues further Tranches of MTNs with the same terms as the existing MTNs of any Series in all respects (or in all respects except for the first payment of interest, if any) so as to form a single series with those existing MTNs.

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## **19 Notices and other communications**

### **19.1 Notices to MTN Holders**

All notices and other communications to MTN Holders must be in writing and must be:

- (a) sent by prepaid post (airmail, if appropriate) to the address of the MTN Holder (as shown in the Register at close of business in the place where the Register is maintained on the day which is 3 Business Days before the date of the notice or communication); or
- (b) given by an advertisement published in:
  - (i) the Australian Financial Review or The Australian (in the case of Australian MTNs);
  - (ii) the New Zealand Herald (in the case of New Zealand MTNs); or
  - (iii) if the Pricing Supplement specifies an additional or alternate newspaper, that additional or alternate newspaper.

### **19.2 Notice to the Issuer and the Agents**

All notices and other communications to the Issuer or an Agent must be in writing and may be left at the address of, or sent by prepaid post (airmail, if appropriate) to, the Specified Office of the Issuer or the Agent.

### **19.3 When effective**

Communications take effect from the time they are received or taken to be received (whichever happens first) unless a later time is specified in them.

### **19.4 When taken to be received**

Communications are taken to be received:

- (a) if published in a newspaper, on the first date published in all the required newspapers; or
- (b) if sent by post, five days after posting (or seven days after posting if sent from one country to another).

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## **20 Governing law**

### **20.1 Governing law**

These Conditions are governed by the law in force in New South Wales.

### **20.2 Jurisdiction**

The Issuer and each MTN Holder submit to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them. The Issuer waives any right it has to object to an action being brought in those courts including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

### **20.3 Serving documents**

Without preventing any other method of service, any document in any court action in connection with any MTNs may be served on the Issuer or an MTN Holder by being delivered or left at the Issuer's or MTN Holder's address for service of notices in accordance with Condition 19 ("Notices and other communications").

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## **21 Appointment of process agent**

### **21.1 Appointment**

The Issuer irrevocably appoints Dabserv Corporate Pty Ltd (ABN 73 001 824 111) currently of Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, Australia, as its process agent to receive any documents in any action in connection with the MTNs.

### **21.2 Replacement**

If for any reason the process agent ceases to be able to act as process agent, the Issuer must promptly appoint another person with an office located in the State of New South Wales, Australia as process agent. The Issuer shall promptly notify the Registrar and the Holders of any such appointment.

### **21.3 Service sufficient**

The Issuer agrees that the service of the documents on the process agent or any other person appointed under this Condition 21 be sufficient service on it.

# Clearing System: Australian Notes

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## ***Austraclear Australia***

On issue of any Australian Notes, the Issuer will (unless otherwise specified in the applicable Pricing Supplement) procure that the Australian Notes are entered into the Austraclear Australia System. On entry, Austraclear Australia will become the sole registered holder and legal owner of the Australian Notes. Subject to the rules and regulations known as the “Austraclear System Regulations” established by Austraclear Australia (as amended or replaced from time to time) to govern the use of the Austraclear Australia System, participants of the Austraclear Australia System (“**Accountholders**”) may acquire rights against Austraclear Australia in relation to those Australian Notes as beneficial owners and Austraclear Australia is required to deal with the Australian Notes in accordance with the directions and instructions of the Accountholders. Any potential investors who are not Accountholders would need to hold their interest in the relevant Australian Notes through a nominee who is an Accountholder. All payments by the Issuer in respect of Australian Notes entered in the Austraclear Australia System will be made directly to an account agreed with Austraclear Australia or as it directs in accordance with the Austraclear Australia System Regulations.

## ***Holding of Australian Notes through Euroclear and Clearstream, Luxembourg***

On entry in the Austraclear Australia System, interests in the Australian Notes may be held through Euroclear or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in the Australian Notes in Euroclear would be held in the Austraclear Australia System by HSBC Custody Nominees (Australia) Limited as nominee of Euroclear, while entitlements in respect of holdings of interests in the Australian Notes in Clearstream, Luxembourg would be held in the Austraclear Australia System by a nominee of J.P. Morgan Chase Bank, N.A. as custodian for Clearstream, Luxembourg.

The rights of a holder of interests in Australian Notes held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations of Euroclear and Clearstream, Luxembourg, the arrangements between Euroclear and Clearstream, Luxembourg and their respective nominees and the Austraclear System Regulations.

## ***Transfers***

Any transfer of Australian Notes will be subject to the Corporations Act and the other requirements set out in the Terms and Conditions of the Australian Notes and, where the Notes are entered in the Austraclear Australia System, the Austraclear System Regulations.

Secondary market sales of Australian Notes settled in the Austraclear Australia System will be settled in accordance with the Austraclear System Regulations.

## ***Relationship of Accountholders with Austraclear Australia***

Accountholders who acquire an interest in Australian Notes entered in the Austraclear Australia System must look solely to Austraclear Australia for their rights in relation to such Notes and will have no claim directly against the Issuer in respect of such Notes although under the Austraclear Australia System Regulations, Austraclear Australia may direct the Issuer to make payments direct to the relevant Accountholders.

Where Austraclear Australia is registered as the holder of any Australian Notes that are lodged in the Austraclear Australia System, Austraclear Australia may, where specified in the Austraclear System Regulations, transfer the Australian Notes to the person in whose Security Record (as defined in the Austraclear System Regulations) those Australian Notes are recorded and, as a consequence, remove those Australian Notes from the Austraclear Australia System.

Potential investors in Australian Notes should inform themselves of, and satisfy themselves with, the Austraclear System Regulations and (where applicable) the rules of Euroclear and Clearstream, Luxembourg and the arrangements between them and their nominees in the Austraclear Australia System.

Accountholders may, on request to the Australian Registrar receive written confirmation from the Australian Registrar that they are noted in the Australian Register in respect of a specified number of Australian Notes.

# Clearing System: New Zealand Notes

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## ***NZClear System***

On issue of any New Zealand Notes, the Issuer will (unless otherwise specified in the applicable Pricing Supplement) procure that the New Zealand Notes are entered into the NZClear System. New Zealand Notes entered into the NZClear System will be subject to the rules and regulations known as the “NZClear System Rules” and the “NZClear Operating Guidelines” published by the Reserve Bank of New Zealand as the operator of the NZClear System (“**NZClear Rules**”). The NZClear Rules provide that New Zealand Central Securities Depository Limited (“**NZCSD**”) (in its capacity as the custodian trustee for the NZClear System), will become the legal owner of the New Zealand Notes and will hold the New Zealand Notes on behalf of the beneficial owner (who must be a member of the NZClear System (an “**Accountholder**”)) once their security account is credited. Accountholders may acquire rights against NZCSD in relation to those New Zealand Notes as beneficial owners and NZCSD is required to deal with the New Zealand Notes in accordance with the directions and instructions of the Accountholders. Any potential investors who are not Accountholders, would need to hold their interest in the relevant New Zealand Notes through a nominee who is an Accountholder. All payments by the Issuer in respect of New Zealand Notes entered in the NZClear System will be made directly to an account of NZCSD or as it directs in accordance with the NZClear Rules.

## ***Holding of New Zealand Notes through Euroclear or Clearstream, Luxembourg***

On entry in the NZClear System, interests in the New Zealand Notes may be held through Euroclear or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in the New Zealand Notes in Euroclear would be held in the NZClear System by a nominee of Euroclear (currently HSBC Nominees (New Zealand) Limited), while entitlements in respect of holdings of interest in the New Zealand Notes in Clearstream, Luxembourg would be held in the NZClear System by a nominee of Clearstream, Luxembourg (currently JP Morgan Chase NA).

The rights of a holder of interests in New Zealand Notes held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for account holders of Euroclear and Clearstream, Luxembourg, the arrangements between Euroclear and Clearstream, Luxembourg and their respective nominees and the NZClear Rules.

## ***Transfers***

Any transfer of interest in New Zealand Notes will be subject to the Financial Markets Conduct Act 2013 of New Zealand and the other requirements set out in the Terms and Conditions of the New Zealand Notes and, where the New Zealand Notes are entered in the NZClear System, the NZClear Rules.

Secondary market sales of New Zealand Notes held in the NZClear System will be settled in accordance with the NZClear Rules.

## ***Relationship of Accountholders with NZCSD***

Accountholders who acquire an interest in New Zealand Notes entered in the NZClear System must look solely to NZCSD for their rights in relation to such New Zealand Notes, subject to and in accordance with the NZClear Rules. Unless and until such New Zealand Notes are uplifted from the NZClear System and registered in the name of an Accountholder, such person has no claim directly against the Issuer in respect of payments by the Issuer and such obligations of the Issuer will be discharged by payment to NZCSD (or as it directs) in respect of each amount so paid.

Potential investors in New Zealand Notes should inform themselves of, and satisfy themselves with, the NZClear Rules and (where applicable) the rules of Euroclear and Clearstream, Luxembourg and the arrangements between them and their nominees in the NZClear System.

Accountholders may, on request to the New Zealand Registrar receive written confirmation from the New Zealand Registrar that they are noted in the New Zealand Register in respect of a specified number of New Zealand Notes.

# Form of Pricing Supplement

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*The Pricing Supplement to be issued in respect of each Tranche of Notes will be substantially in the form set out below. [This form of Pricing Supplement is also a form of STN Supplement for the purposes of the STNs and the STN Conditions (with modifications to be made as appropriate)]*

## Pricing Supplement



# KOMMUNINVEST I SVERIGE AKTIEBOLAG (PUBL)

("Issuer")

A\$[●]

**Programme for the Issuance of debt instruments representing short and medium term debt obligations guaranteed by certain county councils of Sweden and certain municipalities of Sweden**

("Programme")

SERIES NO:[●]

TRANCHE NO:[●]

**ISSUE OF [A\$/NZ\$][●] [BRIEF DESCRIPTION AND AMOUNT OF NOTES] GUARANTEED BY CERTAIN COUNTY COUNCILS OF SWEDEN AND MUNICIPALITIES OF SWEDEN**

("Notes")

**ISSUE PRICE: [●] per cent.**

**[Specify name of lead manager or syndicate group]**

The date of this Pricing Supplement is [●].

This Pricing Supplement, under which the Series of MTNs described in this Pricing Supplement (“Notes”) are issued, is supplemental to, and should be read in conjunction with, the Information Memorandum dated [●] (“Information Memorandum”) setting out the terms and conditions of the Notes (“Conditions”) and the Second Note Deed Poll dated [●] under which the Notes are constituted. The Notes will be issued on the terms of this Pricing Supplement read together with the Information Memorandum, including the MTN Conditions (“Conditions”). This Pricing Supplement, together with the Information Memorandum, has been prepared by and issued with the authority of the Issuer. The Issuer accepts responsibility for the information contained in this Pricing Supplement when read in conjunction with the Information Memorandum.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or invitation by anyone in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

The Issuer is not a bank which is authorised under the Banking Act 1959 of the Commonwealth of Australia or a registered bank under the Reserve Bank of New Zealand Act 1989, or otherwise regulated or supervised by the Reserve Bank of New Zealand. The Notes are not guaranteed by the Commonwealth of Australia or the Government of New Zealand.

Terms used but not otherwise defined in this Pricing Supplement have the meaning given in the Conditions. A reference to a “Condition” in this Pricing Supplement is a reference to the corresponding Condition of the Notes in the Information Memorandum.

[The Notes referred to above are to be consolidated, and form a single series, with the Issuer’s existing [describe Notes] issued on [specify date]].

**TERMS**

The terms of the Notes and additional provisions relating to their issue are as follows:

- 1 Issuer: Kommuninvest i Sverige Aktiebolag (publ)
- 2 Bail-in Power: As set out more fully in Condition 4.4 (“Agreement with respect to exercise of the Bail-in Power”), by subscribing or otherwise acquiring the Notes, the MTN Holders shall be bound by the exercise of any Bail-in Power by the Relevant Resolution Authority. See also the sections of the Information Memorandum entitled “Summary of the Programme – Bail-in Power” on page 7 and “EU Bank Resolution and Recovery Directive” on pages [●].
- 3 Type of Notes: [Australian MTNs/New Zealand MTNs]
- 4 Type of Issue: [Syndicated Issue/Private Issue]
- 5 Series No: [●]
- 6 Tranche No: [●]
- 7 If interchangeable with existing Series: [The Notes are to be consolidated, and form a single Series, with the Issuer’s existing [describe Notes] issued on [specify date], such that following issue of the Notes the outstanding Aggregate Principal Amount of Series [●] will be [A\$/NZ\$][●]/[Not Applicable].
- 8 Currency: [Australian dollars (A\$)/New Zealand dollars]

		(NZ\$)]
9	Currency of payments:	[A\$/NZ\$]
10	Aggregate Principal Amount of Tranche:	[A\$/NZ\$][●]
11	Issue Date:	[specify date]
12	Issue Price:	[●] per cent
13	Lead Manager(s):	[specify]
14	Purchasing Dealer(s):	[specify]
15	Registrar:	[specify]
16	Issuing and Paying Agent:	[Registrar]
17	Calculation Agent:	[Registrar]
18	Other Agents:	[Not Applicable/specify]
19	Rating of the Notes:	[specify, if any]
20	Form of Notes:	Registered
21	Minimum Denomination <sup>1</sup> :	[A\$/NZ\$][●]
22	Type of Notes:	[Fixed Rate MTNs / Floating Rate MTNs / Zero Coupon MTNs / any other type of Notes, (specify with consequential amendments)]

#### PROVISIONS RELATING TO INTEREST

23	Fixed Rate MTNs:	[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i) Fixed Coupon Amount:	[●]
	(ii) Interest Rate:	[●]
	(iii) Day Count Fraction:	[●]
	(iv) Interest Commencement Date:	[●]
	(v) Interest Payment Date(s):	[●]
	(vi) Business Day Conventions	[●] (as per FRM)
	(vii) Other terms relating to the method of calculating Interest on Fixed Rate	[Not Applicable/ give details.]

<sup>1</sup> Australian Notes may only be issued if the consideration payable to the Issuer by each person subscribing is a minimum of A\$500,000 (disregarding moneys lent by the Issuer or its associates) or if the Australian Notes are otherwise issued in a manner for which no disclosure is required to be made under Part 6D.2 of the Corporations Act and any other laws, regulations or directives. New Zealand Notes may only be issued if the New Zealand Notes are offered and issued in a manner which does not require disclosure as a “regulated offer” (as that term is defined in section 41 of the Financial Markets Conduct Act 2013 of New Zealand).

Notes:

24 Floating Rate MTNs

- (i) Interest Commencement Date: [•]
  - (ii) Interest Rate: [if ISDA/Determination/Screen Rate Determination/BBSW Rate Determination/BKBM Rate Determination/*any other Determination method-specify*]
  - (iii) Maximum Interest Rate: [*Specify if applicable*]
  - (iv) Minimum Interest Rate: [*Specify if applicable*]
  - (v) Interest Payment Dates or Specified Period: [•]
  - (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/No Adjustment/*other-specify*]
  - (vii) Margin: [•] (*state if positive or negative*)
  - (viii) Day Count Fraction: [•]
- [If ISDA Determination applies, specify]
- (ix) Floating Rate Option: [•]
  - (x) Designated Maturity: [•]
  - (xi) Reset Date: [•]
- [If Screen Rate Determination applies, specify]
- (xii) Relevant Screen Page: [•]
  - (xiii) Relevant Time: [•]
  - (xiv) Reference Rate: [•]
  - (xv) Reference Banks: [*If none are specified, the Reference Banks will be four leading banks specified by the Calculation Agent in the Relevant Financial Centre*]
  - (xvi) Interest Determination Date: [•]
  - (xvii) Relevant Financial Centre for the purpose of Screen Rate Determination: [•]

25 Record Date: [•]

26 Maturity Date: [•]

27 Redemption Amount: [•] [*If Redemption Amount is not the outstanding principal amount of the Notes,*

*insert amount or full calculation provisions / for a Zero Coupon MTN, specify the amortisation yield]*

28 Early redemption (Call Option)

- (i) Are the Notes redeemable before their Maturity Date at the option of the Issuer under Condition 10.5 (Early redemption at the option of the Issuer (Issuer call)): [Yes/No]
- (ii) Early Redemption Amount (Call): [The outstanding principal amount on the Notes/(for a Zero Coupon MTN), the Amortised Face Amount / *insert other amounts or full calculation provisions for amounts payable in respect of principal on the redemption of MTN under Condition 10.5*]
- (iii) Early Redemption Date (Call): [*Specify dates on which redemption of Notes by the Issuer in accordance with Condition 10.5 is permitted*]
- (iv) Early Exercise Date (Call): [*Specify dates on which exercise by the Issuer of an option under Condition 10.5 is permitted*]
- (v) Specify minimum notice period for the exercise of the Call Option: [30 days/*specify other*]
- (vi) Specify maximum notice period for the exercise of the Call Option: [60 days/*specify other*]
- (vii) Specify any relevant conditions to exercise Call Option: [•]
- (viii) Specify whether redemption at Issuer's option is permitted in respect of some only of the Notes and, if so, any minimum aggregate principal amount, any maximum aggregate principal amount, and the means by which Notes will be selected for Redemption: [•]

29 Early redemption (Put Option)

- (i) Are the Notes redeemable before their Maturity Date at the option of MTN Holders under Condition 10.4 (Early redemption at the option of MTN Holders (MTN Holder put)): [Yes/No]
- (ii) Early Redemption Amount (Put): [The outstanding principal amount/ (for Zero Coupon MTNs), the Amortised Face Amount/ *insert other amount or full calculation provisions for amounts payable in respect of principal on the redemption of a Note under Condition 10.4*]
- (iii) Early Redemption Date (Put): [•]

(iv) Specify minimum notice period for exercise of Put Option: [30 days/specify other]

(v) Specify maximum notice period for exercise of Put Option: [60 days/specify other]

30 Early Redemption Amount (Tax):

(i) If the Redemption Amount on redemption under Condition 10.3 (Early redemption for taxation reasons) is not the outstanding principal amount or for a Zero Coupon MTN, the Amortised Face Amount, insert amount or full calculation provisions: [•]

(ii) Specify minimum notice period for early redemption for taxation reasons: [15 days/specify other]

(iii) Specify maximum notice period for early redemption for taxation reasons: [60 days/specify other]

#### **OTHER PROVISIONS**

31 Relevant Financial Centres: [Specify any additional relevant financial centres]

32 Taxation: [Specify any additional circumstances in which an exception to the gross up obligation is to apply under Condition 12.3]

33 Guarantee and Guarantors: [Specify names of the Guarantors at the Issue Date and other relevant details relating to the Guarantee. This can be done by providing the Issuer's website and the specific webpage where this information can be obtained (as at the date of the Pricing Supplement)].

34 Other relevant terms and conditions: [Specify any Conditions to be altered, varied, deleted otherwise than as provided above and also any additional Conditions to be included].

35 Business Day Convention (other than where specifically provided for elsewhere): [•]

36 ISIN: [•]

30 Common Code: [•]

31 Listing: [Specify if applicable]

32 Clearing Systems: [Austraclear/specify other]

33 Additional selling restrictions: [Set out any in addition to those specified in the Information Memorandum]

34 Notices: [As per the Conditions/specify]

35 [Newspapers]: [•]

36 Information incorporated by reference: *[Specify any additional information incorporated by reference]*

**Signed on behalf of the Issuer**

**Kommuninvest i Sverige Aktiebolag (publ)**

By: .....  
Name

.....  
Title

Date: [•]

# Selling Restrictions

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*Under the Amended and Restated Dealer Agreement dated on or around 16 May 2016 between the Issuer, the Arranger and the Dealers (as amended and supplemented from time to time, “**Dealer Agreement**”), the Notes will be offered by the Issuer through the Dealers. The Issuer has the sole right to accept any offer to purchase Notes and may reject that offer in whole or (subject to the terms of the offer) in part. Each Dealer has the right to reject any offer to purchase Notes made to it in whole or (subject to the terms of such offer) in part. The Issuer is entitled under the Dealer Agreement to appoint one or more Dealers as a dealer for a particular Tranche of Notes.*

*Each Dealer has agreed under the Dealer Agreement to comply with any applicable law or directive in any jurisdiction in which it may subscribe for, offer, sell, or transfer Notes and to not directly or indirectly offer, sell, resell or transfer Notes or distribute the Information Memorandum or that other offering material relating to the Notes in any country or jurisdiction, except under circumstances that will result in compliance with any applicable law.*

*Neither the Issuer nor any Dealer has represented that any Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or in accordance with any available exemption, or assumes any responsibility for facilitating that sale.*

*The following selling restrictions apply.*

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## 1 General

No action has been taken in any jurisdiction that would permit a public offering of the Notes or possession or distribution of the Information Memorandum or other offering material in any jurisdiction where action for that purpose is required.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not directly or indirectly purchase, offer, sell or transfer Notes, or distribute or publish any Information Memorandum or other offering material in relation to the Notes, in any jurisdiction except in accordance with any applicable law or directive of that jurisdiction.

Neither the Issuer nor any Dealer represents that any Notes may at any time lawfully be offered, sold or transferred in compliance with any applicable law or directive in any jurisdiction or assumes any responsibility for facilitating such sale.

Persons into whose hands this Information Memorandum comes are required by the Issuer and Dealer to comply with any applicable law and directive in each jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession or distribute or publish this Information Memorandum or other offering material and to obtain any authorisation required by them for the purchase, offer, sale or delivery by them of any Notes under any applicable law or directive in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales or deliveries, in all cases at their own expense, and neither the Issuer nor any Dealer has responsibility for such matters.

In accordance with the above, any Notes purchased by any person which it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Notes in such jurisdiction.

In these selling restrictions, “**directive**” includes a treaty, official directive, request, regulation, guideline or policy (whether or not having the force of law) with which responsible participants in the relevant market generally comply.

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## 2 Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (“**Corporations Act**”)) in relation to the Programme or any Notes has been or will be lodged with ASIC. Each Dealer appointed under the Programme has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree that, it:

- (a) has not (directly or indirectly) offered, and will not offer for issue or sale, and has not invited, and will not invite applications, for issue, or offers to purchase, any Notes in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any information memorandum, advertisement or other offering material relating to any Notes in Australia,

unless:

- (i) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in other currencies, but disregarding moneys lent by the offeror or its associates);
- (ii) the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act;
- (iii) the offer or invitation does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Corporations Act;
- (iv) such action complies with all applicable laws and directives; and such action does not require any document to be lodged with ASIC.

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## 3 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 has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of an offering contemplated by this Information Memorandum as completed by the relevant Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) 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
- (c) 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 (a) to (c) 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 for 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 the Relevant Member State.

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## 4 The United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) 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 the Notes other than 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 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) 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 would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom,

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## 5 The United States of America

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the “**Securities Act**”) and may not be offered, sold, delivered or transferred within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act (“**Regulation S**”) or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer appointed under the Programme has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and sold Notes, and agrees that it will not offer and sell Notes (i) as part of their distribution at any time, and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of U.S. persons. Accordingly, each Dealer appointed under the Programme has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Note, within the United States or to, or for the account or benefit of U.S. persons and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer appointed under the Programme has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, at or prior to confirmation of sale of Note, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The securities covered hereby have not been registered under the U.S. Securities Act of 1933 (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 (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date of the offering, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act.”

In addition, until 40 days after the completion of the distribution of all Notes of the Tranche of which those Notes are a part, an offer or sale of Notes within the United States by any Dealer or other distributor (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Terms used in this paragraph have the meanings given to them by Regulation S.

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## 6 Hong Kong

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than:
  - (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) (as amended) of Hong Kong (“**SFO**”) and any rules made under the SFO; or
  - (ii) in other circumstances which do not result in the document being a “prospectus” as defined in Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) (as amended) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued, or had in its possession for the purposes of issue, and will not issue, or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation, prospectus or other offering material or other document relating to any Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

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## 7 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) (the “**Financial Instruments and Exchange Law**”) and, accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws and ministerial guidelines of Japan.

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## 8 New Zealand

This Programme is a wholesale programme. No action has been taken to permit the Notes to be offered or sold to any “retail investor”, or otherwise under any “regulated offer”, in terms of the Financial Markets Conduct Act 2013 of New Zealand (“**NZ FMCA**”). In particular, no product disclosure statement under the NZ FMCA has been prepared or lodged in New Zealand in relation to the Notes.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes in New Zealand, other than:

- (a) to persons who are “wholesale investors” within the meaning of clause 3(2)(a), (c) or (d) of Schedule 1 of the NZ FMCA, being persons who fall within one or more of the following categories of “wholesale investor”:
  - (i) an “investment business” within the meaning of clause 37 of Schedule 1 of the NZ FMCA;
  - (ii) “large” within the meaning of clause 39 of Schedule 1 of the NZ FMCA; or
  - (iii) a “government agency” within the meaning of clause 40 of Schedule 1 of the NZ FMCA; or
- (b) in other circumstances where there is no contravention of the NZ FMCA (provided that Notes may not be offered or issued to any person that is an “wholesale investor” under the NZ FMCA solely because that person is an “eligible investor” (within the meaning of clause 41 of Schedule 1 to the NZ FMCA) or meets the “investment activity” criteria specified in clause 38 of Schedule 1 of the FMCA).

In addition, each holder of Notes is deemed to represent and agree that it will not distribute this Information Memorandum, any Pricing Supplement or any other material in relation to any offer of the Notes in New Zealand other than to such persons as referred to above.

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## 9 Singapore

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act Chapter 289 (as amended) of Singapore (“**SFA**”). Accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that the Notes have not been offered or sold and will not be offered or sold or made the subject of an invitation for subscription or purchase nor will this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of any Notes been nor will it be circulated or distributed, whether directly or indirectly, to the public or any member of the public in Singapore other than:

- (a) to an institutional investor pursuant to Section 274 of the SFA;
- (b) to a relevant person pursuant to section 275(1), or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or
- (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased in reliance of an exemption under Section 274 or 275 of the SFA, the Notes shall not be sold within the period of 6 months from the date of the initial acquisition of the Notes, except to any of the following persons:

- (a) an institutional investor (as defined in Section 4A of the SFA);
- (b) a relevant person (as defined in Section 275(2) of the SFA); or
- (c) any person pursuant to an offer referred to in Section 275(1A) of the SFA,

unless expressly specified otherwise in Section 276(7) of the SFA or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Each Dealer has further represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree to notify (whether through the distribution of this Information Memorandum or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes or otherwise) each of the following relevant persons specified in Section 275 of the SFA which has subscribed or purchased Notes from and through that Dealer, namely a person who is:

- (a) a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired Notes under Section 275 of the SFA except:

- (i) to an institutional investor (under Section 274 of the SFA) or to a relevant person (as defined in Section 275(2) of the SFA) and in accordance with the conditions specified in Section 275 of the SFA;
- (ii) (for corporations) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of a trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;
- (iii) where no consideration is given for the transfer;
- (iv) where the transfer is by operation of law;
- (v) as specified in Section 276(7) of the SFA; or
- (vi) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

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## 10 Sweden

Each Dealer has confirmed and agreed and each further Dealer appointed under the Programme will be required to confirm and agree that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy or sell Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale in Sweden except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act (*Sw. Lag (1991:980) om handel med finansiella instrument*).

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## **11 Variation**

These selling restrictions may be changed by the Issuer in consultation with the Dealers following a change in any law or directive or in its interpretation or administration by an authority or the introduction of a new law or directive. Any change will be set out in the Pricing Supplement issued in respect of the Notes to which it relates (or in another supplement to this Information Memorandum).

# Taxation

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## 1 Australian Taxation

*The following general summary is not exhaustive and should be treated with appropriate caution. In particular, the summary does not deal with the position of certain classes of holders of Notes (including, dealers in securities, custodians or other third parties who hold Notes on behalf of other persons). This summary is not intended to be, nor should it be construed as legal or tax advice to any particular investor. Prospective holders of Notes should consult their professional advisers on the tax implications of an investment in the Notes for their particular circumstances.*

### Interest withholding tax

So long as the Issuer continues to be a non-resident of Australia and the Notes issued by it are not attributable to a permanent establishment of the Issuer in Australia, payments of principal and interest made under Notes issued by it should not be subject to Australian interest withholding tax.

So long as the Guarantor continues to be a non-resident of Australia and the Guarantee is not attributable to a permanent establishment of the Guarantor in Australia, any payment by the Guarantor under the Guarantee should not be subject to Australian interest withholding tax.

### Other tax matters

Under Australian laws as presently in effect:

- (a) *death duties* - no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;
- (b) *stamp duty and other taxes* - no ad valorem stamp, issue, registration or similar taxes are payable in any Australian State or Territory on the issue or transfer of any Notes;
- (c) *other withholding taxes on payments in respect of Notes* - so long as the Issuer continues to be a non-resident of Australia and does not carry on business at or through a permanent establishment in Australia, the tax file number requirements of Part VA of the Australian Income Tax Assessment Act 1936 and section 12-140 of Schedule 1 to the Taxation Administration Act 1953 of Australia ("**Taxation Administration Act**") should not apply to the Issuer;
- (d) *supply withholding tax* – payments in respect of the Notes can be made free and clear of the "supply withholding tax" imposed under section 12-190 of Schedule 1 of the Taxation Administration Act; and
- (e) *goods and services tax ("GST")* – neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST-free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Notes, will give rise to any GST liability in Australia.

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## 2 New Zealand Taxation

*The following is a general discussion of certain New Zealand taxation considerations relating to the purchase, ownership and disposition of the New Zealand dollar denominated Notes by NZ Holders (defined below) and non-NZ Holders (defined below) that purchase the Notes*

*pursuant to this offering. This discussion is based on the New Zealand taxation laws in effect at the date of this Information Memorandum all of which are subject to change (possibly with retroactive effect) or to different interpretation. This discussion is for general information only and does not address all of the New Zealand taxation considerations that may be relevant to specific NZ Holders in light of their particular circumstances. This discussion does not address any non-New Zealand taxation considerations. As used in this discussion, the term “NZ Holder” means a beneficial owner of a note that is:*

- *resident in New Zealand for New Zealand income tax purposes; or*
- *not resident in New Zealand for New Zealand income tax purposes but engaged in business in New Zealand through a fixed establishment in New Zealand.*

*The term “non-NZ Holder” means a Holder that is not an NZ Holder.*

*Prospective investors should consult their own tax advisers as to New Zealand taxation considerations relating to the purchase, ownership and disposition of the Notes in light of their particular circumstances, as well as the potential applicability of non-New Zealand tax laws.*

*The following summary may be supplemented, notified or replaced in part or in whole or qualified with respect to a particular issue of Notes in the applicable Pricing Supplement (or STN Supplement, if any).*

## **Taxation of NZ Holders**

### *Resident withholding tax*

Resident withholding tax will be deducted by the Issuing and Paying Agent from interest paid to or credited to NZ Holders on the New Zealand Notes, unless a certificate of exemption is held. The rate at which resident withholding tax will be deducted will usually be 28% if the NZ Holder is a company or unit trust, or 33% if the NZ Holder is an individual or the trustee of another form of trust. Resident withholding tax rates are subject to legislative change from time to time.

Resident withholding tax will not be deducted by the Issuer where the NZ Holder provides to the Issuer a copy of a valid certificate of exemption from resident withholding tax issued to it by the New Zealand Commissioner of Inland Revenue and the Issuer is otherwise satisfied that no deduction on account of resident withholding tax is required.

### *The Financial Arrangements Rules*

The Notes will be financial arrangements for the purposes of the New Zealand financial arrangements rules. The financial arrangements rules will apply for these purposes to all holders of Notes which are resident in New Zealand for income tax purposes. They will also apply to non-New Zealand resident holders of Notes which hold Notes for the purposes of a business carried on by the person through a fixed establishment in New Zealand. If applicable to a holder, these rules will usually require income in respect of the Notes to be spread over the term of the Notes using a prescribed method. Any New Zealand resident withholding tax deducted from interest on the Notes should be allowed as a credit against tax payable on the income recognised under the financial arrangements rules. A wash-up calculation known as a base price adjustment would be required to be performed at the time of any sale, disposal or redemption of the Notes.

### *Goods and Services Tax / Stamp Duty*

Neither the issue nor disposal of the New Zealand Notes will attract New Zealand goods and services tax. No stamp duty will be payable in New Zealand on the issue or disposal of the New Zealand Notes.

### Taxation of non-NZ Holders

Unless otherwise specified in the Pricing Supplement (or STN Supplement, if any) relating to the particular Tranche of New Zealand Notes:

- (a) The Issuing and Paying Agent will not deduct New Zealand non-resident withholding tax from interest paid on the Notes to non-NZ Holders that are resident in the following countries (being countries with which New Zealand has a suitably worded double tax agreement):
  - Australia; Austria; Belgium; Canada; Chile; China; the Czech Republic; Denmark; Finland; France; Germany; Hong Kong; India; Indonesia; Ireland; Italy; Japan; Mexico; Norway; Papua New Guinea; Poland; Republic of Korea; Russia; Singapore; South Africa; Spain; Switzerland; Taiwan; Thailand; The Netherlands; The Philippines; Turkey; United Arab Emirates; the United Kingdom and the United States (“**Relevant DTA Country**”).
- (b) Non-NZ Holders must provide the Issuer with such evidence of the Non-NZ Holder’s residence in a Relevant DTA Country as the Issuer may require. If the Issuer is not satisfied as to the Non-NZ Holder’s residence in a Relevant DTA Country, non-resident withholding tax may be withheld by the Issuing and Paying Agent from interest paid to non-NZ Holders that are resident in any other jurisdiction. The rate of withholding under domestic law is 15% of any gross interest payment. However, this rate may be reduced under an applicable double tax agreement, usually to 10%.

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## 3 Swedish Taxation

*The following summary outlines the Issuer’s understanding of certain Swedish tax consequences relating to holders of Notes, if not otherwise stated. The summary relate only to the position of person who are the absolute beneficial owners of the Notes. They may not apply to certain classes of persons such as dealers. The summary is based on the laws of Sweden as currently in effect and is only intended to provide general information and does not constitute legal or tax advice. This summary does not address the rules regarding reporting obligations for, among others, payers of interest. Prospective purchasers are urged to consult their professional tax advisers regarding the Swedish tax and other tax consequences (including the applicability and effect of double taxation treaties) of holding or transferring Notes.*

### Holder not resident in Sweden

Payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to the holder of any Notes should not be subject to Swedish income tax, provided that such holder is neither (i) resident in Sweden for Swedish tax purposes nor (ii) engaged in trade or business in Sweden through a permanent establishment to which the Notes are effectively connected. A private individual is resident in Sweden for Swedish tax purposes if he (a) is domiciled in Sweden; (b) has his habitual abode in Sweden; or (c) earlier has been domiciled in Sweden and after having moved abroad continues to have an essential connection with Sweden (for example, is engaged in trade or business in Sweden).

Swedish law does not provide for deduction or withholding for or on account of taxes on payments of any principal or interest to the holder of any Notes, except on payment of interest, and any other yield on any Notes which is paid at the same time as interest, to a holder who is a private individual (or an estate of a deceased individual) with tax residence in Sweden.

Private individuals who are not resident in Sweden for tax purposes may be liable to capital gains taxation in Sweden upon disposal or redemption of certain financial instruments, depending on the classification of the particular financial instrument for Swedish income tax purposes, if they have been resident in Sweden or have stayed permanently in Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption.

## Holders resident in Sweden

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable. Specific tax consequences, however, may apply to certain categories of corporations (e.g. investment companies and life insurance companies). If the Notes are registered with Euroclear Sweden AB or held by a Swedish nominee in accordance with the Swedish Financial Instruments Accounts Act (SFS 1998:1479), Swedish preliminary taxes are withheld by Euroclear Sweden AB or the nominee on payments of amounts that are considered to be interest for Swedish tax purposes to a private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes.

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## 4 U.S. Foreign Account Tax Compliance Act

The Issuer and other financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30% on all, or a portion of, payments made after 1 January 2019 in respect of (i) any Notes characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after 1 January 2019 (or, if later, the date that is six months after the date on which the final regulations explaining how FATCA could apply to instruments like the Notes) or are materially modified after that date and (ii) any Notes characterized as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued, pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (“**FATCA**”) or similar law implementing an intergovernmental approach to FATCA. This withholding tax may be triggered if (i) the Issuer is a foreign financial institution (“**FFI**”) (as defined in FATCA) that enters into and complies with an agreement with the U.S. Internal Revenue Service (“**IRS**”) to provide certain information on its account holders (making the Issuer a “**Participating FFI**”), (ii) the Issuer has a positive “passthru payment percentage” (as determined under FATCA), and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States Account” of such Participating FFI, (b) an investor does not consent, where necessary, to the disclosure of the information required by FATCA to be provided to the IRS, or (c) any FFI that is an investor, or through which payment on such Notes is made, is not a Participating FFI.

While the application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear, the Issuer does not expect that the Notes will be subject to this tax. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax where such withholding is required by reason of any person other than the Issuer or its agent failing to comply with FATCA.

The United States is in the process of negotiating intergovernmental agreements to implement FATCA with a number of jurisdictions. Different rules than those described above may apply if the Issuer or an investor has a relevant presence in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA. Holders of Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

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## 5 The proposed financial transaction tax (“**FTT**”)

On 14 February 2013 the European Commission has published a proposal (the “**Commission’s Proposal**”) for a Directive for common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**Participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in Notes 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 may 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 FTT.

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## 6 EU Savings Directive

The finance Ministers of the European Union have adopted during the ECOFIN of 10 November 2015 a Directive (2015/2060) repealing the EU Savings Directive on taxation on savings income in the form of interest payments as from 1 January 2016.

It had already been announced by the European Commission that the Savings Directive would be repealed in phase with the implementation of Directive 2014/107/EU on mandatory automatic exchange of information, imposing Common Reporting Standard ("**CRS**") based reporting as from 1 January 2016 throughout the EU.

The latter Directive indeed contains a much broader scope of reporting than the Savings Directive, which implies the Savings Directive becomes obsolete as from 1 January 2016.

However, as Austria was allowed to apply Directive 2014/107 one year later than all other Member States, certain transitional provisions will apply in Austria regarding the phasing out of the Savings Directive (Austria being the last EU Member State still applying savings withholding tax under the Savings Directive).

Notwithstanding the abolition of the Savings Directive as from 1 January 2016, exchange of information under the Savings Directive relating to the calendar year 2015 will still need to be executed in 2016, according to the local deadlines applicable in the various Member States (before 20 March 2016 in Luxembourg).

Further to the abolition of the Savings Directive, the amended Savings Directive 2014/48/EU on which agreement was only reached in 2014 after almost a decade of negotiations, and which should have become applicable on 1 January 2017, will no longer need to be implemented by the Member States.

# Directory

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