IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S. EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED BELOW)

IMPORTANT: You must read the following before continuing. The following applies to the base prospectus following this page (the Base Prospectus), and you are therefore advised to read this page carefully before reading, accessing or making any other use of the Base Prospectus. In accessing the Base Prospectus you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access. You acknowledge that you will not forward this electronic form of the Base Prospectus to any other person.

NOTHING IN THE BASE PROSPECTUS CONSTITUTES AN INVITATION OR OFFER TO SELL OR A SOLICITATION OF AN INVITATION OR OFFER TO BUY THE NOTES DESCRIBED THEREIN IN THE UNITED STATES OR IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (REGULATION S)), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. CERTAIN OF THE SECURITIES WILL BE OFFERED AND SOLD IN THE UNITED STATES TO A LIMITED NUMBER OF "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A OF THE SECURITIES ACT (RULE 144A)) IN RELIANCE ON RULE 144A OF THE SECURITIES ACT.

THE BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE BASE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: To be eligible to view the Base Prospectus or make an investment decision with respect to the Notes described herein, investors must be (i) non-U.S. persons purchasing in offshore transactions (as defined in Regulation S) or (ii) "qualified institutional buyers" (as defined in Rule 144A) in reliance on Rule 144A inside the United States, and, in each case, in compliance with applicable securities laws. The Base Prospectus is being sent at your request and by accepting this e-mail and accessing the Base Prospectus you shall be deemed to have represented to us that, among other things: (1) you and any customers you represent are (i) "qualified institutional buyers" (as defined in Rule 144A) inside the United States or (ii) non-U.S. persons purchasing in an offshore transaction (as defined in Regulation S) and (2) you consent to delivery of this document by electronic transmission.

You are reminded that the Base Prospectus has been delivered to you on the basis that you are a person into whose possession the Base Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Base Prospectus to any other person. The information contained in this e-mail message is confidential information intended only for the use of the individual or entity to which it is addressed. Distribution of this electronic transmission of the Base Prospectus to any person other than (a) the person receiving this electronic transmission from the Dealer (as defined below) on behalf of the Issuer and (b) any person retained to advise the person receiving this electronic transmission with respect to the offering contemplated by the Base Prospectus (each an Authorised Recipient) is unauthorised. Any photocopying, disclosure or alteration of the contents of the Base Prospectus, and any forwarding of a copy of the Base Prospectus or any portion thereof by electronic mail or any other means to any person other than an Authorised Recipient, is prohibited. Failure

to comply with this directive may result in a violation of the Securities Act. By accepting delivery of the Base Prospectus, each recipient hereof agrees to the foregoing.

NONE OF THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED THAT THIS BASE PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place to any person whom offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealer or manager or any affiliate of the Dealer or manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by or through the Dealer or manager or such affiliate on behalf of the Issuer in such jurisdiction.

The Base Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer or any Dealer (as defined below) or any person who controls it nor any director, officer, employee, agent or affiliate of it or any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Prospectus distributed to you in electronic format herewith and the hard copy version available to you on request from the Issuer or any Dealer (as defined below).

Notwithstanding any provision herein or in the Base Prospectus to the contrary, each prospective investor (and each employee, representative or other agent of each such prospective investor) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and U.S. federal income tax structure of any transaction contemplated in the Base Prospectus and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such U.S. federal income tax treatment and U.S. federal income tax structure.

SPAREBANK 1 BOLIGKREDITT AS

(incorporated with limited liability in Norway)

€35,000,000,000
Global Medium Term Covered Note Programme

Under this €35 billion Global Medium Term Covered Note Programme (the **Programme**) SpareBank 1 Boligkreditt AS (the **Issuer**) may from time to time issue notes (**Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Notes may be issued in bearer form (**Bearer Notes**), registered form (**Registered Notes**) (the Bearer Notes together with the Registered Notes, the **Ordinary Notes**) or uncertificated book-entry form (**VPS Notes**) cleared through the Norwegian Central Securities Depositary (**Verdipapirsentralen** or Euronext **VPS**).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €35,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

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

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

This Base Prospectus has been approved as a base prospectus by the Central Bank of Ireland, as competent authority under Regulation (EU) 2017/1129 (the **Prospectus Regulation**). The Central Bank of Ireland only approves this Base Prospectus as meeting the standard of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Such approval relates only to Notes that are to be admitted to trading on the regulated market (the **Euronext Dublin Regulated Market**) of the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) or on another regulated market for the purposes of Directive 2014/65/EU (as amended) (**MiFID II**) in the European Economic Area (the **EEA**) and/or that are to be offered to the public in any member state of the EEA in circumstances that require the publication of a prospectus.

Application has been made to Euronext Dublin for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of Euronext Dublin (the **Official List**) and to trading on the Euronext Dublin Regulated Market. References in this Base Prospectus to the Notes being **listed** (and all related references) on Euronext Dublin shall mean that, unless otherwise specified in the applicable Final Terms, the Notes have been admitted to the Official List and trading on the Euronext Dublin Regulated Market.

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

The Issuer intends to request that the Central Bank of Ireland provide the competent authority in Norway (the Financial Supervisory Authority of Norway (**FSAN**) (*Finanstilsynet*)) with a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the provisions of the Prospectus Regulation (the **Notification**). The Issuer may request the Central Bank of Ireland to provide competent authorities in additional Member States within the EEA with a Notification. Following provision of the Notification, the Issuer may apply for Notes issued under the Programme to be listed and admitted to trading on the Oslo Stock Exchange (or on the regulated market of any other Member State to which a Notification has been made), either together with a listing on the Euronext Dublin Regulated Market or as a single listing. If any Notes issued under the Programme are to be listed on the Oslo Stock Exchange (or on the regulated market of any other Member State to which a Notification has been made), this will be specified in the applicable Final Terms. Any VPS Notes which are to be listed are expected to be listed on the Oslo Stock Exchange.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, the Arranger (as defined below) and the relevant Dealers.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Ordinary Notes*" (the **Ordinary Note Conditions**) and "*Terms and Conditions of the VPS Notes*" (the **VPS Conditions** which, when taken together with the Ordinary Note Conditions, are referred to as the **Conditions**)) of Notes will be set out in a final terms document (the **Final Terms**) which will be delivered to the Central Bank of Ireland and, with respect to Notes to be listed on the Official List, Euronext Dublin and, with respect to Notes to be listed on any other stock exchange or market, will be delivered to such other stock exchange or market on or before the date of issue of the Notes of such Tranche. Copies of the Final Terms in relation to the Notes to be listed on Euronext Dublin will also be published on the website of Euronext Dublin at live.euronext.com.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) or the securities laws of any state of the United States or any other jurisdiction, and are being offered and sold in offshore transactions to persons who are not U.S. persons in reliance on Regulation S under the Securities Act (**Regulation S**) and in the United States only to "qualified institutional buyers" (in reliance on, and as defined by, Rule 144A under the Securities Act (**Rule 144A**)) and, in each case, in compliance with applicable securities laws. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser of a Note will be deemed, by its acceptance or purchase thereof, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer of such Note, as described in this Base Prospectus, and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases (see "*Subscription and Sale and Transfer and Selling Restrictions*").

The Notes issued under the Programme are expected on issue to be assigned an "Aaa" rating by Moody's Investors Service Limited (**Moody's**, the **Rating Agency**). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating organisation.

Moody's is established in the United Kingdom and is registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **UK CRA Regulation**). Moody's is not established in the EEA and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings issued by Moody's have been endorsed by Moody's Deutschland GmbH in accordance with the CRA Regulation. Moody's Deutschland GmbH is established in the EEA and registered under the CRA Regulation. As such Moody's Deutschland GmbH is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.

Amounts payable on Floating Rate Notes will be calculated by reference to one of LIBOR, EURIBOR, NIBOR, CIBOR, CITA, EONIA, HIBOR, SIBOR, STIBOR, TIBOR or SONIA as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrators of EURIBOR, CIBOR, NIBOR, EONIA and

SIBOR are included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that ICE Benchmark Administration Limited, Treasury Markets Association, the Swedish Financial Benchmark Facility AB and Ippan Shadan Hojin JBA TIBOR Administration are not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence) and SONIA does not fall within the scope of the Benchmarks Regulation by virtue of Article 2 of that regulation.

Neither the United States Securities and Exchange Commission nor any state securities commission in the U.S. nor any other U.S. regulatory authority has approved or disapproved the Notes or determined that this Base Prospectus is truthful or complete. Any representation to the contrary is a criminal offence in the U.S.

The date of this Base Prospectus is 20 April 2021

ARRANGER
HSBC

DEALERS

BARCLAYS
BNP PARIBAS
COMMERZBANK
CITIGROUP
DANSKE BANK
CREDIT SUISSE
HSBC
DEUTSCHE BANK
ING BANK
DEUTSCHE BANK SECURITIES
NATIXIS
LANDESBANK BADEN-WÜRTTEMBERG
UNICREDIT

This document, including documents referred to in the section "*Documents Incorporated by Reference*", comprises a base prospectus (the **Base Prospectus**) for the purposes of Article 8 of the Prospectus Regulation. When used in this Base Prospectus, **Prospectus Regulation** means Regulation (EU) 2017/1129. This Base Prospectus is not a prospectus for the purposes of Section 12(a)(2) or any other provision or order under the Securities Act.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer the information contained in this Base Prospectus is in accordance with the facts and the Base Prospectus does not omit anything likely to affect the import of such information. Any information sourced from third parties contained in this Base Prospectus has been accurately reproduced (and is clearly sourced where it appears in the document) and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Issuer and the Category A Shareholders jointly and severally accept responsibility for the information relating to each Category A Shareholder contained in the section entitled "*Business Description of the Category A Shareholders*". To the best of the knowledge of each Category A Shareholder (having taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

An investment in the Notes involves a reliance on the creditworthiness of the Issuer only and not that of any other SpareBank 1 Alliance (as defined below) entities or any other entities. The Notes will not be obligations of, and will not be guaranteed by, the Shareholder Banks, the Originators, the Arranger, the Dealers, the Swap Providers, any company in the same group of companies as such entities or any other party to the transaction documents relating to the Programme. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes will be accepted by any of the Shareholder Banks, the Originators, Arranger, the Dealers, the Swap Providers, any company in the same group of companies as such entities or any other party to the transaction documents relating to the Programme.

Copies of the Final Terms will be available from the registered office of the Issuer and the specified office set out below of the Paying Agents (as defined below) and (in the case of Ordinary Notes listed on the Official List of Euronext Dublin and admitted to trading on the Euronext Dublin Regulated Market) will be published on the website of Euronext Dublin.

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

The Arranger and Dealers have not independently verified (i) the information contained herein or (ii) any statement, representation, or warranty, or compliance with any covenant, of the Issuer contained in any Notes or any other agreement or document relating to any Notes or made in connection with the Programme, or any other agreement or document relating to the Programme. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Arranger as to (a) the accuracy or completeness of the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme or (b) the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of any Notes or any other agreement or document relating to any Notes or the Programme. No Dealer or Arranger accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer or the Shareholder Banks to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or

representation must not be relied upon as having been authorised by the Issuer, the Shareholder Banks, the Arranger or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Shareholder Banks, the Arranger or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Shareholder Banks. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Shareholder Banks, the Arranger or any of the Dealers to any person to subscribe for or to purchase any Notes. None of the Dealers or the Arranger owe any fiduciary duty to any investor in the Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer or the Shareholder Banks is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Shareholder Banks during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, among other things, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Notes.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the regulations promulgated thereunder.

As set out in the applicable Final Terms, the Notes are being offered and sold (a) in reliance on Rule 144A under the Securities Act (**Rule 144A**) to "qualified institutional buyers" (as defined in Rule 144A) (**QIBs**) and/or (b) in accordance with Regulation S under the Securities Act (**Regulation S**) to non-U.S. persons in offshore transactions. Prospective purchasers are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

THE NOTES HAVE NOT BEEN APPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE **SEC**), ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF ANY NOTE (OR INTEREST THEREIN) WILL BE DEEMED BY SUCH PURCHASE OR ACQUISITION OF ANY SUCH NOTE (OR INTEREST THEREIN) TO HAVE REPRESENTED AND WARRANTED, ON EACH DAY FROM THE DATE ON WHICH THE PURCHASER OR TRANSFEREE ACQUIRES SUCH NOTE (OR INTEREST THEREIN) THROUGH TO AND INCLUDING THE DATE ON WHICH THE PURCHASER OR TRANSFEREE DISPOSES OF SUCH NOTE (OR INTEREST THEREIN), EITHER THAT (A) IT IS NOT AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, (**ERISA**)) SUBJECT TO TITLE I OF ERISA, A PLAN AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE CODE, OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE (OR

INTEREST THEREIN) WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF ANY SUBSTANTIALLY SIMILAR FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION) FOR WHICH AN EXEMPTION IS NOT AVAILABLE.

For a more complete description on offers, sales and transfers, see "*Terms and Conditions of the Ordinary Notes*" and "*Subscription and Sale and Transfer and Selling Restrictions*".

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

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Shareholder Banks, the Arranger and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Shareholder Banks, the Arranger or the Dealers which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including Norway), the United Kingdom and Japan, see "*Subscription and Sale and Transfer and Selling Restrictions*".

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Regulation will be made pursuant to an exemption under the Prospectus Regulation, as implemented in that Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Member State of Notes which are the subject of a placement contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer, the Arranger or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State and (in either case) published, all in accordance with the Prospectus Regulation, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 1(4) and/or 3(2) of the Prospectus Regulation in that Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer, the Arranger or any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended or superseded, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point

(10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the **Prospectus Regulation**). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **EUWA**); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the **FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE/TARGET MARKET – The applicable Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, **MiFID II**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET – The applicable Final Terms in respect of any Notes will include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

The Notes may not be a suitable investment for all investors

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

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

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

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

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

(v) understand that an investment in the Notes involves a reliance on the creditworthiness of the Issuer only and not that of any other SpareBank 1 Alliance (as defined below) entities or any other entities; and

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

In addition, an investment in Notes linked to other assets or bases of reference may entail significant risks not associated with investments in conventional securities such as debt or equity securities, including, but not limited to, the risks set out below in "*Risks relating to the structure of a particular issue of Notes*".

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

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

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GENERAL DESCRIPTION OF THE PROGRAMME

The following description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Ordinary Notes" and "Terms and Conditions of the VPS Notes" shall have the same meanings in this section.

This description constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980 (the **Delegated Regulation**).

Issuer:	SpareBank 1 Boligkreditt AS The Issuer is a private limited liability company. The Issuer was established on 18 August 2005 and registered in Norway on 12 October 2005 with registration number 988 738 387. The Issuer holds a licence from the Financial Supervisory Authority of Norway (*Finanstilsynet*) (**FSAN**) as a credit institution (**Kredittforetak**). For a more detailed description of the Issuer, see "*Capitalisation of the Issuer*", "*Overview of Financial Information of the Issuer*", "*Management's Discussion and Analysis for the Issuer*", "*Description of the Issuer's Business*" and "*Management of the Issuer*" below.
Issuer Legal Entity Identifier (LEI):	549300M6HRHPF3NQBP83
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under "*Risk Factors*".
Guarantor:	None.
Obligations of the Shareholder Banks:	Pursuant to the Shareholders' Agreement and the Shareholder Note Purchase Agreement (as defined in "*Description of the Shareholders' Agreement and the Shareholder Note Purchase Agreement*" below), each of the Category A Shareholders, the Category B Shareholders and the Category C Shareholders (each as defined below and, together, the **Shareholder Banks**) will be obliged to provide certain financial support to the Issuer in respect of the Issuer's obligations under the Notes. The level of financial support provided to the Issuer by each Shareholder Bank will vary on a pro rata basis according to the percentage shareholding in the Issuer of that Shareholder Bank. The percentage which each Shareholder Bank holds in the Issuer may vary from time to time depending on the volume of Mortgage Loans transferred by that Shareholder Bank to the Issuer. Furthermore, additional banks may acquire shares in the Issuer and accede to the Shareholders' Agreement and the Shareholder Note Purchase Agreement. The names of the current Shareholder Banks are set out below.

	A Shareholder Bank may resign from the Shareholders' Agreement and the Shareholder Note Purchase Agreement or have its shareholder status terminated, in each case in accordance with the terms of the Shareholders' Agreement and the Shareholder Note Purchase Agreement. For the avoidance of doubt, the obligations of the Shareholder Banks under the Shareholders' Agreement and the Shareholder Note Purchase Agreement do not constitute a guarantee in respect of amounts due and payable under the Notes. The Notes will be solely obligations of the Issuer and, in particular, will not be obligations of, and will not be guaranteed by, the Shareholder Banks, the Arranger, the Dealers or any other entity. In the event of the Issuer defaulting on its obligations under the Notes, the Noteholders hold the benefit of priority of claim over the assets in the Cover Pool. For further details of risks in relation to the Cover Pool, see "*Risk Factors – Risks relating to the Notes generally*" below. For further details of the Shareholders' Agreement and the Shareholder Note Purchase Agreement see "*Description of the Shareholders' Agreement and the Shareholder Note Purchase Agreement*" below.
Category A Shareholders:	SpareBank 1 Østlandet SpareBank 1 SMN SpareBank 1 Nord-Norge BN Bank ASA SpareBank 1 BV Sparebanken Telemark For a more detailed description of the Category A Shareholders, see "*Business Description of the Category A Shareholders*" below.
Category B Shareholders:	SpareBank 1 Ringerike Hadeland SpareBank 1 Østfold Akershus For a more detailed description of the Category B Shareholders, see "*Business Description of the Category B Shareholders*" below.
Category C Shareholders:	SpareBank 1 Modum SpareBank 1 Nordvest SpareBank 1 Søre Sunmøre SpareBank 1 Gudbrandsdal SpareBank 1 Hallingdal Valdres SpareBank 1 Lom og Skjåk For a more detailed description of the Category C Shareholders, see "*Consolidated Business Description of the Category C Shareholders*" below.
Originators:	The Shareholder Banks and certain other Norwegian banks which are party to a Transfer and Servicing Agreement with the

	Issuer from time to time. As at the date of this Base Prospectus, all Originators are part of the SpareBank 1 Alliance or owned by SpareBank 1 banks.
Description:	Global Medium Term Covered Note Programme
Arranger:	HSBC Bank plc
Dealers:	Barclays Capital Inc. Barclays Bank Ireland PLC BNP Paribas Citigroup Global Markets Inc. Citigroup Global Markets Limited Commerzbank Aktiengesellschaft Credit Suisse Securities Sociedad de Valores S.A. Credit Suisse Securities (USA) LLC Danske Bank A/S Deutsche Bank Aktiengesellschaft Deutsche Bank Securities Inc. HSBC Bank plc HSBC Continental Europe ING Bank N.V. HSBC Securities (USA) Inc. Landesbank Baden-Württemberg Natixis UniCredit Bank AG and any other Dealers appointed in accordance with the Programme Agreement. Notes may also be issued to third parties.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued from time to time in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements (see "*Subscription and Sale and Transfer and Selling Restrictions*"), including the following restrictions applicable at the date of this Base Prospectus. **Notes having a maturity of less than one year** Notes having a maturity of less than one year will, if the issue proceeds are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent; see "*Subscription and Sale and Transfer and Selling Restrictions*". Under the Prospectus Regulation, prospectuses for the listing of money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions stated therein.
Registrar:	Citigroup Global Markets Europe AG

Principal Paying Agent and Paying Agent:	Citibank, N.A., London Branch
Exchange Agent and Transfer Agent:	Citibank, N.A.
Calculation Agent:	Citibank, N.A.
VPS Agent (in the case of VPS Notes):	SpareBank 1 Markets AS
VPS Trustee (in the case of VPS Notes):	Nordic Trustee AS
Programme Size:	Up to €35,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the Programme limit in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Notes may be denominated in euro, Norwegian kroner, U.S. dollars, and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.
Redenomination:	The applicable Final Terms may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 4(i) of the Ordinary Notes and Condition 4(f) of the VPS Notes.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par. The Issue Price will be specified in the applicable Final Terms.
Form of Notes:	The Notes may be issued in bearer form (in the case of Bearer Notes), registered form (in the case of Registered Notes) or uncertificated book-entry form (in the case of VPS Notes); as described in "*Form of the Notes*". Each Registered Note will be deposited on or around the relevant Issue Date with a common depositary or common safekeeper, as the case may be for Euroclear and/or Clearstream, Luxembourg or a depositary for DTC and/or any other relevant clearing system. Each Bearer Note will on issue be represented by a Temporary Global Note which will be exchangeable for a Permanent Global

	Note or, if so specified in the relevant Final Terms, for Definitive Notes. Each Bearer Note (i) will either be issued in new global note form, as specified in the relevant Final Terms, and will be deposited on or around the relevant Issue Date with a common safekeeper for the International Central Securities Depositaries or (ii) will not be issued in new global note form, as specified in the relevant Final Terms, and will be deposited on or around the relevant Issue Date with a common depositary for the International Central Securities Depositaries. VPS Notes will not be evidenced by any physical note or document of title. Entitlements to VPS Notes will be evidenced by crediting of VPS Notes to accounts with Euronext VPS. Registered Global Notes will be exchangeable for Registered Definitive Notes in the limited circumstances set out in the "*Form of the Notes*" below. Bearer Global Notes will be exchangeable for Bearer Definitive Notes in the limited circumstances set out in the "*Form of the Notes*" below.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined in the manner specified in the applicable Final Terms. The margin (if any) relating to such Floating Rate Notes will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes (as indicated in the applicable Final Terms).
Other provisions in relation to Floating Rate Notes:	Floating Rate Notes may also have a maximum interest rate or a minimum interest rate or both. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Benchmark discontinuation	If so specified in the applicable Final Terms for a Series of Notes, then in the event that a Benchmark Event occurs, such that any Rate of Interest (or any component part thereof) cannot be determined by reference to the Original Reference Rate specified in the applicable Final Terms, then the Issuer may (subject to certain conditions) be permitted to substitute such Original Reference Rate with a Successor Rate or failing that an Alternative Rate (with consequent amendment to the terms of such Series of Notes and, potentially, the application of an

	adjustment spread (which could be positive or negative)). See Condition 3(d) for further information.
Redemption:	The relevant Maturity Dates and Extended Final Maturity Dates are indicated in the applicable Final Terms. Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions*" and "*Notes having a maturity of less than one year*" above.
Optional Redemption:	Early redemption of the Notes will only be permitted to the extent specified in the applicable Final Terms and subject to applicable laws and regulations.
Extendable Obligation:	The applicable Final Terms may also provide that the Issuer's obligations to pay the Final Redemption Amount of the applicable Series of Notes on their Maturity Date shall be deferred until the Extended Final Maturity Date (as defined under "*Terms and Conditions of the Ordinary Notes*" and "*Terms and Conditions of the VPS Notes*"), provided that any amount representing the amount due on the Maturity Date as set out in the applicable Final Terms (the **Final Redemption Amount**) due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date thereafter up to (and including) the relevant Extended Final Maturity Date. Such deferral will occur automatically if the Issuer fails to pay the Final Redemption Amount of the relevant Series of Notes on their Maturity Date. Interest will continue to accrue on any unpaid amount and will be payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date. For the avoidance of doubt, pursuant to Condition 4(h) of the Ordinary Note Conditions and Condition 4(e) of the VPS Conditions, to the extent the Issuer has sufficient monies available to make partial payment of the relevant Final Redemption Amount on the Maturity Date of the relevant Series of Notes, the Issuer is required to make such partial payment, and the automatic deferral described above will apply only to remaining unpaid amounts. Pursuant to the Shareholder Note Purchase Agreement (as described more fully in "*Description of the Shareholders' Agreement and the Shareholder Note Purchase Agreement*"), the Issuer may issue Shareholder Notes for the purposes of funding any shortfall in funds available to pay any Final Redemption Amount. The proceeds of the issuance of any such Shareholder Notes would be applied on the relevant Maturity Date, reducing the unpaid amount to be deferred pursuant to the Ordinary Note Conditions and/or the VPS Conditions.
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable

	to the relevant Specified Currency (see "*Certain Restrictions*" and "*Notes having a maturity of less than one year*" above) and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). Unless otherwise stated in the applicable Final Terms, the minimum denomination of each Definitive Rule 144A Note will be U.S.$100,000 or its approximate equivalent in the applicable Specified Currency.
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by the Kingdom of Norway. In the event that any such withholding or deduction is required by law, the Issuer will pay additional amounts to cover the amounts so withheld or deducted unless the Notes are redeemed pursuant to Condition 5(c) of the Terms and Conditions of the Ordinary Notes and Condition 5(c) of the Terms and Conditions of the VPS Notes.
Status of the Notes:	The Notes are covered bonds (*obligasjoner med fortrinnsrett*) issued on an unconditional and unsubordinated basis and in accordance with the Norwegian Act on Financial Undertakings and Financial Groups of 10 April 2015 No 17 (*lov 10. april 2015 nr. 17 om finansforetak og finanskonsern (finansforetaksloven)*) (the **Act**) and the Regulations of 9 December 2016 no. 1502 on Financial Undertakings and Financial Groups (*forskrift 9. desember 2016 nr. 1502 om finansforetak og finanskonsern (finansforetaksforskriften)*) (the **Regulations**). The Notes and any other covered bonds issued by the Issuer under the Act (the **Covered Bonds**), together with the Issuer's obligations under the Swaps (as defined in the Ordinary Note Conditions or VPS Conditions as applicable) and any other derivative instruments entered into by the Issuer in connection with the Covered Bonds (the **Covered Bond Swaps**), have, according to the Act, an exclusive, equal and pro rata prioritised claim against a cover pool of certain registered eligible assets (the **Cover Pool**) upon public administration of the Issuer. From time to time the Issuer may establish separate cover pools of assets to secure other securities issued by the Issuer. The holders of the Notes issued under this Programme shall not have recourse to such cover pools. See also "*Overview of the Norwegian Legislation Regarding Covered Bonds (obligasjoner med fortrinnsrett)*" below. References in this Base Prospectus to **Noteholders** are to the Noteholders and the holders of any other securities issued by the Issuer in accordance with the Act.
Activities:	The Issuer will restrict its activities in accordance with Norwegian legislation and its licence.

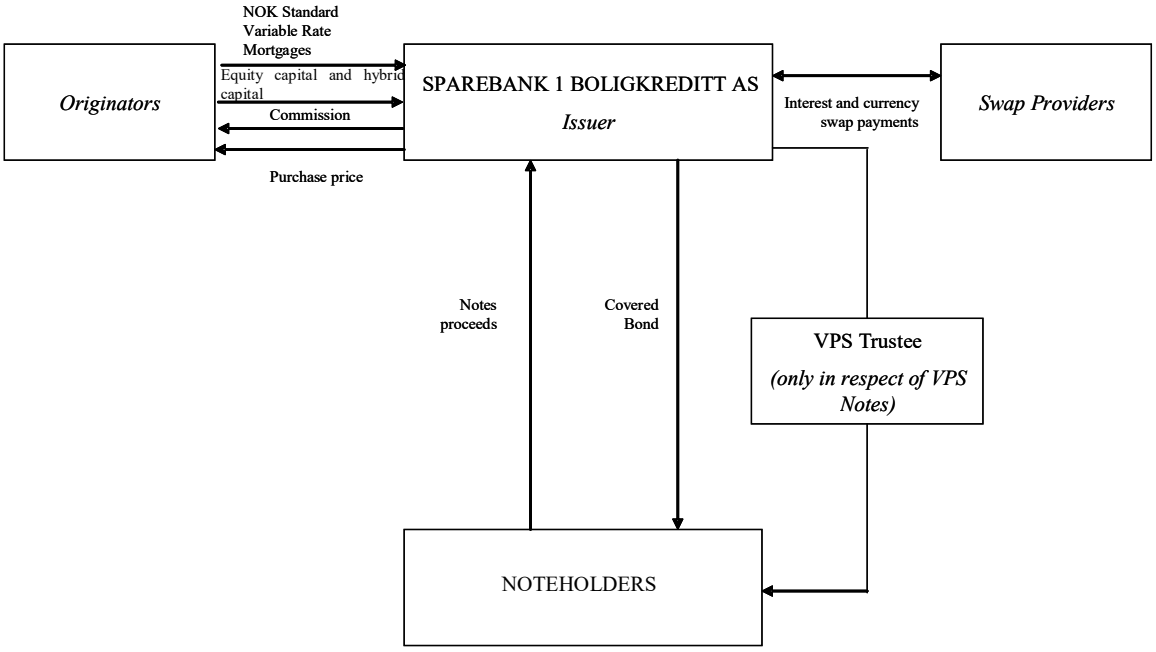
Overcollateralisation:	Pursuant to the terms of the Act, the Issuer is required to ensure that the prudent market value of the assets in a Cover Pool shall at all times exceed the value of the covered bonds with a preferential claim against the Cover Pool (derivative contracts taken into account) (**Overcollateralisation**). A higher level of Overcollateralisation may be set through regulations passed by the Ministry of Finance under the Act. Pursuant to the Regulations the Issuer is required to ensure a minimum Overcollateralisation in the Cover Pool of 2 per cent. at all times. The Issuer has also contractually agreed to provide a minimum level of overcollateralisation in the Cover Pool as set out in Condition 2(b) of the Ordinary Notes and Condition 2(b) of the VPS Notes. Such a level of contractually agreed overcollateralisation will be subject to change in accordance with any higher level imposed by applicable Norwegian legislation from time to time. See further "*Risk Factors – Risk relating to Notes generally – Overcollateralisation*" below.
Liquidity requirements:	The Issuer has established a prudent liquidity reserve for the purpose of meeting its payment obligations in respect of interest and principal due and payable on the Notes issued by it from time to time in accordance with the requirements of the Act and Regulations. See also "*Overview of the Norwegian Legislation Regarding Covered Bonds (obligasjoner med fortrinnsrett)*" below.
Listing, approval and admission to trading:	Application has been made to the Central Bank of Ireland to approve this document as a base prospectus. Application has also been made to Euronext Dublin for Ordinary Notes issued under the Programme to be admitted to trading on the Euronext Dublin Regulated Market and to be listed on the official list of Euronext Dublin. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealers in relation to a Series of Notes. In particular, Notes may be listed on the Oslo Stock Exchange, as more particularly described on the cover page of this Base Prospectus. Notes may also be issued which are neither listed nor admitted to trading on any market. The applicable Final Terms will state whether or not the relevant Notes are to be Bearer Notes, Registered Notes or VPS Notes and whether such Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Ratings:	The rating of the Notes to be issued under the Programme will be specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Moody's is not established in the EEA and has not applied for registration under the CRA Regulation. The ratings issued by

	Moody's have been endorsed by Moody's Deutschland GmbH in accordance with the CRA Regulation Moody's Deutschland GmbH is established in the EEA and registered under the CRA Regulation.
Governing Law:	The Ordinary Notes and any non-contractual obligations arising out of or in connection with the Ordinary Notes will be governed by and shall be construed in accordance with English law, save as to Condition 2(a) of such Notes which will be governed by and construed in accordance with Norwegian law. VPS Notes and any non-contractual obligations arising out of or in connection with the VPS Notes will be governed by and shall be construed in accordance with English law, save as to Conditions 2(a), 8, 9, 10 and 11 of the VPS Conditions which will be governed by and construed in accordance with Norwegian law. VPS Notes must comply with the Norwegian Act of 15 March 2019 no.64 on Central Securities Depositories (the **CSD Act**), which implements Regulation (EU) No. 909/2014 (**CSDR**) into Norwegian law, and, to the extent applicable, the Norwegian Act on Registration of Financial Instruments of 5 July 2002 No. 64 (as amended from time to time) and the holders of VPS Notes will be entitled to the rights and subject to the obligations and liabilities which arise under these Acts and any related regulations and liabilities.
Clearing Systems:	Euroclear, Clearstream, Luxembourg and/or DTC and/or Euronext VPS and/or any other clearing system as may be specified in the relevant Final Terms, other than in relation to VPS Notes, which are cleared through Euronext VPS.
Delivery:	The Notes may be settled on a delivery against payment basis or a delivery free of payment basis, as specified in the applicable Final Terms.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including Germany and Norway), the United Kingdom and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes; see "*Subscription and Sale and Transfer and Selling Restrictions*".
United States Selling Restrictions:	The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) or the securities laws of any state of the United States or any other jurisdiction. As set out in the applicable Final Terms, the Notes are being offered and sold (i) in reliance on Rule 144A under the Securities Act (**Rule 144A**), in each case to "qualified institutional buyers" (as defined in Rule 144A) (**QIBs**), and/or (ii) in accordance with Regulation S under the Securities Act (**Regulation S**) to non-U.S. persons in offshore transactions.

	Bearer Notes will be issued in compliance with U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury regulation section, including, without limitation, successor regulations issued in accordance with IRS Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the **D Rules**) or 1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury regulation section, including, without limitation, successor regulations issued in accordance with IRS Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the **C Rules**), unless the Bearer Notes are issued in circumstances in which the Bearer Notes will not constitute "registration required obligations" for U.S. federal income tax purposes, which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "*Risk Factors*" below and include risks relating to the Norwegian mortgage market.

Diagrammatic Overview and Description of the Programme

The information in this sub-section is an overview of the structure relating to the Programme and does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined elsewhere in this Base Prospectus shall have the same meanings in this overview. An index of certain defined terms used in this document is contained at the end of this Base Prospectus.



Structure Overview

- *Programme*: Under the terms of the Programme, the Issuer will issue Notes to the Noteholders on each Issue Date. The Notes will be unconditional and unsubordinated obligations of the Issuer and rank *pari passu* with all other outstanding unsubordinated obligations of the Issuer that have been provided equivalent priority of claim to the Cover Pool as covered bonds (*obligasjoner med fortrinnsrett*) issued in accordance with the terms of the Act and the Regulations (both as defined below). The Notes may be issued as Ordinary Notes or VPS Notes and the Ordinary Note Conditions and the VPS Conditions shall apply respectively to such Notes.

- *Cover Pool*: The Cover Pool consists of mortgages secured on residential property located in Norway and substitute assets which mainly consist of Norwegian government T-Bills, government bonds and/or covered bonds from the Nordic countries and Germany. The substitute assets are held for liquidity management purposes and may also include other highly rated debt securities.

- *Origination and Transfer of Mortgage Loans*: Mortgage Loans are originated by individual banks (the **Originators**), largely from products developed by and common to the banks in the SpareBank 1 Alliance. Each Originator has entered into a Transfer and Servicing Agreement with the Issuer under the terms of which the relevant bank, from time to time, sells and transfers certain selected mortgages to the Issuer. The Issuer selects the mortgages it wishes to buy based on its own credit policy and pursuant to the requirements of the Norwegian covered bond legislation. Each Originator continues to service the mortgages transferred by it on behalf of the Issuer. In consideration of the sale and servicing of the mortgages, each bank receives the initial purchase price (equal to the principal amount outstanding on the mortgages) and also a commission equal to the interest and fees received from customers in respect of the mortgages transferred to the Issuer by that bank less the Issuer's funding costs and operating expenses.

- *Maintenance or Increase of Transferred Loan Volumes*: Under the terms of each Transfer and Servicing Agreement, each Originator is expected (but not required) to maintain the original level of the mortgages transferred by that Originator by transferring further mortgages to the Issuer from time to time. Similarly, if it is deemed necessary by the Issuer that the levels of mortgages in the Cover Pool should be increased, the Originators may be requested to transfer such additional mortgages to the Issuer as notified by the Issuer. If an Originator is unable or refuses to transfer mortgages to the Issuer, then the remaining Originators may be requested to transfer additional mortgages to the Issuer as notified by the Issuer. Subject to observation of defined prior notice periods, each Originator is entitled to repurchase mortgages in an amount equal to its pro rata share of maturing covered bonds which is based on the size of its shareholding in the Issuer on 31 December in the year preceding the year of issuance of the covered bonds. For covered bonds issued prior to 31 December 2014, each Originator's pro rata share of the maturing covered bond shall be based on its shareholding in the Issuer on 31 December 2014.

- *Funding from Originators to the Issuer:* An Originator may, at the time of transfer of further mortgages to the Cover Pool pursuant to its Transfer and Servicing Agreement, be required to provide senior unsecured lending deemed necessary to fund any over collateralisation to obtain the desired rating for the Issuer.

- *Priority of Claims*: By virtue of the priority established by the Act, in the event of the Issuer being placed under public administration or being liquidated, payments due to the holders of the Notes will be stopped if the income from the Cover Pool can no longer provide timely payments on the Notes, or there is a significant risk that the income from the Cover Pool will not be able to provide timely payments on the Notes in the future. When such payments are stopped, the holders of the Notes and the relevant Swap Providers will have an exclusive, *pari passu* and pro rata prioritised claim over the Cover Pool. The prioritised claims will rank ahead of all other claims against the Issuer, save for claims relating to the fees and expenses of a public administration board.

- *Overcollateralisation*: Pursuant to the terms of the Act, the Issuer is required to ensure that the prudent market value of the assets in a Cover Pool shall at all times exceed the value of the covered bonds with a preferential claim against the Cover Pool (derivative contracts taken into account) (**Overcollateralisation**). A higher level of Overcollateralisation may be set through regulations passed by the Ministry of Finance under the Act. Pursuant to the Regulations the Issuer is required to ensure a minimum Overcollateralisation in the Cover Pool of 2 per cent. at all times. The Issuer has also contractually agreed to provide a minimum level of overcollateralisation in the Cover Pool as set out in Condition 2(b) of the Ordinary Notes and Condition 2(b) of the VPS Notes (breach of which will have limited consequences for the Issuer). Such a level of contractually agreed overcollateralisation will be subject to change in accordance with any higher level imposed by applicable Norwegian legislation from time to time. See further "Risk Factors – *Risks relating to the Notes generally – Overcollateralisation*" below.

- *Covered Bond Swaps:* The Issuer may, from time to time, enter into derivatives transactions with various swap providers to hedge the following risks:

  (a) Currency risk: The Issuer will enter into Currency Swaps from time to time with Currency Swap Providers by executing ISDA Master Agreement(s) (including schedules, confirmations and, in each case, a credit support annex) in order to hedge currency risks arising between (a) Notes issued in currencies other than NOK and (b) assets forming part of the Cover Pool but denominated in NOK; and/or

  (b) Interest rate risk: The Issuer may also, from time to time, enter into additional interest rate swaps with Interest Rate Swap Providers by executing an ISDA Master Agreement (including schedules, confirmations and, in each case, a credit support annex), in order to hedge the Issuer's interest rate risks in NOK and/or other currencies to the extent that these have not already been hedged by the Currency Swap.

RISK FACTORS

This section describes the principal risk factors associated with an investment in the Notes. Prospective purchasers of Notes should consider carefully all the information contained in this document, including the considerations set out below, before making any investment decision.

The Issuer has identified in this Base Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below. Any investment in the Notes issued under the Programme will involve risks including those described in this section. The risks and uncertainties described below are not the only ones that the Issuer may face. Additional risks and uncertainties that the Issuer is unaware of, or that the Issuer currently deems to be immaterial, may also become important risk factors that affect it or the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside of the Issuer's control. Prospective investors should carefully consider the following discussion of the risk factors and the other information in this Base Prospectus before deciding whether an investment in the Notes is suitable for them.

As at the date of this Base Prospectus, the Issuer believes that the following risk factors may affect the Issuer's ability to fulfil its obligations and could be material for the purpose of assessing the market risks associated with the Notes.

If any of the listed or unlisted risks actually occurs, the Issuer's business, operations, financial condition or reputation could be materially adversely affected, with the result that the trading price of the Notes of the Issuer could decline and an investor could lose all or part of its investment. These factors are contingencies that may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Risks relating to the Issuer

The Issuer may not be able to refinance its borrowings on commercially reasonable terms or at all

The Issuer's lending is to a large extent made for longer durations than the Issuer's borrowings. Therefore, the Issuer is dependent on the ability to refinance borrowings upon maturity. Depending on overall market conditions, there is a risk that the Issuer will either be unable to refinance its borrowings or that it will be required to do so at a cost significantly higher than originally anticipated.

The market turmoil caused by the global outbreak of the coronavirus (**COVID-19**) in 2020 meant that it was more difficult for the Issuer to refinance its borrowings on commercial satisfactory terms for a period of time during 2020. Because the pandemic is still ongoing, this situation could arise again, or a similar situation could arise due to the same or a different type of pandemic in the future. This could also adversely impact the Issuer's ability to pay amounts due under the Notes.

If the Issuer fails to refinance any outstanding Notes on their scheduled Maturity Date, the Issuer may defer repayment of such Notes until a later date (as specified in the applicable Final Terms) provided that an Extended Final Maturity Date is specified as applicable in the Final Terms for such Notes.

The Issuer is dependent on maintaining satisfactory credit rating(s) in order to be able to refinance its borrowings on commercially reasonable terms, as credit ratings affect the costs and other terms upon which the Issuer is able to obtain funding. Any factors having a negative impact on the Issuer, the Cover Pool or the Originators (as defined below), such as the deterioration of the residential property market in Norway or a downturn in the international or domestic financial markets, may affect the credit rating of the Issuer, the Programme and/or any outstanding Notes. A credit rating downgrade will not in itself have any impact on the Issuer's ability to perform its obligations under the Notes, but could, in each case, increase the Issuer's

borrowing costs, adversely affect the liquidity position of the Issuer, limit the Issuer's access to the capital markets, undermine confidence in (and the competitive position of) the Issuer, trigger obligations under certain bilateral terms in some of the Issuer's trading and collateralised financing contracts and/or limit the range of counterparties willing to enter into transactions with the Issuer. Any of these events may lead to difficulties for the Issuer in refinancing its borrowings on commercially reasonable terms or at all.

Default on mortgage loans may lead to the Issuer being unable to satisfy its obligations under the Notes

In recent years, low interest rates, low inflation, higher house prices, a favourable tax regime and increased disposable income for households in Norway have led to a continued strong growth in demand for real estate, and consequently loans, especially in the residential mortgage market.

The growth in demand for loans, especially in the residential mortgage market, has led to significant growth in the levels of indebtedness, which in turn has increased the potential financial vulnerability of some residential mortgage borrowers. A high percentage of Norwegian residential mortgage borrowers have floating interest rate mortgages, and are consequently exposed to the risk of interest rate increases. Currently all of the residential mortgages included in the Issuer's Cover Pool are subject to floating interest rates, but the Issuer may at any time change its credit policy to include fixed rate mortgages. Even a moderate rise in interest rates may lead to a significantly higher interest burden, and a material reduction of disposable income, for residential mortgage borrowers who have taken on high levels of debt.

The global outbreak of COVID-19, coupled with the measures implemented by the Norwegian authorities to contain it, may continue to have a material and adverse impact on the level of economic activity in Norway, and may lead to a sudden loss of income for many of the Issuer's borrowers. The government measures managed the situation in 2020 so that there were limited economic consequences and there was no increased level of defaults in the portfolio of mortgages financed by the Issuer. At present it is unclear whether any further measures taken by Norwegian government to mitigate the adverse economic effects of the COVID-19 outbreak will have the intended effect. It is likewise unclear whether and when the Norwegian population will be vaccinated against the COVID-19 virus, and how effective such vaccinations are.

If the relevant interest rates rise and/or borrowers suffer a decline in income, borrowers may be unable to meet their payment obligations on their mortgages. If the timing and payment of the mortgage loans is adversely affected by any of the risks described in this risk factor, then payments on the Notes could be reduced and/or delayed and could ultimately result in losses on the Notes. If borrowers default on their mortgage loans, enforcement actions can be taken by the Issuer in order to realise the value of the collateral securing these mortgage loans. When collateral is enforced, a court order may be needed to establish the borrower's obligation to pay (if disputed by the borrower) and to enable a sale by executive measures. If, in the context of an enforcement action, the Issuer is not able to obtain the relevant court decision or the real estate market in Norway substantially declines, there is a risk that the Issuer may not be able to recover the entire amount of the mortgage loan.

Further, should the prices of real property and the housing market in Norway substantially decline, the value of the Issuer's collateral for its mortgage loans will be adversely affected and may result in the Cover Pool not containing sufficient assets to meet all covered liabilities and/or comply with applicable balance and overcollateralization requirements. Any failure to recover the full amount of the Issuer's mortgage loans could jeopardise the Issuer's ability to perform its obligations under the Notes, which are backed by payments from the mortgage loans included in the Cover Pool

The Issuer is dependent on the Originators' competitive market position and the demand for their products

The mortgage loans (the **Mortgage Loans**) originated by certain SpareBank 1 banks (which banks may also be shareholders of the Issuer) (the **Shareholder Banks** – see "*Description of the Issuer's Business – Ownership*" below) and, if so determined, also by other Norwegian banks (together, the **Originators**) and contributed to the Cover Pool represent a dynamic pool, particularly because of the high refinancing ratio in the Norwegian mortgage market.

The Originators' ability to originate Mortgage Loans to transfer to the Issuer depends on the competitive market position of the Originators and the demand for their products. A general downturn in the Norwegian economy (for example due to the COVID-19 outbreak), regulatory changes affecting the residential mortgage market and/or interest rate rises may result in a decrease in the demand for residential property and, therefore, residential mortgages. A decrease in the demand for the Originators' mortgage loans will lead to less than expected mortgages being transferred from the Originators to the Issuer. A significant reduction in the size of the mortgage portfolio will adversely affect the Issuer's ability to perform its obligations under the Notes and the value of the Cover Pool.

Public administration of the Issuer and halt to payments from the Cover Pool may lead to Noteholders not receiving the full amount due on the Notes

In the event of public administration of the Issuer, timely payments shall be made on the Notes so long as the Cover Pool is in material compliance with the statutory requirements under the Norwegian Act on Financial Undertakings and Financial Groups of 10 April 2015 No 17 (*lov 10. april 2015 nr. 17 om finansforetak og finanskonsern (finansforetaksloven)*) (the **Act**) and the Regulations of 9 December 2016 no. 1502 on Financial Undertakings and Financial Groups (*forskrift 9. desember 2016 nr. 1502 om finansforetak og finanskonsern (finansforetaksforskriften)*) (the **Regulations**). Public administration of the Issuer will not in itself be sufficient cause for termination or similar remedy by the Noteholders or the providers of the Swaps (the **Swap Providers**). The public administration board may take any action considered necessary to ensure that the holders of the Notes and the Swap Providers receive agreed and timely payment on the Notes and the Swaps, including selling assets in the Cover Pool and issuing new Notes and entering into new derivative instruments with recourse to the assets in the Cover Pool *pari passu* with the Noteholders.

If it is no longer possible to make timely payments to Noteholders or Swap Providers, the public administration board shall set a date to halt payments. The amount of claims with a right of priority to the assets included in the Cover Pool will be calculated as at the date on which the halt to payments takes effect.

To the extent that Noteholders are not fully paid from the proceeds of the liquidation of the assets in the Cover Pool following a halt to payments, they will be able to prove for the balance of their claims as unsecured creditors of the Issuer and will be entitled to receive payment from the proceeds of the liquidation of any other assets of the Issuer not included in the Cover Pool (or any other cover pool maintained by the Issuer). The Noteholders would in such case rank pari passu with any other holder of Covered Bonds, Swap Providers and the other unsecured, unsubordinated creditors of the Issuer. If the Issuer's assets are insufficient to cover all unsecured, unsubordinated claims in full, Noteholders could be unable to collect the full balance of their claims against the Issuer.

The Issuer is reliant on Interest Rate Swaps and Currency Swaps

In order to hedge its interest rate risks and currency risks, the Issuer enters into Interest Rate Swaps and Currency Swaps with various Swap Providers. A well-functioning derivative market is essential for the Issuer in order to be able to enter into such Interest Rate Swaps and Currency Swaps on commercially attractive terms or at all, and any disruption in the market for such Swaps or the Issuer's access thereto could have a negative effect on the Issuer's ability to manage its interest rate risks and currency risks in an adequate fashion. Such a disruption could also enhance the refinancing risk for the Issuer if Issuer in such scenario would find itself restricted from issuing Notes in other currencies than NOK and/or with a different interest profile than the assets in the Cover Pool.

If the Issuer fails to make timely payments of amounts due or certain other events occur in relation to the Issuer under a Swap and any applicable grace period has expired, then the Issuer will have defaulted under that Swap. The Issuer's default under a Swap due to non-payment or otherwise will suspend the relevant Swap Provider's obligation to make further payments under that Swap, and the relevant Swap Provider may on certain conditions terminate the relevant Swap.

If a Swap Provider is no longer obligated to make payments under a Swap, exercises its right to terminate a Swap or defaults on its obligations to make payments under a Swap, the Issuer will be exposed to changes in

interest and/or currency exchange rates (as applicable). In addition, if the Swap Provider or its guarantor, as applicable, is downgraded and fails to comply with the requirements of the ratings downgrade provisions contained in the relevant Swap Agreement, such Swap Agreement may be terminated by the Issuer. In any such scenario, the Issuer may encounter difficulties entering into a replacement Interest Rate and/or Currency Swap (as applicable) on commercially acceptable terms or at all.

If a Swap is terminated due to the Swap Provider's default, and unless a replacement Swap is entered into, the Issuer may have insufficient funds to make payments due on its Notes in case of material fluctuations between either (i) for Interest Rate Swaps, the interest rates payable on the Cover Pool Assets and the applicable interest rate for the Notes, or (ii) for Currency Swaps, the currency of the Cover Pool assets and the currency of the Notes.

If a Swap Provider suffers a ratings downgrade and the affected Swaps cannot be transferred to an eligible replacement Swap Provider, the rating of the Notes may be adversely affected as a result.

Termination payments for Swaps may reduce the value of the Cover Pool

If any of the Interest Rate Swaps or the Currency Swaps are terminated, the Issuer may as a result be obliged to make a termination payment to the relevant Swap Provider. The amount of the termination payment will be based on the cost of entering into a replacement Interest Rate Swap or Currency Swap, as the case may be. Any termination payment to be made by the Issuer to a Swap Provider will rank *pari passu* with payments due to the Noteholders. Consequently, if the Issuer is unable to make the termination payment to the relevant Swap Provider from its own funds, the Cover Pool may be used to make such termination payments which will reduce the value of the Cover Pool for other preferential claims, such as the Notes.

The Issuer may not have sufficient resources to meet the demand for drawdowns under revolving mortgage loans

The Issuer owns a portfolio of mortgage loans which are structured as personal revolving credit facilities for the borrowers, who can draw down and repay amounts at will within a set overall credit limit determined by the same criteria as for standard repayment loans. If the Issuer experiences a large demand for drawdowns under such credit limits simultaneously, there is a risk that the Issuer may not have sufficient liquid resources to meet the demand.

Risk relating to the structure of a particular issue of Notes

Failure by the Issuer to pay the Final Redemption Amount upon maturity may lead to deferral of the Maturity Date

Following any failure by the Issuer to pay the Final Redemption Amount of a Series of Notes on their Maturity Date, payment of such amounts shall be automatically deferred. This will occur if the Final Terms for a relevant Series of Notes (the **relevant Series of Notes**) provides that such Notes are subject to an extended final maturity date to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Maturity Date (the **Extended Final Maturity Date**).

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

For the avoidance of doubt, pursuant to Condition 4(h) of the Ordinary Note Conditions and Condition 4(e) of the VPS Conditions, to the extent the Issuer has sufficient monies available to make partial payment of the relevant Final Redemption Amount on the Maturity Date of the relevant Series of Notes, the Issuer is required to make such partial payment, and the automatic deferral described above will apply only to remaining unpaid

amounts. Pursuant to the Shareholder Note Purchase Agreement (as described more fully in *Description of the Shareholders' Agreement and the Shareholder Note Purchase Agreement*), the Issuer may issue Shareholder Notes for the purposes of funding any shortfall in funds available to pay any Final Redemption Amount. The proceeds of the issuance of any such Shareholder Notes would be applied on the relevant Maturity Date, reducing the unpaid amount to be deferred pursuant to the Ordinary Note Conditions and/or the VPS Conditions.

The Issuer is not required to notify the Noteholders of an automatic deferral of the Maturity Date. The Extended Final Maturity Date will fall one year after the Maturity Date, and interest will continue to accrue on any unpaid amount and be payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date. In these circumstances, failure by the Issuer to make payment in respect of the Final Redemption Amount on the Maturity Date shall not constitute a default in payment by the Issuer. However, failure by the Issuer to pay the Final Redemption Amount or the balance thereof on the Extended Final Maturity Date and/or interest on such amount on any Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date shall constitute a default in payment by the Issuer.

Furthermore, in relation to all amounts constituting accrued interest due and payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date, as provided in the applicable Final Terms, the Issuer may pay such interest pursuant to the Floating Rate set out in the applicable Final Terms notwithstanding that the relevant Note was a Fixed Rate Note as at its relevant Issue Date. Where the Notes convert from a fixed rate to a floating rate, the spread on the Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes.

In addition, following deferral of the Maturity Date, the Interest Payment Dates and Interest Periods may change as set out in the applicable Final Terms.

In respect of any Notes issued with a specific use of proceeds, such as a 'Green Note', there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor

The relevant Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply the proceeds from an offer of those Notes specifically to fund existing mortgages in the Cover Pool and/or to acquire mortgages from the Originators, in each case which are secured over energy efficient residential buildings (**Green Mortgage Loans** and Notes issued thereunder to be **Green Notes**). It should be noted that any Green Mortgage Loans will be included in the Cover Pool along with other Mortgage Loans which are not Green Mortgage Loans. Accordingly, prospective investors will have a claim against the entire Cover Pool without having a preferential claim on the Green Mortgage Loans over and above other investors.

Prospective investors should have regard to the information in the relevant Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Green Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer or the Dealers that the use of such proceeds for investment in any Green Mortgage Loans will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates (in particular with regard to any direct or indirect environmental, sustainability or social impact of any Green Mortgage Loans). Furthermore, it should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "sustainable" or an equivalently-labelled asset or as to what precise attributes are required for a particular asset to be defined as "green" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not significantly change following an investment decision. For example, if a specific use of proceeds relating to Green Notes is specified in the applicable Final Terms, no assurance is or can be given to investors that allocating an equivalent amount of the net proceeds to the Issuer for investment in any

Green Mortgage Loans will meet or continue to meet on an on-going basis any or all investor expectations regarding such "green", "sustainable" or other equivalently-labelled objectives.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any external party (whether or not solicited by the Issuer) which may be made available in connection with the issue of the Green Notes and in particular with any Green Mortgage Loans to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers or any other person to buy, sell or hold any such Green Notes. Any such opinion or certification is only current as of the date that opinion or certification was initially issued and the criteria and/or considerations that underlie such opinion or certification provider may change at any time. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Green Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any such Green Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own bylaws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact related to any Green Mortgage Loans. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer or any other person that any such listing or admission to trading will be obtained in respect of any such Green Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Green Notes.

Whilst it is the intention of the Issuer to allocate the proceeds of any Green Notes in, or substantially in, the manner described in the applicable Final Terms, there can be no assurance that the use of the proceeds of the relevant Green Notes will be, or will be capable of being, implemented in, or substantially in, such manner and/or in accordance with any timing schedule and that accordingly any proceeds of such Green Notes will be totally or partially allocated for the specified purposes. Any such event or failure by the Issuer will not constitute a default or enforcement event under the Green Notes or the Notes.

The withdrawal of any opinion or certification as described above, or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on, and/or any such Green Notes no longer being listed or admitted to trading on any stock exchange or securities market and/or any failure to apply the proceeds of the Green Notes in the manner described in the applicable Final Terms, as aforesaid, may have a material adverse effect on the value of such Green Notes, and also potentially the value of any other Green Notes intended to invest in Green Mortgage Loans, and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Notes may be subject to optional redemption by the Issuer

If specified in the applicable Final Terms, the Notes may contain an optional redemption feature which would be likely to limit their market value. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so

at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments likely to be available at that time.

Risk relating to Notes generally

The Cover Pool consists of limited assets

The Cover Pool will consist of Mortgage Loans which are secured on residential property or on title documents relating to residential property (**Residential Mortgages**), claims which the Issuer holds, or may acquire, against providers of Covered Bond Swaps and certain substitute assets. All assets in the Cover Pool must comply with the terms of the Act and the Regulations. In particular, the Regulations determine maximum loan to value ratios of Mortgage Loans included in the Cover Pool (at the date of this Base Prospectus, the maximum value is 75 per cent. of the prudent market value in the case of Residential Mortgages). If the prudent market value of the residential property securing the Mortgage Loans in the Cover Pool were to decline, the value of the assets in the Cover Pool will be proportionally reduced and may fall below regulatory and contractual requirements. This may again lead to the Issuer being unable to issue further covered bonds. Currently, all properties over which Mortgage Loans in the Cover Pool were created are located in Norway. The value of the Cover Pool may therefore decline in the event of a general downturn in the value of property in Norway. Investors will not receive detailed statistics or information in relation to the mortgage loans and other assets included in the Cover Pool and it is expected that the constitution of the Cover Pool will change from time to time.

Overcollateralisation

The Issuer is obligated under the Act to ensure that the value of the assets of the Cover Pool at all times exceeds the value of the covered bonds with preferential claims against the Cover Pool (taking into account the effects of derivative contracts) (**Overcollateralisation**). The Ministry of Finance is authorised to pass regulations setting a minimum requirement. At the date of this Base Prospectus, the Regulations stipulate that the Issuer must ensure a minimum Overcollateralisation in the Cover Pool of 2 per cent. at all times.

In addition, the Issuer has contractually agreed to provide a similar minimum level of Overcollateralisation in the Cover Pool, as set out in Condition 2(b) of the Ordinary Notes and Condition 2(b) of the VPS Notes. Such a level of contractually agreed overcollateralisation will be subject to change in accordance with any higher overcollateralisation level imposed by applicable Norwegian legislation from time to time. The Issuer is not obliged to increase the Overcollateralisation percentage if any of the ratings assigned to the Notes are reduced, removed, suspended or placed on credit watch for any reason. For the avoidance of doubt, the Issuer does not commit to ensure that any specific rating of the Notes will be upheld until maturity.

Furthermore, provided that the Issuer complies with the Act and the Regulations at all times, failure by it to comply with the contractually agreed level of Overcollateralisation will not in itself prevent the Issuer from issuing further Notes, refinancing existing Notes or acquiring new Mortgage Loans into the Cover Pool. In such circumstances, Noteholders may have a claim against the Issuer for breach of contract or for other specific relief, subject to English law generally.

If the value of a mortgaged property declines significantly after the Residential Mortgage has been included in the Covered Pool, the Issuer may no longer be able to count the full value of the Mortgage Loan towards the 102 per cent. Overcollateralisation requirement (see below) even if the Mortgage Loan is fully performing. This will be a statutory breach and may lead the FSAN to bring actions to the Issuer.

No events of default

The Conditions do not include any events of default relating to the Issuer. Accordingly, default by the Issuer will not entitle Noteholders to accelerate the Notes, and Noteholders will only be paid the scheduled payments of interest and principal under the Notes as and when they fall due under the Conditions.

Failure by the Issuer to meet applicable matching and overcollateralisation rules may affect the value and liquidity of the Notes

The Act and the Regulations provide that holders of Covered Bonds have an exclusive and prioritised right of claim in the Cover Pool, on a *pari passu* basis between themselves and other holders of Covered Bonds issued by the Issuer and/or counterparties to derivative contracts relating to the Issuer's Covered Bonds. The Act and Regulations require the value of the assets in the Cover Pool to at all times exceed the value of the claims on the Cover Pool. Furthermore, the Ministry of Finance is entitled under the Act to pass regulations stipulating how much higher the value of the Cover Pool must be compared to the value of the claims on the Cover Pool at any time (overcollateralisation). Section 11-7 of the Regulations currently requires the value of the assets in the Issuer's Cover Pool to constitute a minimum of 102 per cent. of the total payable amount of the Issuer's outstanding Covered Bonds having preferential claims against the Cover Pool (overcollateralisation). See "*Overview of the Norwegian Legislation Regarding Covered Bonds (obligasjoner med fortrinnsrett"*.

A breach of the matching and overcollateralisation requirements prior to public administration of the Issuer in circumstances where no additional assets are available to the Issuer or the Issuer lacks the ability to acquire additional assets could result in the Issuer being unable to issue further Covered Bonds, which may prevent the refinancing of existing Covered Bonds and possibly reducing the liquidity of existing Covered Bonds.

Terms and conditions of the Notes may be changed without the consent of the Noteholders

The Ordinary Note Conditions and the VPS Conditions contain provisions for calling meetings of their respective Noteholders to consider matters affecting the interests of such Noteholders generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. As a result, Noteholders can be bound by the result of a vote that they voted against.

The Ordinary Note Conditions provide that the Principal Paying Agent and the Issuer may agree, without the prior consent or sanction of any of the Ordinary Noteholders or Couponholders, to:

- certain modifications in relation to the Ordinary Notes, the Coupons, the Agency Agreement and the Deed of Covenant, which, in the opinion of the Issuer, is not prejudicial to the interests of the Ordinary Noteholders, as detailed within the Ordinary Note Conditions; and

- any modification to the Ordinary Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification will be binding on the Ordinary Noteholders and the Couponholders.

The VPS Trustee Agreement provides that the Issuer and the VPS Trustee may agree to amend the VPS Trustee Agreement or the VPS Conditions without prior approval of the affected VPS Noteholders provided that:

- such amendment is not detrimental to the rights and benefits of the affected VPS Noteholders in any material respect, or is made solely for the purpose of rectifying obvious errors and mistakes; or

- such amendment or waiver is required by applicable law, court ruling or a decision by a relevant authority.

The VPS Trustee shall as soon as possible notify the VPS Noteholders of any proposal to make such amendments, setting out the date from which the amendment will be effective, unless such notice obviously is unnecessary.

Changes may be made to the terms of the Shareholders' Agreement (and each relevant Transfer and Servicing Agreement) and the Shareholder Note Purchase Agreement by agreement between the parties thereto, without the consent of the Noteholders and without regard to the interests of Noteholders. Similarly, the Issuer may

terminate the Shareholder Note Purchase Agreement by giving one year's notice to each of the Shareholder Banks and the Rating Agencies, or at any time if the Issuer enters into a replacement Shareholder Note Purchase Agreement on substantially the same terms.

Issuance of Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade

The Notes have a denomination consisting of a minimum authorised denomination of €100,000 plus additional higher integral multiples of €1,000 or their equivalent. Accordingly, it is possible that the Notes may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such denomination. In such a case, if definitive Notes are required to be issued, a Noteholder who holds a principal amount of less than the minimum authorised denomination at the relevant time may not receive a definitive Note in respect of such holding and may need to purchase a principal amount of Notes such that its holding amounts to the minimum authorised denomination (or another relevant denomination amount).

If definitive Notes are issued, Noteholders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

Regulatory Developments

In Europe, the U.S. and elsewhere, there is significant focus on fostering greater financial stability through increased regulation of financial institutions and their corresponding capital and liquidity positions. This has resulted in a number of regulatory initiatives which are currently at various stages of implementation and which may have an impact on the regulatory position for certain investors in covered bond exposures and/or on the incentives for certain investors to hold covered bonds, and may thereby affect the liquidity of such securities. Investors in the Notes and/or the VPS Notes are responsible for analysing their own regulatory position and none of the Issuer, the Dealers or the Arranger makes any representation to any prospective investor or purchaser of the Notes and/or VPS Notes regarding the treatment of their investment on the date of purchase or at any time in the future.

In particular, it should be noted that the Basel Committee on Banking Supervision (**BCBS**) has approved a series of significant changes to the Basel regulatory capital and liquidity framework (such changes being referred to by the BCBS as **Basel III**). Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio (**LCR**) and the Net Stable Funding Ratio (**NSFR**)). BCBS member countries agreed to implement the initial phase of the Basel III reforms from 1 January 2013 and the second phase from 1 January 2022, subject to transitional and phase-in arrangements for certain requirements. As implementation of Basel III requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of covered bonds, may be subject to some level of national variation. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework for Europe.

On 13 January 2020, the FSAN published a consultative paper relating to implementation of the new EU legislation on covered bonds, i.e. Directive (EU) 2019/2162 (the **Covered Bond Directive**) and Regulation (EU) 2019/2160 implementing certain amendments to Article 129 of Regulation (EU) No 575/2013 (**CRR**) (together, the **EU Covered Bond Reforms**), which will require certain amendments to the current Norwegian legislation on covered bonds. The consultative paper was submitted to a hearing by the Ministry of Finance on 23 March 2020, with a hearing deadline of 17 August 2020. The new EU legislation shall be implemented no later than 8 July 2021 and take effect no later than 8 July 2022, and the Ministry of Finance has stated its intention to implement the rules in Norway simultaneously with the EU. Implementation of the new EU legislation on covered bonds will impose new requirements on the Issuer such as, inter alia, new a liquidity buffer requirement of 180 days and more strict requirements for exercise of extendable maturity (aka 'soft bullet') rights by the Issuer.

Currently, Norwegian covered bonds comply with the EU Capital Requirements Directive regulations and qualify for a 10 per cent. risk weighting in eligible European jurisdictions. However, the Issuer cannot be certain as to how any of the regulatory developments described above will impact the treatment of the Notes. Prospective investors should therefore make themselves aware of the requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes and/or VPS Notes. No predictions can be made as to the precise effects of such matters on any investor or otherwise. See also "*Management's Discussion and Analysis for the Issuer – Capital and Capital Adequacy*" below.

In addition, Title VII of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted 21 July 2010 (the **Dodd-Frank Act**), established a comprehensive new U.S. regulatory regime for a broad range of derivatives contracts (collectively referred to in this risk factor as "covered swaps"). Among other things, Title VII provides the U.S. Commodity Futures Trading Commission (**CFTC**) and the U.S. Securities and Exchange Commission (**SEC**) with jurisdiction and regulatory authority over many different types of derivatives that are currently traded over-the-counter, requires the establishment of a comprehensive registration and regulatory framework applicable to covered swap dealers and other major market participants, requires many types of covered swaps to be executed on a platform (e.g. exchange, contract market, security-based swap execution facility or swap execution facility) and centrally cleared, and contemplates the imposition of capital requirements and margin requirements for uncleared transactions in covered swaps.

Many of the key regulations implementing Title VII have recently become effective or are in final form. However, in some instances the interpretation and potential impact of these regulations are not yet entirely clear. Additionally, not all of the regulations, particularly with respect to security-based swaps, have been finalised and made effective. Due to this uncertainty, a complete assessment of the exact effects of Title VII cannot be made at this time.

In particular, the Swaps contemplated under the Programme may include agreements that are regulated as covered swaps under Title VII, each of which may be subject to new or revised clearing, execution, capital, margin posting, reporting and recordkeeping requirements under the Dodd-Frank Act that could result in additional regulatory burdens, costs and expenses (including extraordinary, non-recurring expenses of the Issuer). Such requirements may disrupt the Issuer and its affiliates' ability to hedge their exposure to various transactions, including any obligations they may owe to investors under the Notes, and may materially and adversely impact a transaction's value or the value of the Notes. While the Dodd-Frank Act provides for the grandfathering of certain swaps, such grandfathering may not apply to the transactions entered into by the Issuer or may only apply to certain transactions. Additionally, the Issuer cannot be certain as to how these regulatory developments will impact the treatment of the Notes.

Prior to the effective date of the Dodd-Frank Act, the Swaps were over-the-counter contracts that were not required by U.S. regulators to be cleared or executed on a platform. The Notes allow the Issuer to call and/or terminate them in certain circumstances (such a circumstance, a **Reg Out**), including but not limited to a change in law or regulation that (1) creates a materially increased cost to enter into, maintain or hedge any issuance of Notes, such as increased margin requirements, or (2) makes such maintenance or hedging impossible or impracticable. Any such Reg Out could result in an investor's Notes decreasing significantly in value at a time that is disadvantageous to the Noteholder. If the Issuer chooses not to exercise the Reg Out and complies with relevant Title VII provisions, there will also be increased costs, which could result in an investor's Notes decreasing significantly in value at a time that is disadvantageous to the Noteholder.

Given that the full scope and consequences of the enactment of the Dodd-Frank Act and the rules still to be adopted thereunder are not yet known, investors are urged to consult their own advisers regarding the suitability of an investment in any Notes.

Additionally, to the extent any particular series contains a Reg Out, investors must carefully consider what the consequences of its exercise might be and make their own determinations in consultation with their advisers regarding an investment in any Notes.

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

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

Regulation (EU) 2016/1011 (the **EU Benchmarks Regulation**) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **UK Benchmarks Regulation**) among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the UK Financial Conduct Authority (the **FCA**) or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

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

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

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The FCA has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

Separately the euro risk-free rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

These reforms and other pressures may cause one or more interest rate benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted.

It is not possible to predict with certainty whether, and to what extent, LIBOR, EURIBOR, NIBOR, CIBOR, CITA, EONIA, HIBOR, SIBOR, STIBOR and TIBOR will continue to be supported going forwards. This may cause LIBOR, EURIBOR, NIBOR, CIBOR, CITA, EONIA, HIBOR, SIBOR, STIBOR and TIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering

changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Notes and/or the Swap Agreements due to applicable fall-back provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to the Issuer to meet its payment obligations in respect of the Notes.

Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes referencing a benchmark. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes referencing a benchmark.

If "*Benchmark Replacement*" is specified to be "*Applicable*" in the applicable Final Terms, the Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a Benchmark Event occurs, including if an Original Reference Rate and/or any page on which an Original Reference Rate may be published, becomes unavailable, or if the Issuer, the Principal Paying Agent or any other party responsible for the calculation of the Rate of Interest (as specified in the applicable Final Terms) are no longer permitted lawfully to calculate interest on any Notes by reference to such an Original Reference Rate under the Benchmarks Regulation or otherwise. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Rate or an Alternative Rate (both as defined in the Terms and Conditions), with or without the application of an adjustment spread and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by the Issuer (acting in good faith and in consultation with an Independent Adviser). An adjustment spread, if applied could be positive or negative. However, it may not be possible to determine or apply an adjustment spread and even if an adjustment is applied, such adjustment spread may not be effective to reduce or eliminate economic prejudice to investors. If no adjustment spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest. The use of a Successor Rate or Alternative Rate (including with the application of an adjustment spread) will still result in any Notes linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Rate is determined, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser and the potential for further regulatory developments there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

If "*Benchmark Replacement*" is specified to be "*Not Applicable*" in the Final Terms, investors should be aware that, if an Original Reference Rate were discontinued or otherwise unavailable, the Rate of Interest on Notes which reference the Original Reference Rate will be determined for the relevant period by the fallback provisions applicable to such Notes. Depending on the manner in which the Original Reference Rate is to be determined under the Terms and Conditions, this may in certain circumstances result in (i) the application of a backward-looking, risk free overnight rate, whereas the Original Reference Rate is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending or (ii) the effective application of a fixed rate for Floating Rate Notes as mentioned above. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference the Original Reference Rate.

The market continues to develop in relation to SONIA as a reference rate

Where the applicable Final Terms for a Series of Floating Rate Notes identifies that the Rate of Interest for such Notes will be determined by reference to SONIA, the Rate of Interest will be determined on the basis of Compounded Daily SONIA (as defined in the Terms and Conditions of the Notes). Compounded Daily SONIA differs from LIBOR in a number of material respects, including (without limitation) that Compounded Daily SONIA is a backwards-looking, compounded, risk-free overnight rate, whereas LIBOR is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, investors should be aware that LIBOR and SONIA may behave materially differently as interest reference rates for Notes issued under the Programme described in this Base Prospectus. The use of Compounded Daily SONIA as a reference rate for Eurobonds is nascent, and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing Compounded Daily SONIA.

Accordingly, prospective investors in any Notes referencing Compounded Daily SONIA should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR. For example, in the context of backwards-looking SONIA rates, market participants and relevant working groups are currently assessing the differences between compounded rates and weighted average rates, and such groups are also exploring forward-looking 'term' SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The adoption of SONIA may also see component inputs into swap rates or other composite rates transferring from LIBOR or another reference rate to SONIA.

The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Terms and Conditions of the Notes as applicable to Notes referencing a SONIA rate that are issued under this Base Prospectus. Furthermore, the Issuer may in future issue Notes referencing SONIA that differ materially in terms of interest determination when compared with any previous SONIA-referenced Notes issued by it under the Programme. The nascent development of Compounded Daily SONIA as an interest reference rate for the Eurobond markets, as well as continued development of SONIA-based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SONIA-referenced Notes issued under the Programme from time to time.

Furthermore, the Rate of Interest on Notes which reference Compounded Daily SONIA is only capable of being determined at the end of the relevant Observation Period (as defined in the Terms and Conditions) and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference Compounded Daily SONIA to estimate reliably the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of such Notes. Further, in contrast to LIBOR-based Notes, if Notes referencing Compounded Daily SONIA become due and payable or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall only be determined immediately prior to the date on which the Notes become due and payable.

In addition, the manner of adoption or application of SONIA reference rates in the Eurobond markets may differ materially compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing Compounded Daily SONIA.

To the extent the SONIA reference rate is discontinued or is no longer published on the Relevant Screen Page or published by authorised distributors, the applicable rate to be used to calculate the Interest Rate on the Notes will be determined using the alternative methods described in the Terms and Conditions (**Fallbacks**). Any of these Fallbacks may result in interest payments that are lower than, or do not otherwise correlate over time with, the payments that would have been made on the Notes if the SONIA reference rate had been so published in its current form. In addition, use of the Fallbacks in circumstances where the SONIA reference rate has been discontinued or is no longer published on the Relevant Screen Page or published by authorised distributors will effectively mean that a fixed rate of interest is applied to the Notes.

Investors should carefully consider these matters when making their investment decision with respect to any such Notes.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

For details of the financial information incorporated by reference into this Base Prospectus, see "*Documents Incorporated by Reference*" below.

For the convenience of investors, certain selected financial information has also been included in this Base Prospectus. See "*Description of the Issuer's Business*" and "*Overview of Financial Information of the Issuer*". This information is not complete and should be read together with the financial statements incorporated by reference into this Base Prospectus.

An investment in the Notes involves a reliance on the creditworthiness of the Issuer only and not that of any other SpareBank 1 Alliance (as defined below) entity or any other entities. The Notes will not be obligations of, and will not be guaranteed by, the Shareholder Banks, the Originators, the Arranger, the Dealers, the Swap Providers, any company in the same group of companies as such entities or any other party to the transaction documents relating to the Programme. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes will be accepted by any of the Shareholder Banks, the Originators, the Arranger, the Dealers, the Swap Providers, any company in the same group of companies as such entities or any other party to the transaction documents relating to the Programme.

The Issuer will pay the principal amount and interest of the Notes in the Specified Currency. An investor's financial activities may be denominated principally in a currency or a currency unit other than the Specified Currency (the **Investor's Currency**). Exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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

All references in this document to **U.S. dollars** and **U.S.$** and **$** and **USD** are to United States dollars, all references to **NOK** are to Norwegian kroner and all references to **yen** are to Japanese yen. In addition, all references to **Sterling** and **£** refer to pounds sterling and to **euro** and **€** refer to euro. Unless otherwise noted, all translations of NOK amounts into U.S. dollars for the year ended 31 December 2020 are at the rate of NOK 8.5326 = U.S.$1.00, being the representative market rate prevailing in Oslo (the **Representative Market Rate**) on 31 December 2020, as reported by the Central Bank of Norway. No representation is made that NOK or U.S. dollar amounts referred to herein have been, could have been or could be converted into U.S. dollars or NOK, as the case may be, at this rate, at any particular rate, or at all.

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

In this Base Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

In this Base Prospectus, references to "Norway" are to the Kingdom of Norway and references to the "Government" are to the Norwegian government.

This Base Prospectus includes certain statistics and market share data. The Issuer believes that the statistics and market share data included in this Base Prospectus are useful in helping you understand the markets in which they operate. However, unless indicated otherwise, these figures are based on internal calculations and estimates of market data and have not been independently verified. Accordingly, no assurances can be given that such internal calculations and estimates of market data are accurate, and investors should not place undue

reliance on such data included in this Base Prospectus. Where information has been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In making an investment decision, investors must rely on their own analysis of the Issuer, the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the SEC or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is unlawful.

None of the Arranger, the Dealers, the Shareholder Banks or the Issuer make any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

FORWARD-LOOKING STATEMENTS

This Base Prospectus includes forward-looking statements. Examples of such forward-looking statements include, but are not limited to: (i) projections or expectations of net interest income, total income, profit, earnings per share, capital expenditures, dividends, capital structure or other financial items or ratios; (ii) statements of any plans, objectives or goals or those of management for future operations, including those related to products or services; (iii) statements of future economic performance, including in particular any such statements included under the section entitled "*Management's Discussion and Analysis for the Issuer*"; and (iv) statements of assumptions underlying such statements, including assumptions relating to general economic conditions in Norway, in Europe and worldwide. Words such as "believes", "anticipates", "expects", "intends", "aims", and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Any forward-looking statements herein have been based on current expectations and projections about uncertain future events. Forward-looking statements are subject to risks, uncertainties and assumptions about the Issuer. Although it is believed that the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements are reasonable, investors should bear in mind that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements, including assumptions relating to general economic conditions in Norway, in Europe and worldwide. These factors include those set out in the section of this Base Prospectus entitled "*Risk Factors*" and risks the Issuer currently is not aware of, as well as more generally:

- the ability to assess and manage credit risks;
- inflation, interest rates, exchange rates, and market and monetary fluctuations;
- changes in consumer spending, saving and borrowing habits in Norway and in other regions in which the Issuer operates;
- changes in the banking and financial markets in Norway;
- the prices and volumes in the debt and equity markets in Norway;
- liquidity risks and access to financial markets;
- the effects of changes in taxation or accounting standards or practices;
- the effects of, and changes in, laws, regulations and government policy; and
- the success at managing the risks of the foregoing.

It should be noted that the foregoing list of important factors is not exhaustive. Investors and others should carefully consider the foregoing factors and other uncertainties and events when making an investment decision based on any forward-looking statement. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Base Prospectus may not occur.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with resales or other transfers of the Notes, so long as the Notes are "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) of the Securities Act if, at the time of such request, any of the Notes remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

ENFORCEABILITY OF JUDGMENTS

The Issuer and the Shareholder Banks are companies incorporated with limited liability in the Kingdom of Norway. Most of their assets are located outside the United States. In addition, all of their officers and directors reside outside the United States and most of the assets of these persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer and/or the Shareholder Banks or such persons or to enforce against any of them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States. In addition, there is doubt as to the enforceability, in Norway, of original actions or actions for enforcement based on the federal securities laws of the United States or judgments of U.S. courts, including judgments based on the civil liability provisions of the U.S. federal securities law. Given the absence of an applicable treaty between the United States and Norway, a judgment rendered by a court in the United States will not be enforced by Norwegian courts. In order to obtain a judgment which is enforceable in Norway, the claim must be relitigated before a competent Norwegian court.

STABILISATION

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

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been filed with the Central Bank of Ireland and shall be incorporated by reference in, and form part of, this Base Prospectus:

- The section "Terms and Conditions of the Ordinary Notes" from the following base prospectuses relating to the Programme shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus:

  (a) Base Prospectus dated 14 August 2008 (pages 46-73 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=BajIwakRuKjsoq1To/hgdVGuzjtlgeonAoMv6Aa+Tjl5zUSI242WP7TiyOtVWThDIfJHJeYv5oe5wkD8JBqE6I6gJw+o4mg2DJ8t0M16GEkv2ckFWgVyBR/xyR+CKzw3SzkY5D1QsU8mTfxJeWxeErcPF+Gt9AtJhREPsWR47bU=);

  (b) Base Prospectus dated 27 August 2009 (pages 47-74 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=/C/C+v3hf52J+KOTaDg+fWoVMaIz8RoXI5hM08wSZWh9U5hnqRUD6FQRzYf8K85irKL6hLXglbA8TMB55K9Q2cZrEcdoXUkaKf3zUh/k3qCLTMwdNHVgI4UN6hE8ncthV6EsGG9ezz9hgOor6yBxVKIpEfnl6CZlHu9t4EdfotE=);

  (c) Base Prospectus dated 18 October 2010 (pages 149-173 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=AtHIB5ZOf4CHR2f5kTizNrtMUU0uiez0VxoNZVzRH8vC1dss8L7UBFSHxUkY7pACUO1Z/WvTjUQ5T1iN2TxIsFBan0yvxpObXd952UhaCMAB/C/o4aBIyN9+mCQUmr5DuFsTyEhKFIH9CxVpRlCZIO+9khgaw7jx0EHDIfey0Kg=);

  (d) Base Prospectus dated 23 May 2011 (pages 172-198 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=iVJ8MGdhydonDCYENfld5PV3GrfEOHx8AUz0GopnB6oH+nlc8i2jucVeJ92MHYTFqnpjHyEf2etpYBRD3Lysziwexx9Em2yFec1Nen6Q0SBJzaYvem1jyWABneE7QUafMLLoPV0v6hl2vqmLUIwdnwVnJcSU45H6z/OeDpp0jCk=);

  (e) Base Prospectus dated 26 June 2012 (pages 157-183 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=RzmAgPNDRzU6s0JayJdhVV4/PqP2zdx2psgHh/GLrtZxEYmTTyicVRYse9sYyD3c+5OjPTT4sC7SH0ON02o+Tdfmze0szyCKs94zk+Pb7yCgJhwLWggpfoAzfxCdKN7o1LiPCJ9T6zMwyIRz6CJFx3IAQQEFPVb0hp8NzAP14CQ=);

  (f) Base Prospectus dated 16 April 2013 (pages 158-184 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=OOeam4e9ypjRSAgAnpeFvnZijvYXHwBqebMtIrTDxQFuIEWmtsEVkT9BMkeHj0WHm7rYHMJD2MWnFR9lqA+0q+wQTkRjIJlAyVkExOrNBDa2xcZtWFc494q89JcouZrz8vbrrDrTuhtFfDl1JHoU3jFihLaWKcA7lE0/WyCYGP0=);

  (g) Base Prospectus dated 15 April 2014 (pages 161-188 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=9yBauB+mv9VwlqPEJNLZ1gASXiuvi51ofuFaLuaHBLiTlvsYUZGRoKZOBi4HhSAMX8LWDE4yeQ4uCcVHtQlnA/UGw+TauzbMjR5zVOicB5UyyWlE9Xt7QEZaTP46vzOhhj20NWi6ZPNOj09XRHy09GGkMFNMylAjs083KCeU4V8=);

  (h) Base Prospectus dated 23 April 2015 (pages 166-193 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=np8jrkpGKlrRgDI+CYIPOksOD/2VQRVfOjngtQfzIGwscGKZvYh3IOMJ94dNkVOb0iBe4q1ayQD1vd/eJMzah+6iA9fNHqfSTnM531mo264cibvP+GjkyBwc1KY5gGLqoYBcmBlXnsXvMYs7V+8OIX6iRt5sB/vWTwlVDxB0qx0=);

  (i) Base Prospectus dated 10 June 2016 (pages 163-190 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=e6xoOj1kqS7JewvrefQKH8mpN8PfMJNpFYkEHqz5H7rZJqtSSHb4wSyfm0TLQpuUhoi+OIR6P8rAMBc3mrhh9yPLbjPGyWiHkZ6uPY3tajSgMPx3CsJ1vxcFNWoIhCq63N6NOcxJi7plyQQDcQaVXQZABQxFrBS6PPG0yk2Ypls=);

(j) Base Prospectus dated 6 June 2017 (pages 164-191 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=J/brwmfQX0u6RtX1vmY2am+EZ2B3qUuH5Xufqy1ARoidGCs3ag5YJGx4lhYnvzm9WjVjF4PwVhqiiw0gVo+lRrb5k4O6nvplh/2SqKszAz0U3LoQuKEJHbq34FUTu2Ipz9dx9yIlZydBIXKpR9lEp2/6l61XNSvBuzHOqV2G0yw=);

(k) Base Prospectus dated 6 June 2018 (pages 167-194 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=tp0fGIS2gzFxqt10Ai1g80fPrQRIHRlOl3DSfW38lNJ9B7nNil7rmPdq3E+ZDFdb+lh2hNiIKsH/30k5kkgmH+gtPg9bfYf9gx5d7Qj/PaVCrDxDdFGxJ51GdaQortSj8eIOYEmRDCMYdI4uLcpPm405JW4HHfAt9cnSuy0+O00=);

(l) Base Prospectus dated 10 April 2019 (pages 159-192 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=iVJ8MGdhydonDCYENfld5BJvM/SEeDFcnverWlDakkgZXXOTdQIzvfkHJys0jMXBQj6EMNBv5SPxtgkqVkEBdsGi/Skp9KpJ3RsIgBK7XD6JEVM96WJFk8MVvEmvGUWPNVhg5/SW5iOkQmf/X4fYE1FxQHoESjsA+N/Ad0G3ZZk=); and

(m) Base Prospectus dated 20 April 2020 (pages 147-180 inclusive) (which can be viewed online at https://ise-prodnr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/legacy/Base+Prospectus_824caac8-8ddb-4cf7-a4dd-5d8e60d786b2.PDF).

- The section "Terms and Conditions of the VPS Notes" from the following base prospectuses relating to the Programme shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus:

(a) Base Prospectus dated 30 August 2007 (pages 64-81 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=CUFpHb6Fd0Ztoe3KY4jdt5KRDvF6cEq1s/FiLI5XH/v57iLc9HWgIDXkfZ2A2z7wa2Qm80jvt9Iw/KqQtbbzR37MzjojzJIgnWyMp2pFiW99P6ut5mmQegOzVB5a3XhbbPxQI+xkuSAPI9/OqRZladLmXZHuBGu5RduvF9YdCF4=);

(b) Base Prospectus dated 14 August 2008 (pages 74-94 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=BajIwakRuKjsoq1To/hgdVGuzjtlgeonAoMv6Aa+Tjl5zUSI242WP7TiyOtVWThDIfJHJeYv5oe5wkD8JBqE6I6gJw+o4mg2DJ8t0M16GEkv2ckFWgVyBR/xyR+CKzw3SzkY5D1QsU8mTfxJeWxeErcPF+Gt9AtJhREPsWR47bU=);

(c) Base Prospectus dated 27 August 2009 (pages 75-95 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=/C/C+v3hf52J+KOTaDg+fWoVMaIz8RoXI5hM08wSZWh9U5hnqRUD6FQRzYf8K85irKL6hLXglbA8TMB55K9Q2cZrEcdoXUkaKf3zUh/k3qCLTMwdNHVgI4UN6hE8ncthV6EsGG9ezz9hgOor6yBxVKIpEfnl6CZlHu9t4EdfotE=);

(d) Base Prospectus dated 18 October 2010 (pages 174-191 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=AtHIB5ZOf4CHR2f5kTizNrtMUU0uiez0VxoNZVzRH8vC1dss8L7UBFSHxUkY7pACUO1Z/WvTjUQ5T1iN2TxIsFBan0yvxpObXd952UhaCMAB/C/o4aBIyN9+mCQUmr5DuFsTyEhKFIH9CxVpRlCZIO+9khgaw7jx0EHDIfey0Kg=);

(e) Base Prospectus dated 23 May 2011 (pages 199-218 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=iVJ8MGdhydonDCYENfld5PV3GrfEOHx8AUz0GopnB6oH+nlc8i2jucVeJ92MHYTFqnpjHyEf2etpYBRD3Lysziwexx9Em2yFec1Nen6Q0SBJzaYvem1jyWABneE7QUafMLLoPV0v6hl2vqmLUIwdnwVnJcSU45H6z/OeDpp0jCk=]);

(f) Base Prospectus dated 26 June 2012 (pages 184-203 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=RzmAgPNDRzU6s0JayJdhVV4/PqP2zdx2psgHh/GLrtZxEYmTTyicVRYse9sYyD3c+5OjPTT4sC7SH0ON02o+Tdfmze0szyCKs94zk+Pb7yCgJhwLWggpfoAzfxCdKN7o1LiPCJ9T6zMwyIRz6CJFx3IAQQEFPVb0hp8NzAP14CQ=);

(g) Base Prospectus dated 16 April 2013 (pages 185-204 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=OOeam4e9ypjRSAgAnpeFvnZijvYXHwBqebMtIrTDxQFuIEWmtsEVkT9BMkeHj0WHm7rYHMJD2MWnFR9lqA+0q+wQTkRjIJlAyVkExOrNBDa2xcZtWFc494q89JcouZrz8vbrrDrTuhtFfDl1JHoU3jFihLaWKcA7lE0/WyCYGP0=);

(h) Base Prospectus dated 15 April 2014 (pages 189-209 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=9yBauB+mv9VwlqPEJNLZ1gASXiuvi51ofuFaLuaHBLiTlvsYUZGRoKZOBi4HhSAMX8LWDE4yeQ4uCcVHtQlnA/UGw+TauzbMjR5zVOicB5UyyWlE9Xt7QEZaTP46vzOhhj20NWi6ZPNOj09XRHy09GGkMFNMylAjs083KCeU4V8=);

(i) Base Prospectus dated 23 April 2015 (pages 194-214 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=np8jrkpGKlrRgDI+CYIPOksOD/2VQRVfOjngtQfzIGwscGKZvYh3IOMJ94dNkVOb0iBe4q1ayQD1vd/eJMzah+6iA9fNHqfSTnM531mo264cibvP+GjkyBwc1KY5gGLqoYBcmBlXnsXvMYs7V+8OIX6iRt5sB/vWTwlVDxB0qx0=);

(j) Base Prospectus dated 10 June 2016 (pages 191-212 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=e6xoOj1kqS7JewvrefQKH8mpN8PfMJNpFYkEHqz5H7rZJqtSSHb4wSyfm0TLQpuUhoi+OIR6P8rAMBc3mrhh9yPLbjPGyWiHkZ6uPY3tajSgMPx3CsJ1vxcFNWoIhCq63N6NOcxJi7plyQQDcQaVXQZABQxFrBS6PPG0yk2Ypls=);

(k) Base Prospectus dated 6 June 2017 (pages 192-213 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=J/brwmfQX0u6RtX1vmY2am+EZ2B3qUuH5Xufqy1ARoidGCs3ag5YJGx4lhYnvzm9WjVjF4PwVhqiiw0gVo+lRrb5k4O6nvplh/2SqKszAz0U3LoQuKEJHbq34FUTu2Ipz9dx9yIlZydBIXKpR9lEp2/6l61XNSvBuzHOqV2G0yw=);

(l) Base Prospectus dated 6 June 2018 (pages 195-216 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=tp0fGIS2gzFxqt10Ai1g80fPrQRIHRlOl3DSfW38lNJ9B7nNil7rmPdq3E+ZDFdb+lh2hNiIKsH/30k5kkgmH+gtPg9bfYf9gx5d7Qj/PaVCrDxDdFGxJ51GdaQortSj8eIOYEmRDCMYdI4uLcpPm405JW4HHfAt9cnSuy0+O00=);

(m) Base Prospectus dated 10 April 2019 (pages 193-219 inclusive) (which can be viewed online at https://dl.bourse.lu/dl?v=iVJ8MGdhydonDCYENfld5BJvM/SEeDFcnverWlDakkgZXXOTdQIzvfkHJys0jMXBQj6EMNBv5SPxtgkqVkEBdsGi/Skp9KpJ3RsIgBK7XD6JEVM96WJFk8MVvEmvGUWPNVhg5/SW5iOkQmf/X4fYE1FxQHoESjsA+N/Ad0G3ZZk=); and

(n) Base Prospectus dated 20 April 2020 (pages 181-207 inclusive) (which can be viewed online at https://ise-prodnr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/legacy/Base+Prospectus_824caac8-8ddb-4cf7-a4dd-5d8e60d786b2.PDF).

- The audited annual financial statements for the Issuer for the year ended 31 December 2020 and approved by the Board of Directors on 9 February 2021, **set out in SpareBank 1 Boligkreditt AS – 2020 Annual Report** (the **2020 Annual Report**) (which can be viewed online at https://f.hubspotusercontent00.net/hubfs/7409757/Spabol%20Annual%20Rapport%202020%20-%20EN.pdf)**, including the information set out at the following pages:**

Income Statement	**Page 21**
Balance Sheet	**Page 22**
Statement of Changes in Equity	**Page 23**
Cash Flow Statement	**Page 24**
Auditor's Report	**Pages 27-31**
Notes to the Accounts	**Pages 35-72**

- The audited annual financial statements for the Issuer for the year ended 31 December 2019 and approved by the Board of Directors on 4 February 2020, **set out in SpareBank 1 Boligkreditt AS – 2019 Annual Report** (the **2019 Annual Report**) (which can be viewed online at https://cdn2.hubspot.net/hubfs/7409757/img/reports/pdf/Spabol_Annual_Rapport_2019.pdf)**, including the information set out at the following pages:**

Income Statement	**Page 22**
Balance Sheet	**Page 23**
Statement of Changes in Equity	**Page 24**
Cash Flow Statement	**Page 25**
Auditor's Report	**Pages 28-32**
Notes to the Accounts	**Pages 36-72**

- The audited annual financial statements for the Issuer for the year ended 31 December 2018 and approved by the Board of Directors on 4 February 2019, **set out in SpareBank 1 Boligkreditt AS – 2018 Annual Report** (the **2018 Annual Report**) (which can be viewed online at https://cdn2.hubspot.net/hubfs/7409757/docs/Spabol_Annual_Rapport_2018_-_EN.pdf)**, including the information set out at the following pages:**

Income Statement	**Page 20**
Balance Sheet	**Page 21**
Statement of Changes in Equity	**Page 22**
Cash Flow Statement	**Page 23**
Auditor's Report	**Pages 26**
Notes to the Accounts	**Pages 35-81**

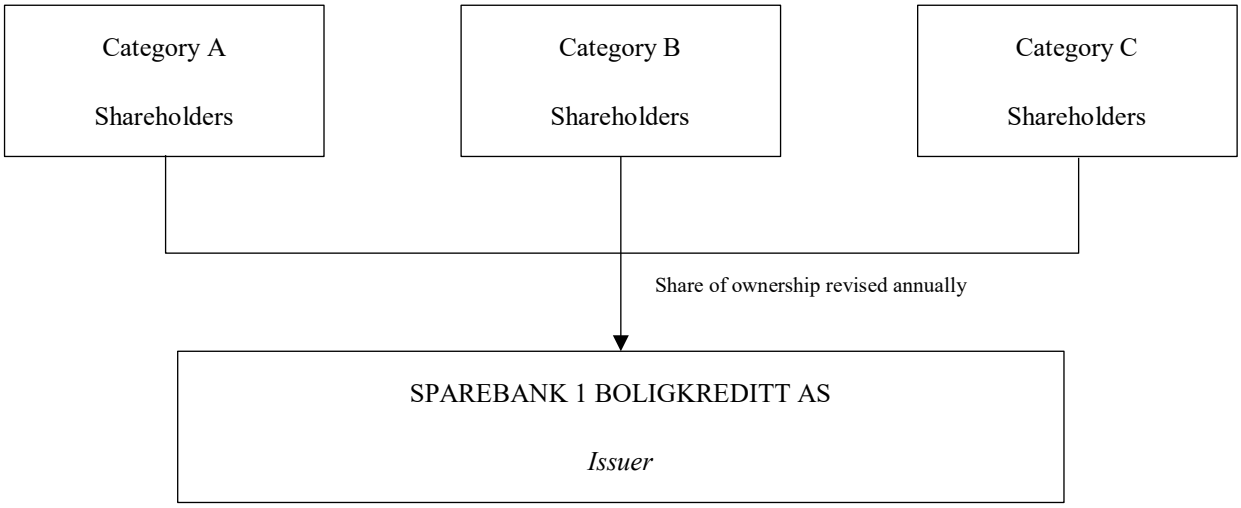
Copies of the quarterly investor reports published by the Issuer (the **Investor Report**) can be found at http://www.spabol.no/. The Issuer's website and the contents thereof do not form part of this Base Prospectus.

Any other information incorporated by reference that is not included in the cross-reference lists above is considered to be additional information to be disclosed to investors rather than information required by the relevant annexes of the Delegated Regulation.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the Central Bank of Ireland in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes (including any such new factor, material mistake or material inaccuracy relating to information in respect of the Shareholder Banks), prepare a supplement to this Base Prospectus or publish a new base prospectus for use in connection with any subsequent issue of Notes.

OWNERSHIP STRUCTURE OF THE ISSUER



- *Ownership*: The Issuer is a separate legal entity wholly owned by the Shareholder Banks whose identity and respective shareholdings may vary from time to time. The Shareholder Banks form part of the **SpareBank 1 Alliance**. For the purpose of this Base Prospectus only, the current Shareholder Banks have been divided into the Category A Shareholders, the Category B Shareholders and the Category C Shareholders. The Issuer is not itself part of the SpareBank 1 Alliance. For further information in relation the SpareBank 1 Alliance, see "*Information Relating to the SpareBank 1 Alliance*" below.

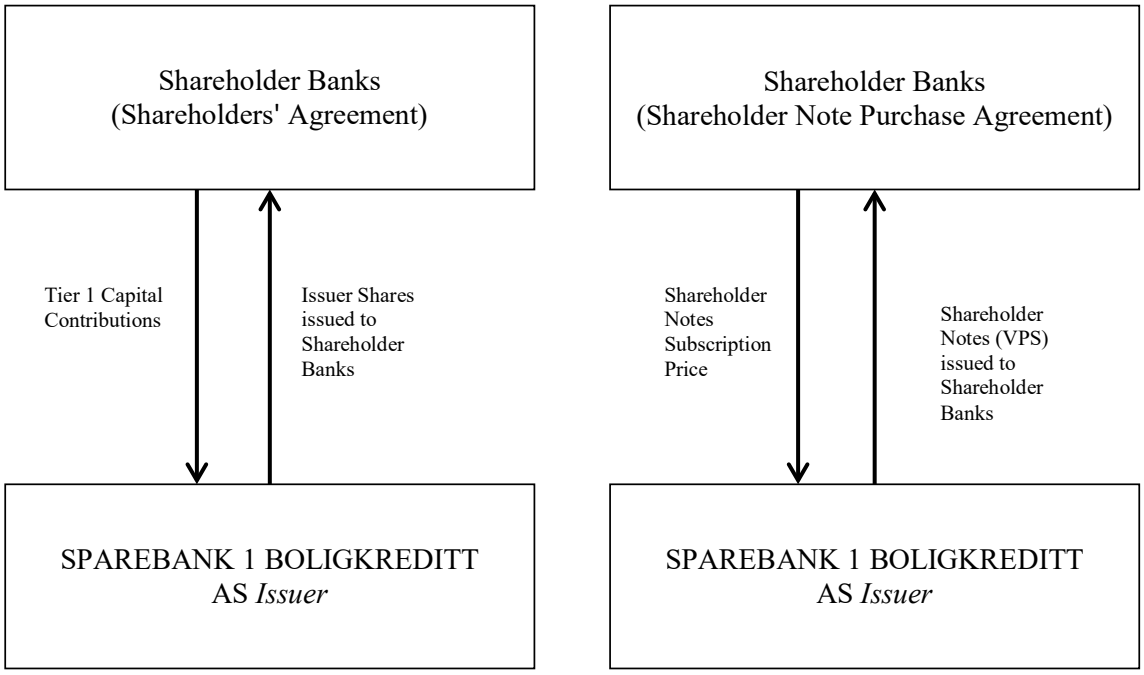
- *Category A Shareholders:* The Category A Shareholders are those Shareholder Banks whose shareholding exceeds 10 per cent. or would exceed 10 per cent. if it were required to contribute Tier 1 capital up to the maximum amount required by the Shareholders' Agreement. As at the date of this Base Prospectus, the Category A Shareholders are SpareBank 1 Østlandet, SpareBank 1 SMN, SpareBank 1 Nord-Norge, BN Bank ASA, SpareBank 1 BV and Sparebanken Telemark.

- *Category B Shareholders:* The Category B Shareholders are those Shareholder Banks whose shareholding is between 5 per cent. and 10 per cent. or would be between 5 per cent. and 10 per cent. if it were required to contribute Tier 1 capital up to the maximum amount required by the Shareholders' Agreement. As at the date of this Base Prospectus, the Category B Shareholders are SpareBank 1 Ringerike Hadeland and SpareBank 1 Østfold Akershus.

- *Category C Shareholders:* The Category C Shareholders are those Shareholder Banks whose shareholding does not exceed 5 per cent. and would not exceed 5 per cent. if it were required to contribute Tier 1 capital up to the maximum amount required by the Shareholders' Agreement. As at the date of this Base Prospectus, the Category C Shareholders are SpareBank 1 Modum, SpareBank 1 Nordvest, , SpareBank 1 Søre Sunmøre, SpareBank 1 Gudbrandsdal, SpareBank 1 Hallingdal Valdres and SpareBank 1 Lom og Skjåk.

- *Change in Ownership*: The ownership share in the Issuer is reviewed at least once a year to reflect each Shareholder Bank's share of the total volume of Mortgage Loans transferred by the Shareholder Banks.

OBLIGATIONS OF THE SHAREHOLDER BANKS



- *Obligations of the Shareholder Banks*: The Shareholders' Agreement and the Shareholder Note Purchase Agreement requires each Shareholder Bank to provide the following financial support to the Issuer:

  (a) Shareholders' Agreement: The Shareholder Banks are obliged to ensure that at all times the Issuer shall maintain a Core Tier 1 ratio according to any regulation or binding supervisory decision by Norwegian Authorities (including any buffer requirements and Pillar 2 requirements – see "*Capital and Capital Adequacy*"). The obligation of the Shareholder Banks to contribute towards the Core Tier 1 capital where required is several and not joint and is limited on a pro rata basis according to the percentage each Shareholder Bank holds in the Issuer. Where a Shareholder Bank fails to contribute the Core Tier 1 capital required of it following a request from the Issuer, then the other Shareholder Banks will (subject to the cap on liability described in the following sentence) be jointly and severally liable to contribute such further additional capital as is required to ensure that the Issuer has the required Core Tier 1 capital ratio. The obligation of the other Shareholder Banks to pay additional capital shall be limited to an amount equivalent to twice the initial obligation of each Shareholder Bank; and

  (b) Shareholder Note Purchase Agreement: In order to meet any maturity payments due on the Notes and/or any related Swap in any rolling 12 month period, the Issuer may from time to time issue certain Shareholder Notes (being VPS Notes) and the Shareholder Banks agree to subscribe for such Shareholder Notes. The obligation of each Shareholder Bank to subscribe for Shareholder Notes is several and is limited on a pro rata basis according to the percentage shareholding in the Issuer of each Shareholder Bank, after taking into account the liquidity position of the Issuer and after deducting the aggregate amount of all Shareholder Notes in issue and not previously redeemed or repaid by the Issuer. In the event that a Shareholder Bank fails to purchase its share of Shareholder Notes, the remaining Shareholder Banks shall purchase such Shareholder Notes on a pro rata basis, provided that, no Shareholder Bank will be obliged to purchase such Shareholder Notes in an amount greater than twice their initial purchase obligation. Shareholder Banks are able to utilise such Shareholder Notes as collateral for funding from the Norwegian Central Bank.

- *Further Information*: For a more detailed description of the transactions summarised above relating to the Notes see, among other relevant sections of this Base Prospectus, "*General Description of the Programme*" above and *"Information Relating to the SpareBank 1 Alliance*", "*Description of the Issuer's Business*", "*Description of the Shareholders' Agreement and the Shareholder Note Purchase Agreement*", "*Overview of the Norwegian Legislation Regarding Covered Bonds (obligasjoner med fortrinnsrett)*", "*Terms and Conditions of the Ordinary Notes*", "*Terms and Conditions of the VPS Notes*" and "*Overview of the Swap Agreements*" below.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, unless otherwise specified in the applicable Final Terms.

EXCHANGE RATES

The following table sets out, for the period and dates indicated, certain information concerning the exchange rate for Norwegian kroner per U.S. dollar.

	Period-end	Average[(1)]	High[(2)]	Low[(2)]
2018	**8.69**	**8.13**	**8.76**	**7.66**
2019	**8.78**	**8.80**	**9.26**	**8.41**
2020	**8.53**	**9.40**	**11.40**	**8.53**
January 2021	**8.52**	**8.52**	**8.70**	**8.40**
February 2021	**8.58**	**8.50**	**8.62**	**8.37**
March 2021	**8.53**	**8.53**	**8.61**	**8.43**
April 2021 (up to and including 16 April 2021)	**8.36**	**8.46**	**8.55**	**8.36**

Notes:

(1) The average exchange rate for each period is the average of the last quoted rate for each day during the period.

(2) The high and low exchange rate for each period shows the highest and lowest quoted rate at the end of each day during the period.

Source: *Central Bank of Norway*

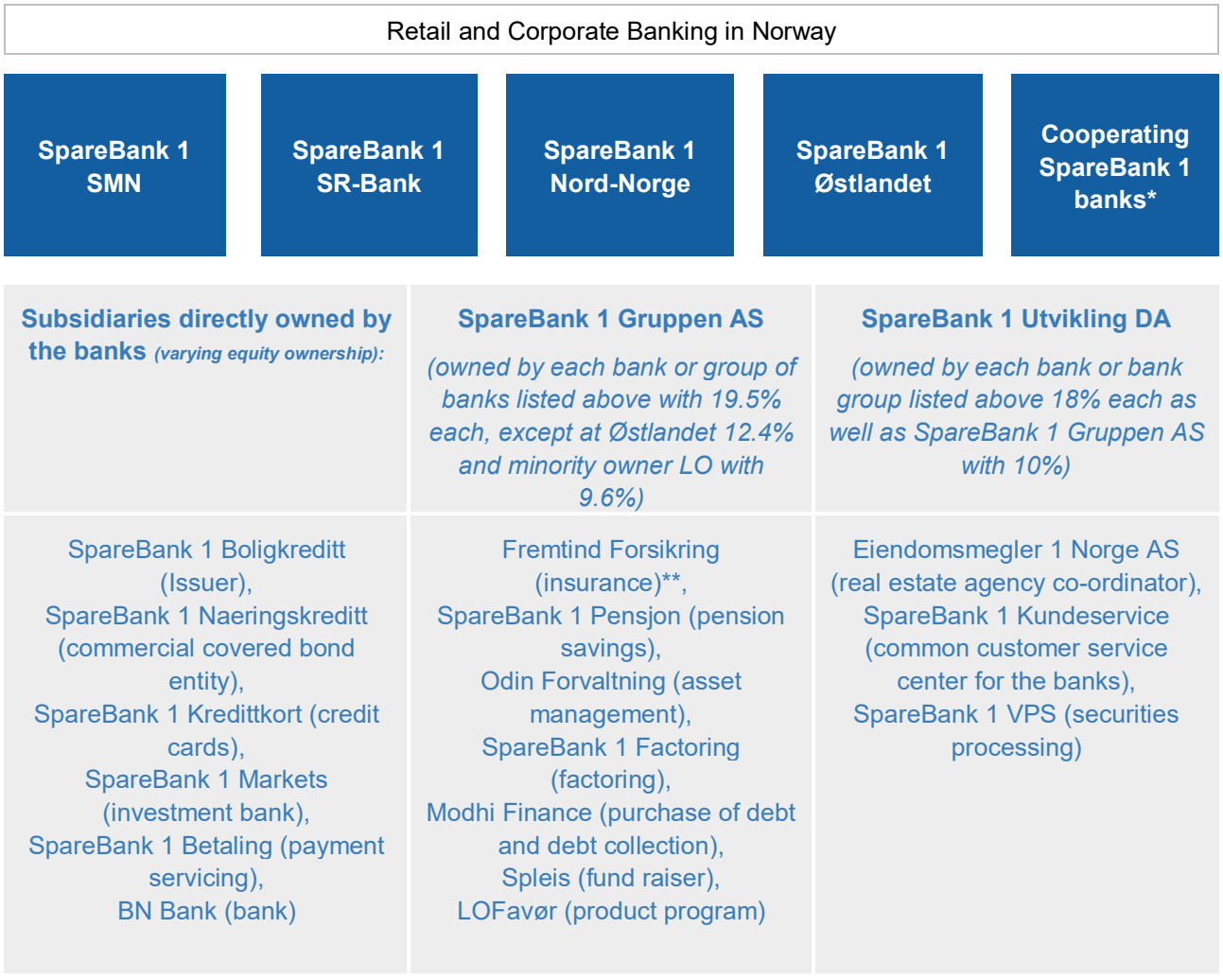
No representation is made that Norwegian kroner amounts have been, could have been or can be converted into U.S. dollars at any of the exchange rates herein indicated or any other rate.

INFORMATION RELATING TO THE SPAREBANK 1 ALLIANCE

Overview

The SpareBank 1 alliance (the **SpareBank 1 Alliance**) is a Norwegian bank and banking product collaboration in which the SpareBank 1 banks listed below (see "*SpareBank 1 Alliance structure*") in Norway co-operate to a large extent through the jointly owned holding company SpareBank 1 Gruppen AS and the banking co-operation entity SpareBank 1 Utvikling DA. The SpareBank 1 Alliance also comprises several jointly owned entities including the Issuer (retail mortgage covered bonds), SpareBank 1 Næringskreditt AS (commercial covered bonds), SpareBank 1 Kredittkort AS (credit cards), BN Bank ASA (a jointly owned bank) and other minor entities, all of which are owned directly or indirectly by the Shareholder Banks.

The following illustration provides an overview of the companies in the SpareBank 1 Alliance as of early 2021. The illustration also clarifies that there is no group holding entity for the SpareBank 1 Alliance, but that the banks are at the top of the structure. The banks offer a broad variety of financial services to customers. These services are created by product companies and distributed through the bank channels (physical and digital). A number of functions are also pursued by SpareBank 1 Utvikling DA such as common brandbuilding and IT infrastructure. In addition, there are centres of excellence located in the banks and the jointly owned entities, servicing the banks and subsidiaries, the most important of which is the centre for credit modelling and the centre for market analysis. The banks, individually, also have further wholly-owned subsidiaries not reflected in the illustration below.



*these are the smaller banks in the Alliance, a total of 10 institutions

**Owned jointly by SpareBank 1 Gruppen (65%) and DNB (35%)

The SpareBank 1 Alliance's main goal is to ensure each individual bank's independence and regional foothold through strong competitiveness, profitability and financial soundness. To achieve this, the banks collaborate in key areas such as risk management, branding, streamlining of work processes, expertise development, IT operations and system development. SpareBank 1 brand awareness has increased during the alliance years, and the SpareBank 1 brand is now among the most familiar financial brands in Norway.

The aim of the members of the SpareBank 1 Alliance is to increase their efficiency as compared to competitors through, among other things, economies of scale, a mutual increase in critical core competencies and shared development investments. Each individual bank will continue to maintain its link with its local community by keeping its own name and legal identity and taking advantage of its proximity to the local market in which it operates.

The SpareBank 1 Alliance consisted of 14 stakeholders as at 31 December 2020, including regional and local banks with branches all over Norway. The SpareBank 1 Alliance's total assets amounted to around NOK 1,343 billion, according to internal figures.

The SpareBank 1 Alliance is one of the largest providers of financial products and services in the Norwegian market (*source: Finance Norway*). SpareBank 1 Gruppen AS owns companies that provide property and casualty insurance, life insurance, fund management and other financial products and services to SpareBank 1 banks and their customers, as well as to members of the Norwegian Federation of Trade Unions. Accordingly, the distribution of these products mainly takes place through the SpareBank 1 banks and through agreements with the Norwegian Federation of Trade Unions and its affiliated unions.

As of 31 December 2020, SpareBank 1 Gruppen AS was owned by SpareBank 1 Østlandet (12.4 per cent.), SpareBank 1 Nord-Norge (19.5 per cent.), SpareBank 1 SMN (19.5 per cent.), SpareBank 1 SR-Bank ASA (19.5 per cent.), Samarbeidende Sparebanker AS (**Co-operating Savings Banks**) (19.5 per cent.) and the Norwegian Federation of Trade Unions (LO)/affiliated unions (9.6 per cent.).

History

Established in November 1995 and licensed on 4 June 1996, the SpareBank 1 Alliance was launched both as an alliance and as a brand name on 11 November 1996.

SpareBank 1 Alliance structure

SpareBank 1 Gruppen AS and SpareBank 1 Utvikling DA coordinate the SpareBank 1 Alliance. SpareBank 1 Gruppen is a holding company for non-bank related activities (property and casualty insurance, life insurance, fund management etc). SpareBank 1 Utvikling DA organises the alliance's banking co-operation activities, including common IT infrastructure, purchasing, strategic joint projects and branding, and also owns several minor entities involved in such activities. The SpareBank 1 Alliance currently consists of the following banks (the **SpareBank 1 banks**):

REGIONAL BANKS (LEGAL NAME)	
SPAREBANK 1 NORD-NORGE	SPAREBANK 1 SR-BANK ASA
SPAREBANK 1 SMN	SPAREBANK 1 ØSTLANDET

CO-OPERATING SAVINGS BANKS ("SAMSPAR")	
SPAREBANK 1 BV	SPAREBANK 1 RINGERIKE HADELAND
SPAREBANK 1 HALLINGDAL VALDRES	SPAREBANK 1 NORDVEST

SPAREBANK 1 GUDBRANDSDAL	SPAREBANK 1 MODUM
SPAREBANKEN TELEMARK	SPAREBANK 1 ØSTFOLD AKERSHUS
SPAREBANK 1 LOM OG SKJÅK	SPAREBANK 1 SØRE SUNNMØRE
SPAREBANK 1 HELGELAND	

There is one other bank owned by some of the SpareBank 1 banks, BN Bank ASA.

BN Bank ASA distributes its retail portfolio mainly via internet and telephone, and its commercial activities are mainly focused on lending towards residential mortgages.

BN Bank ASA originates residential mortgage loans but has its own logo and brand name and is not a party within its own right to the SpareBank 1 Alliance. BN Bank ASA benefits from product companies and the common banking activities within the SpareBank 1 Alliance.

For further information in relation to BN Bank ASA, see "*Business Description of the Category A Shareholders – BN Bank ASA*".

On 15 March 2021 SpareBank 1 Helgeland joined SamSpar expanding SamSpar's owner banks from ten to eleven savings banks. SpareBank 1 Nord-Norge and Sparebank 1 Helgeland have agreed that Sparebank 1 Helgeland will purchase a part of SpareBank 1 Nord Norge's portfolio according to geographical location of the customer. This includes the right of servicing a part of the Issuer's portfolio, now serviced by SpareBank 1 Nord-Norge in the same locations. The Issuer has entered into a Transfer and Servicing Agreement with SpareBank 1 Helgeland. The bank expect to start originating mortgages for the Issuer in May 2021. In October 2021 it will purchase a part of the mortgage portfolio from SpareBank 1 Nord Norge. This transaction will include the servicing of mortgages in the Issuer currently being serviced by SpareBank 1 Nord-Norge. SpareBank 1 Helgeland has a covered bond issuing entity, Helgeland Boligkreditt. It is expected that during the course of time Helgeland Boligkreditt will be reduced and eventually be dissolved.

SpareBank 1 BV and Sparebanken Telemark have agreed to merge under the new name SpareBank 1 Sørøst-Norge, please see "*Business Description of the Category B Shareholders – SpareBank 1 BV*" and "*Business Description of the Category B Shareholders – Sparebanken Telemark* " below for more information on each bank.

SpareBank 1 Nordvest will merge with Sparebanken Surnadal and take the new name SpareBank 1 Nordmøre,

Objectives of the SpareBank 1 Utvikling DA

SpareBank 1 Utvikling DA is the tool of the SpareBank 1 Alliance in delivering products and services with a focus on digitalisation and good customer experiences, in order to contribute to the SpareBank 1-banks' competitiveness and profitability, thus keeping them resistant and independent.

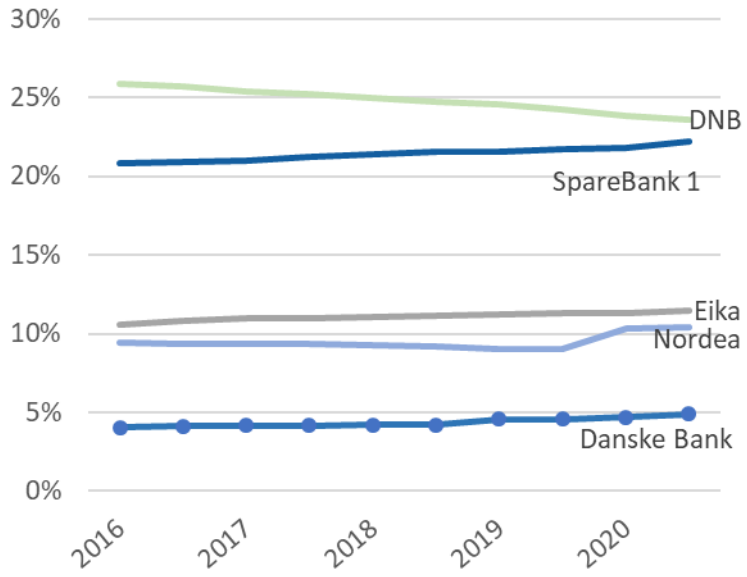
The SpareBank 1 Alliance has set a number of priority cooperation areas for member banks: marketing; product companies; IT systems; skills development; purchasing; and digitalisation.

Competitors

There are approximately 130 banks in the Norwegian banking market, the majority of which are small savings banks. All larger Scandinavian lenders are active in Norway and include Danske Bank, Handelsbanken, SEB, Nordea and Swedbank. As at 31 December 2020, the three largest banking groups by assets were DNB, the SpareBank 1 Alliance and Nordea Bank (Norwegian branch) (Source: Finance Norway). Based on the annual reports for the Norwegian banking industry and SpareBank 1 Alliance analysis, the SpareBank 1 banks, when combined, are Norway's second largest financial undertaking by assets as at the date of this Base Prospectus.

The SpareBank 1 Alliance banks' share of total lending to private households and non-financial corporations in Norway is approximately 19.1 per cent. as of 31 December 2020.

While each of the SpareBank 1 banks holds strong competitive positions within their respective mortgage loan markets (approximately two-thirds of the SpareBank 1 banks' loan book is mortgage lending with the remainder comprising lending to small and medium enterprises, including commercial real estate lending), the large number of retail banks in each region leads to significant competition. A key aim of each of the SpareBank 1 banks is to consolidate and strengthen its position within its market. According to data from Eiendomsverdi AS (Source: Eiendomsverdi market share analysis), the current aggregated market share of all the banks in the SpareBank 1 Alliance in Norwegian residential real estate lending is 22.2 per cent. as at 31 December 2020, an increase from 21.8 per cent at year-end 2019. The SpareBank 1 Alliance banks' market share of lending for residential real estate purposes, has slightly increased over the last few years, as the chart below illustrates:



Source: Eiendomsverdi (market share analysis based on registered lien on residential property)

Funding strategy of the SpareBank 1 Alliance

Based on information set out in the annual reports of each bank, the SpareBank 1 banks fund themselves predominantly with customer deposits.

The five largest banks of the SpareBank 1 Alliance (SpareBank 1 SR-Bank ASA, SpareBank 1 SMN, SpareBank 1 Nord-Norge, SpareBank 1 Østlandet and SpareBank 1 BV) are rated by recognised rating agencies (Moody's) and have access to the international capital markets for debt and equity for funding purposes. Several other Shareholder Banks are rated by minor rating agencies.

Covered bonds have become an important element of the funding for the banks in the SpareBank 1 Alliance following the establishment of the Issuer in 2005 and starting with the Issuer's first covered bond issuance in September 2007. The Issuer provides all the banks in the SpareBank 1 Alliance with access to covered bond funding in the domestic and international markets, both public and private. Further recognised benefits in the SpareBank 1 Alliance of the covered bond activities of the Issuer are the active management of debt maturities and the diversification of the SpareBank 1 Alliance's debt investors. In a stressed funding scenario, the originators may wish to transfer as much of the loan portfolio as possible to a covered bond issuing entity. SpareBank 1 SR-Bank ASA has established a wholly owned covered bond issuing entity (SR-Boligkreditt AS) that has issued covered bonds backed by lending from that bank only. SpareBank 1 Helgeland has a covered bond issuing entity, Helgeland Boligkreditt, that is expected to be dissolved within a few years. All other SpareBank 1 Alliance banks continue to solely use the Issuer for accessing domestic and international covered

bond markets. There are no developments as of the date of this Base Prospectus which would indicate that any further banks in the SpareBank 1 Alliance would initiate their own covered bond funding company. The size of the combined SpareBank 1 banks allows the Issuer to be a regular issuer of sizeable transactions in the relevant markets for covered bonds.

DESCRIPTION OF THE ISSUER'S BUSINESS

The Issuer was incorporated on 18 August 2005 for an unlimited period as a private limited liability company incorporated under the laws of Norway and registered with The Register of Business Enterprises on 12 October 2005 under registration number 988 738 387. The registered office of the Issuer is Børehaugen 1, 4003 Stavanger, Norway (telephone number: +47 905 47 432). The Issuer is a mortgage credit institution licensed by the FSAN.

On 29 May 2007, the Issuer's articles of association were amended by a general meeting and later approved by the FSAN to enable the Issuer to issue covered bonds in accordance with the Act. See "*Overview of the Norwegian Legislation Regarding Covered Bonds (obligasjoner med fortrinnsrett)*" below. The Issuer operates in accordance with Norway's covered bond legislation and this requires that its business is restricted to holding residential and commercial mortgages, public loans and other assets (such as cash and highly rated debt securities up to a limit of 20 per cent. of the value of total assets) and that it finances the purchase of such activities and assets predominantly by the issuance of covered bonds. The Issuer does not hold any commercial mortgages and limits its portfolio of public loans to purposes of maintaining liquid assets. This narrow mandate regarding the Issuer's activity is referred to as a "special banking principle". The Issuer is regulated like a bank, with the distinction that the Issuer does not hold a regular banking licence, and thus cannot hold any customer deposits.

Share Capital and other Subordinated Capital

As at 31 December 2020, the Issuer had a total equity of NOK 12,368 million comprising share capital of NOK 7,797 million, additional paid-in equity of NOK 3,901 million and hybrid, perpetual, callable, Tier 1 capital instrument (reclassified from loan to equity for accounting purposes only from 1 January 2017) of NOK 900 million. The sum of other equity and interest on hybrid capital was a total of negative 317 million.

There are also 4 as a subordinated loans (Tier 2) with a total volume of 1,425 million, due from 2028 to 2030, with a call option at 5 years prior to final maturity.

Ownership

The Issuer is a separate legal entity wholly owned by the Shareholder Banks, whose identity and respective shareholdings may vary from time to time and is not itself part of the SpareBank 1 Alliance.

The ownership share in the Issuer is reviewed at least once a year in accordance with the Shareholders' Agreement according to the volume of mortgages transferred by the Shareholder Banks.

The shareholdings in the Issuer as at the date of this Base Prospectus are as follows:

Category A Shareholder	**Shareholding in Issuer**
SpareBank 1 Østlandet	22.45%
SpareBank 1 SMN	22.36%
SpareBank 1 Nord-Norge	18.14%
BN Bank ASA	6.97%
SpareBank 1 BV	6.07%
Sparebanken Telemark	5.00%
Category B Shareholder	**Shareholding in Issuer**
SpareBank 1 Ringerike Hadeland	4.74%

SpareBank 1 Østfold Akershus	4.74%
Category C Shareholder	**Shareholding in Issuer**
SpareBank 1 Modum	2.38%
SpareBank 1 Nordvest	2.10%
SpareBank 1 Søre Sunnmøre	1.50%
SpareBank 1 Gudbrandsdal	1.46%
SpareBank 1 Hallingdal Valdres	1.26%
SpareBank 1 Lom og Skjåk	0.82%
Total	**100%**

Core Tier 1 Capital and Maturity Payments

The Shareholder Banks are obliged to ensure that at all times the Issuer shall maintain a Core Tier 1 ratio according to any regulation or binding supervisory decision by Norwegian Authorities (including any buffer requirements and Pillar 2 requirements) For further details see "*Description of the Shareholders' Agreement and the Shareholder Note Purchase Agreement – Shareholders' Agreement*" below.

In certain circumstances, the Shareholder Banks will also be obliged to purchase new covered bonds issued by the Issuer in order to meet maturity payments due on the Notes by the Issuer. For further details see "*Description of the Shareholders' Agreement and the Shareholder Note Purchase Agreement – Shareholder Note Purchase Agreement*" below.

Goals and Objectives

The Shareholder Banks' goal for the Issuer is to attain stable, long term and favourable funding. The establishment of the Issuer is a joint effort by the Shareholder Banks to exploit economies of scale, which extends to both domestic and international funding via covered bond issuances.

The Issuer's objective is to acquire or purchase residential mortgages, and to finance these lending operations mainly by issuing covered bonds. This involves arranging the purchase and transfer of mortgages from the Originators and the marketing of the covered bonds to investors. The purpose of this arrangement is to provide funding for the Originators.

Employees

The Issuer has seven employees, mainly focused on investor relations, risk management, investment of the liquidity portfolio, legal support, IT maintenance and development and communication with the Originators and the Shareholder Banks.

The business purchases a significant amount of its support functions from SpareBank 1 SMN, such as accounting, human resources, IT and finance related back-office functions. For further details of SpareBank 1 SMN and/or its subsidiaries see "*Business Description of the Category A Shareholders – SpareBank 1 SMN*".

Origination and Transfer of the mortgage loans

For details of the origination and underwriting procedures in respect of the mortgage loans transferred to the Issuer by the Originators, and the transfer of those mortgage loans, see "*Mortgage Origination, Eligibility and Servicing*" below.

Servicing

For details of the servicing of the mortgage loans transferred to the Issuer by the Originators and the transfer of those mortgage loans see "*Mortgage Origination, Eligibility and Servicing*" below.

Cover Pool

In respect of each Tranche of Notes issued under the Programme, statistical information regarding the Mortgage Loans as of the relevant measurement/testing date in the Cover Pool will be set out in the tables sourced from the most recent Investor Report set out in "*Investor Report Stratification Tables*" below. Please note, however, that the information provided is historical and given that new Mortgage Loans may be added to the Cover Pool at any time, the statistical information provided at the time of issue may be different to the actual composition of the Cover Pool at any given time.

Financial Overview

The audited annual financial statements for the Issuer for the year ended 31 December 2020 are set out in the 2020 Annual Report (beginning on page 21). The audited annual financial statements for the Issuer for the year ended 31 December 2019 are set out in the 2019 Annual Report (beginning on page 22). The audited annual financial statements for the Issuer for the year ended 31 December 2018 are set out in the 2018 Annual Report (beginning on page 20). See also "*Documents Incorporated by Reference*".

Ratings

As of the date of this Base Prospectus, the Issuer has been assigned an A2 issuer rating by Moody’s.

Auditor

PricewaterhouseCoopers AS is the Issuer's auditor and has held the position since 2019.

ISSUER STRATEGY AND RECENT DEVELOPMENTS

Strategy

The Issuer's mission is to deliver stable and diversified financing to the Shareholder Banks on terms that are competitive compared to other wholesale funding available to the Shareholder Banks. The Issuer provides the Shareholder Banks access to the international capital markets in a cost-efficient manner. As at 31 December 2020, the Issuer's aggregate amount of outstanding Notes was approximately the equivalent of NOK 239 billion.

Strengths of the Issuer

The Issuer believes that its key strengths include:

Strong Credit Position: The Issuer has a strong present and historic credit position. Strict eligibility criteria for inclusion in the Cover Pool included in the past a requirement that all Mortgage Loans must have a loan-to-value (**LTV**) of 75 per cent. or less at the time of transfer and that the customer has no adverse credit history. As of 2014 the LTV requirement has been lowered to 60 per cent. for revolving loans in the credit policy. As at the date of this Base Prospectus there have been no realised losses on the Cover Pool. There are no mortgages in foreclosure and no mortgages in arrears for over 90 days in the Cover Pool.

Regulation: The Issuer is subject to, and has the benefit of, a developed legislative framework for covered bonds in Norway. In particular, Norwegian law provides that holders of covered bonds have an exclusive and prioritised right of claim, on a *pari passu* basis between themselves and the counterparties under derivative agreements relating to the covered bonds, over the Cover Pool. There are also criteria and restrictions relating to the nature and quality of assets in the Cover Pool, as well as an independent inspector appointed by the FSAN which regularly inspects the Cover Pool. For more information, see "*Overview of the Norwegian Legislation Regarding Covered Bonds (obligasjoner med fortrinnsrett)*" below.

Parental Support: Although the Issuer acquires Mortgage Loans from the Originators according to its own credit policy and eligibility criteria, and retains the sole right and title to those assets, the Issuer has outsourced all loan origination and servicing to the Originators, which are experienced and have highly effective systems and practices in place regarding these functions. The Issuer benefits from financial and operational support from the Originators. The Shareholder Banks are obliged, pursuant to the Shareholders' Agreement, to ensure that the Issuer shall at all times maintain a Core Tier 1 capital ratio according to any regulation or binding supervisory decision by Norwegian authorities (including any buffer requirements and Pillar 2 requirements). In addition, in order to meet any maturity payments due on the Notes and/or any related Swap in any rolling 12 month period, the Issuer may from time to time issue Shareholder Notes and, pursuant to the Shareholder Note Purchase Agreement, the Shareholder Banks agree to subscribe to such Shareholder Notes. The Shareholder Banks do not, however, guarantee payments due under the Notes. For more information, see "*Description of the Shareholders' Agreement and the Shareholder Note Purchase Agreement*" below.

Operating Environment: The only loans that the Issuer purchases are Mortgage Loans over Norwegian residential assets. The Norwegian economy is one of the strongest in the world with a consistent and relatively high government budget surplus and current account surplus, gross domestic product growth and low unemployment.

Well Recognised Brand and Local Presence: The SpareBank 1 brand is one of the most recognised brands in Norway and the SpareBank 1 banks' business model benefits from a high degree of physical presence within the regions of Norway in which the SpareBank 1 Alliance operates.

Weaknesses of the Issuer

The Issuer believes that potential weaknesses include:

Refinancing Risk: Mortgage Loans in the Cover Pool have longer maturities than the Notes which finance them. Therefore, the Issuer is dependent on its ability to refinance borrowings upon maturity. Potential adverse market conditions for the issuance of new Notes represents refinancing risk, which is addressed in several ways, the most significant of which is that the Issuer maintains a liquidity reserve to manage maturities. The management rule for the size of the liquidity reserve is that the reserve should be at all times, at a minimum, equal to the sum of redemptions, based on expected maturities on covered bonds issued, over the next six months. This management rule matches the liquidity requirement set out in the EU Covered Bond Reforms (which amends Article 52(4) of Directive 2009/65/EC and Article 129 of the CRR) which is due to be implemented by Member States by July 2022. In order to meet any maturity payments due on the Notes and/or any related swap in any rolling 12 month period, the Issuer may from time to time issue certain Shareholder Notes (being VPS Notes) and the Shareholder Banks have agreed, subject to certain conditions and limitations, to subscribe to such Shareholder Notes. The obligation of each Shareholder Bank to subscribe to Shareholder Notes is several and is limited on a pro rata basis according to the percentage shareholding in the Issuer of each Shareholder Bank. In the event that a Shareholder Bank fails to purchase its share of Shareholder Notes, the remaining Shareholder Banks shall purchase such Shareholder Notes on a pro rata basis, provided that no Shareholder Bank will be obliged to purchase such Shareholder Notes in an amount greater than twice their initial purchase obligation. The Shareholder Bank can use these Shareholder Notes as security in order to obtain funding from the Central Bank of Norway. Issuance of such Shareholder Notes, triggered by a liquidity need with the Issuer, has not taken place since the Issuer's commencement of operations. For more information, see "*Description of the Shareholders' Agreement and the Shareholder Note Purchase Agreement*" below.

Risk of Non-Payment: The borrowers' ability to make payments under their Mortgage Loans is one of the main risks related to the Norwegian residential mortgage market. Notwithstanding the fact that the Originators take into account (among other factors) a stressed scenario for affordability, i.e. consider the borrowers' ability to handle interest rate increases of up to several percentage points, strong growth in levels of indebtedness, the increase in the potential financial vulnerability of some mortgage borrowers, and the fact that Norwegian customers prefer floating rate mortgages mean that changes in interest rates could affect the liquidity situation of some borrowers.

Risk of Fall in Collateral Value: Should the prices of real property and the housing market in Norway substantially decline, this could affect the resale value of mortgaged property upon foreclosure. However, it would not affect the requirement for the mortgage customers to meet payments under their Mortgage Loans. Under the Norwegian covered bond legislation, a matching principle exists which requires that if property prices materially deteriorate the Issuer would be obliged to acquire mortgage loans with a loan to value ratio of 75 per cent. or less or other substitute assets to be added to the Cover Pool.

Reliance on Originators: The Originators' ability to originate Mortgage Loans to transfer to the Issuer depends on the competitive market position of the Originators and the demand for their products. The ability of the Issuer to add new Mortgage Loans to its Cover Pool may be adversely affected if an Originator bank terminates an agreement to transfer Mortgage Loans to the Issuer or if an Originator fails to comply with its servicing and other obligations under such agreement.

Operational Risks: The Issuer's business involves operational risks. Operational risks are defined by the Issuer as the risk of incurring losses, including damaged reputation, due to deficiencies or errors in internal processes and control routines or by external events that affect operations. The Issuer conducts its business subject to compliance risks (including the effects of changes in laws, regulations, policies and voluntary codes of practice in Norway and other markets where the Issuer operates). There is a risk that the Issuer's risk management strategies and procedures are not sufficient, which may expose the Issuer to unanticipated or unidentified risks.

The Issuer's business is subject to financial services laws, regulations, administrative actions and supervision, all of which is subject to continuous development and updates. Some regulatory requirements are more general

in nature (e.g. requiring the Issuer to maintain a 'prudent' level of risk) while some are more specific, such as minimum liquidity requirements (LCR) and capital adequacy regulations. Overall there is a trend of increasing regulatory scrutiny of the financial service business within which the Issuer operates. Any significant regulatory development or increased supervision could have an adverse effect on how the Issuer conducts its business, the products and services it offers and the value of its assets. Further, such changes may result in increased compliance costs and may affect the Issuer's results of operations. Breach of regulatory requirements may cause regulatory action being taken towards the Issuer by the FSAN or other Norwegian regulators.

The Issuer is also to various degrees dependent on functioning systems to operate its business. The potential failure of such systems is generally covered by business recovery plans for the Issuer and/or the third party provider of the system, and some financial infrastructure counterparties are deemed as crucial to the financial system and are thus subject to general supervision of the FSAN.

Further examples of relevant operational risks the Issuer is exposed to are the following (but not limited to):

Failure in compliance with anti-money laundering, anti-bribery and sanctions rules: The Issuer's compliance risk management systems and policies may not be fully effective in preventing all violations of laws, regulations and rules. Monitoring compliance with anti-money laundering, anti-bribery and sanctions rules can put a significant financial burden on financial institutions and requires significant technical capabilities.

Any failure by the Issuer or the Originators to comply with applicable laws and regulations, including those relating to money laundering, bribery, financial crimes, sanctions and other inappropriate or illegal transactions, may lead to penalties, fines, public reprimands, damage to reputation, issuance of business improvement and other administrative orders, enforced suspension of operations or, in extreme cases, adversely affect the ability to obtain future regulatory approvals or withdrawal of authorisation to operate. These consequences may harm the Issuer's reputation, resulting in loss of customer or market confidence in the Issuer or deterioration of its business environment, and may adversely affect its business and results of operations.

Failure in compliance with data protection and privacy laws and risk of being targeted by cybercriminals: The Issuer's operations are subject to a number of laws and regulations relating to data privacy and protection, including the Norwegian Personal Data Act of 15 June 2018 (*lov 15. Juni 2018 nr. 38 om behandling av personopplysninger (personopplysningsloven)*) and Regulation (EU) 2016/679 (General Data Protection Regulation (**GDPR**)). The requirements of these laws and regulations may affect the Issuer's ability to collect, process and use personal data. Enforcement of data privacy legislation has become increasingly frequent and could result in the Issuer being subjected to claims from its customers alleging it has infringed their privacy rights, and it could face administrative proceedings (including criminal proceedings) initiated by the Norwegian Data Protection Authority. In addition, any enquiries made, or proceedings initiated by, individuals or regulators may lead to negative publicity and potential liability for the Issuer and the Originators. Noncompliance with these standards may lead to the Issuer facing substantial fines.

The secure transmission of confidential information over the internet and the security of the Issuer's and the Originator's systems are essential to its maintaining customer confidence and ensuring compliance with data privacy legislation. If the Issuer, the Originators or any third party suppliers fails to transmit customer information and payment details online securely, or if they otherwise fail to protect customer privacy in online transactions, or if third parties obtain and/or reveal the Issuer's confidential information, the Issuer and the Originators may lose customers and potential customers may be deterred from using the Originator's products and services, which could expose the Issuer to liability and could have a material adverse effect on its business, financial condition and results of operations.

The statements above regarding the risks associated with the Issuer are not exhaustive. Prospective investors should read the section entitled "*Risk Factors*" as well as the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

CAPITALISATION OF THE ISSUER

The following table sets out the Issuer's capitalisation as of 31 December 2020. Shareholders regularly contribute additional equity as and when required. The requirement arises due to (i) increased mortgage volume and (ii) changes in other balance sheet items requiring capital and iii) changing capital requirements, including regulatory and management buffer. Because the Cover Pool is dynamic, the number and value of mortgages and liquidity reserves vary on a daily basis. Solely for the convenience of the investor, NOK amounts for 31 December 2020 have been converted at a rate of NOK 8.5326 per USD, the Representative Market Rate as at 31 December 2020 (Source: Norwegian Central Bank).

(in NOK/USD, 1,000)	**As of 31 December 2020**	
	NOK	USD
Liabilities		
Debt incurred by issuing securities	239,372,170	28,053,837
Collateral received under derivatives contracts	16,838,423	1,973,422
Financial derivatives	915,540	107,299
Deferred tax	-	-
Tax payable	123,196	14,438
Subordinated debt	1,429,990	167,591
Other Liabilities	209,078	24,503
Total liabilities	**258,918,517**	**30,344,621**
Equity		
Paid in equity capital	11,698,470	1,371,032
Paid in equity capital (not yet registered)	-	-
Hybrid capital	900,000	105,478
Accrued equity	-316,424	-37,084
Declared dividend	85,769	10,052
Total equity	**12,367,815**	**1,449,478**
Total liabilities and equity	**271,286,332**	**31,794,099**

Since 31 December 2020 (i) the Issuer has not issued new equity capital, nor subordinated debt, and (ii) for the period up to and including 19 April 2021, the Issuer has issued VPS Notes of NOK 12.0 billion. As part of the Issuer's normal treasury activities, NOK 3.307 billion of VPS Notes have been repurchased. In February 2021, EUR 1,000,000,000 covered bonds matured and were repaid.

OVERVIEW OF FINANCIAL INFORMATION OF THE ISSUER

The financial information set out below is derived from the Issuer's audited financial statements at and for the years ended 31 December 2020, 2019 and 2018. All financial statements have been prepared in accordance with International Financing Reporting Standards as adopted by the European Union (**IFRS**).

	Year ended 31 December,		
Amounts in NOK 1000	2020	2019	2018
Total interest income	5,119,553	5,834,356	5,096,029
Total interest expense	-2,980,079	-3,958,307	-3,244,627
Net interest income	**2,139,474**	**1,876,048**	**1,851,402**
Commission to SpareBank 1 banks	-1,769,898	-1,444,292	-1,518,563
Net commission income*	**-1,769,898**	**-1,444,292**	**-1,518,563**
Net gains (losses) from financial instruments	-142,200	-171,295	-293,531
Net other operating income	**-142,200**	**-171,295**	**-293,531**
Total operating income	**227,376**	**260,462**	**39,608**
Salaries and other ordinary personnel expenses	-12,465	-11,780	-11,766
Other operating expenses	-28,065	-24,359	-20,490
Total operating expenses	**-40,530**	**-36,139**	**-32,256**
Loan loss write-downs (IFRS 9)	-18,429	856	-849
Pre-tax operating profit	**168,417**	**225,179**	**6,503**
Taxes	-29,239	56,298	-1,627
Profit for the period	**139,178**	**168,880**	**4,876**
Average total assets	258,453,839	245,571,360	253,852,424

* Commission expenses are those amounts which are paid to the Originators (the Issuer's owner banks), and represent the largest part of the interest margin on mortgage loans financed by the Company.

The table below sets out balance sheet data for the years ended 31 December 2020, 2019 and 2018:

NOK 1,000	31/12/2020 NOK	31/12/2019 NOK	31/12/2018 NOK
Assets			
Lending to and deposits with credit institutions	6,473,876	9,801,250	12,990,004
Certificates and bonds	34,515,412	28,067,101	25,271,910
Residential mortgage loans	208,613,697	191,309,342	184,073,918
Financial derivatives	21,396,448	16,254,454	23,183,793
Deferred tax assets	281,880	188,308	-
Other assets	5,108	890	1,750
Total assets	**271,286,332**	**245,621,345**	**245,521,375**
Liabilities			
Debt incurred by issuing securities	239,372,170	217,670,078	212,351,045
Collateral received under derivatives contracts	16,838,423	12,418,140	18,733,053
Financial derivatives	915,540	1,420,374	1,042,108
Deferred tax	30,120	-	39,377
Tax payable	123,196	250,190	15,503
Subordinated debt	1,429,990	1,433,439	1,606,160
Other Liabilities	209,078	148,256	150,763
Total liabilities	**258,918,517**	**233,340,477**	**233,938,009**
Equity			
Paid in equity capital	11,698,470	11,418,470	10,788,470
Paid in equity capital (not yet registered)	-	-	-
Hybrid capital	900,000	1,180,000	1,180,000
Accrued equity	-316,424	-408,167	-385,104
Declared dividend	85,769	90,566	-
Total equity	**12,367,815**	**12,280,868**	**11,583,366**
Total liabilities and equity	**271,286,332**	**245,621,345**	**245,521,375**

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE ISSUER

The following discussion of the Issuer's financial condition and results of operations should be read in conjunction with the rest of this Base Prospectus, including the Issuer's audited financial statements for the years ended 31 December 2020, 2019 and 2018 and the related notes thereto. The Issuer's audited financial statements have been prepared in accordance with IFRS adopted by the European Union. This discussion contains forward-looking statements that involve risks and uncertainties. The Issuer's actual results of operations could differ materially from those anticipated by these forward-looking statements as a result of various factors.

Overview

The Issuer is the SpareBank 1 banks' vehicle for the issue of covered bonds backed by Mortgage Loans. The Issuer is wholly owned by savings banks that are members of the SpareBank 1 Alliance and operates as a separate legal entity, in accordance with the Norwegian legislation for covered bond issuers. The Issuer is based in Stavanger, Norway.

The Issuer's purpose is to acquire mortgages from banks in the SpareBank 1 Alliance (as well as one other bank in the ownership of almost all the banks in the SpareBank 1 Alliance, BN Bank ASA) and finance these lending operations through issuing covered bonds. The Issuer has seven employees (as of 31 December 2020) and was established in 2005.

The Issuer has a licence from the FSAN to operate as a mortgage institution issuing covered bonds and is regulated as a credit institution and required to comply with standard capital adequacy regulations, as described below.

As at 31 December 2020, the Issuer had total assets of NOK 271 billion and net residential mortgage loans outstanding of NOK 209 billion. The Issuer's total profit for the year ended 31 December 2020 was NOK 139 million compared to NOK 169 million for the year ended 31 December 2019. The profit figures are net of payments of commissions to the Originators (member banks in the SpareBank 1 Alliance) in the aggregate amount of NOK 1,770 million and NOK 1,444 million for the years ended 31 December 2020 and 2019, respectively. Commissions are calculated as the difference between mortgage customer interest amounts received and the Issuers' financing cost, including a surcharge to cover the Issuers' costs of operations. The purpose of the Company is to generate commissions, payable to the Originators, and these are the margin earned on mortgage loans which the issuer finances. The issuer's covered bonds are highly rated and financing costs are therefore lower for the Issuer than the case would be for the Originators. Due to the payment of commissions, the Issuer will typically show only a small profit in its results of operations.

Factors Affecting Results of Operations

The Issuer's results are affected by a variety of factors, including the following:

General market conditions

The Issuer's income is derived from its Norwegian operations. Accordingly, the general health of, and changes in, the Norwegian economy and levels of business activity, the levels of Norwegian consumer credit demand, spending and savings and changes in the Norwegian real estate market, securities and other markets may have a material effect on its operations. For further details see the section in this Base Prospectus titled "*The Norwegian Economy, Housing and Mortgage Loan Markets*" further below.

Interest rates

Changes in prevailing interest rates can affect the Issuer's results, but not to a material degree because almost the entire net difference between interest received from lending to customers and the cost of all funding is passed on to the owner banks as commissions. The Issuer retains a small share of the overall margin to cover operating expenses and a potential negative carry on its own liquidity portfolio. Changes in interest rates can

have some effects on the Issuer's liquidity portfolio and other assets, but this is limited as assets are held or swapped to a 3 month interest rate basis. Interest rates on all mortgages the Issuer has financed are at variable rates. This means the mortgage interest rates may be changed by the Issuer, up or down, after a notice period of six weeks to mortgage customers.

Competition

There are many banks competing in Norway to provide residential mortgage loans, and this influences the credit spreads and profit margins of the banks. While the Issuer itself has no direct competitors, because the Issuer does not originate its own loans, the SpareBank 1 banks, which do originate the Issuer's Mortgage Loans, compete with other banks and credit institutions in the Norwegian mortgage lending market. For more information on the Norwegian mortgage market, see the section titled "*The Norwegian Economy, Housing and Mortgage Loan Markets*" below. The SpareBank 1 banks have slightly gained market share in the Norwegian retail mortgage market over the years (see the section titled *Information related to the SpareBank 1 Alliance* in this Base Prospectus).

Major components of income and expense

The main components of the Issuer's income are: (i) interest income from mortgage lending, and (ii) interest income from securities and/or deposits. The Issuer's major expense is its funding costs for its financing activities, and to a much smaller degree, its operating expenses. The difference between the Issuer's interest income from mortgages less financing expenses and operating costs, is distributed to the SpareBank 1 Alliance member banks as commissions, as also discussed further above. The remainder constitutes the Issuer's net profit. The profit is managed by the Issuer in that a small surcharge is added to the financing cost, which is intended to be slightly above the operating costs, including an estimated negative carry on liquid assets. However, the profit can vary significantly due to changes in credit spreads on the portfolio of liquid assets (held for liquid risk mitigation and regulatory purpose). The Issuer also receives collateral amounts from its swap or hedging counterparties. For these collateral amounts, an interest is owed, and the collateral is invested in highly rated and highly liquid and short term securities, including reverse repos and deposits. The difference between collateral portfolio income and expense is also a results element.

Valuation of derivatives and other financial instruments

The Issuer uses financial derivatives to manage essentially all market risk on balance-sheet items. Interest rate risk is hedged to a NIBOR three months floating rate basis and currency risk is hedged mostly by derivatives and in some cases by natural asset liabilities hedges. Derivatives are always valued at fair value while issued debt is valued at fair value as expressed by discounting cash flows at market rates. Accounting mismatches may occur due to that interest fixing time points for three months floating instruments, including hedges, are not on the same date as the balance sheet date at which time they are valued again. If market interest rates have moved from the fixing time-point to the balance sheet time point there will be a valuation difference which may not be exactly off-set in the hedged instrument.

The Issuer holds financial assets, which are valued at market prices, including a market credit spread element, while associated hedges are held at fair value based on market interest rates and currency rates. This gives rise to a potential valuation difference. Finally, the Issuers holds collateral in the form of floating rate bonds or bonds with a shorter maturity and these instruments may also have valuation changes from period to period.

Due to the factors discussed above the profit and loss accounts show a net loss component of NOK 142 million for the year ended 2020 and a net loss of NOK 171 million for the year ended 2019. From 2018 any valuation adjustments for basis swaps (i.e. currency swaps whereby the Issuer pays NIBOR) are included in Other Comprehensive Income only, and charged directly against other Equity.

Loans

Loan loss provisions

From 1 January 2018 the Issuer is accounting for expected losses on loans according to IFRS 9. A comprehensive review of the introduction of IFRS 9 and the impact on the accounts may be found in note 33.1-3 in the 2018 Annual Report. In summary, the new accounting standard requires the categorization of loans into three categories or steps according to the observed change in credit quality. In Step 1 all loans without a material change in credit quality are included and the expected loan loss provisions for these loans are modelled on the probability of default over only the next twelve months multiplied with the probable loss given default assumption and the loan exposure in kroner. For loans in Stage 2, payment has been delayed by 30 days or more or the probability of default has increased by 150% (or two notches on the internal probability of default scale) as well as that the probability of default is then above 0.6%. In Stage 2, a lifetime approach to calculating the expected loss is taken for each loan exposure. Finally Stage 3 loans are those in default (90 days or more without payment or loss/bankruptcy/debt restructuring is ongoing). The expected loss for Stage 3 loans is the exposure multiplied with the loss given default factor or assumption.

Total loss provisions as of 31 December 2020 was NOK 30.2 million, and as of 31 December 2019, NOK 11.8 million. No actual (realized) losses have occurred to date since the commencement of operations for the Issuer in 2005.

Results of Operations

For the year ended 31 December 2020, the Issuer recorded after-tax profit of NOK 139 million, a decrease of NOK 30 million, compared to NOK 169 million for the year ended 31 December 2019. The pre-tax operating profit amounted to NOK 168 million for the year ended 31 December 2020, a decrease of NOK 57 million, compared to pre-tax operating profit of NOK 225 million for the year ended 31 December 2019.

For the year ended 31 December 2019, the Issuer recorded after-tax profit of NOK 169 million, an increase of NOK 164 million compared to an after-tax profit of NOK 5 million for the year ended 31 December 2018. The pre-tax operating profit amounted to NOK 225 million for the year ended 31 December 2019, an increase of NOK 219 million compared to pre-tax operating profit of NOK 6.5 million for the year ended 31 December 2018. The main reasons for the variations in profitability are unrealised losses due to temporary mark-to-market adjustments on financial instruments and derivatives carried at fair value (see "*Valuation of derivatives and other financial instruments*" above).

The following table summarises the principal components of the Issuer's profit and loss accounts for each of the three years ended 31 December 2020, 2019 and 2018.

	Year ended 31 December,		
Amounts in NOK 1000	**2020**	**2019**	**2018**
Total interest income	5,119,553	5,834,356	5,096,029
Total interest expense	-2,980,079	-3,958,307	-3,244,627
Net interest income	**2,139,474**	**1,876,048**	**1,851,402**
	-1,769,898	-1,444,292	-1,518,263
Commission expense			
Net commission income	**-1,769,898**	**-1,444,292**	**-1,518,263**

Net gains (losses) from financial instruments	-142,200	-171,295	-293,531
Net other operating income	**-142,200**	**-171,295**	**-293,531**
Total operating income	**227,376**	**260,462**	**39,608**
Salaries and other ordinary personnel expenses	-12,465	-11,780	-11,766
Other operating expenses	-28,065	-24,359	-20,490
Total operating expenses	**-40,530**	**-36,139**	**-32,256**
Write-downs on loans and guarantees	-18,429	856	-849
Pre-tax operating profit	**168,417**	**225,179**	**6,503**
Taxes	-29,239	56,298	-1,627
Profit for the period	**139,178**	**168,880**	**4,876**
Average total assets	258,453,839	245,521,375	253,852,424

The year ended 31 December 2020 compared to the year ended 31 December 2019

Introduction

The Issuer's pre-tax operating profit totalled NOK 168 million in the year ended 31 December 2020, a decrease of NOK 57 million from the year ended 31 December 2019. After taxes, the profit for the period was NOK 139 million, a decrease of NOK 30 million from the year ended 31 December 2019. The reasons for these decreases are set out in the paragraphs below.

Net interest income and commission expense

	Year ended 31 December,	
Amounts in NOK 1000	**2020**	**2019**
Total interest income	5,119,553	5,834,356
Total interest expenses	-2,980,079	-3,958,307
Net interest income	**2,139,474**	**1,876,048**

Net interest income was NOK 2,139 million for the year ended 31 December 2020, an increase of NOK 263 million, or 14 per cent., compared to the year ended 31 December 2019.

Total interest income includes mortgage interest received as well as coupons from bonds held as liquid assets and interest income on deposits placed. Interest income is influenced by the level of interest rates as well as the volume of both liquid assets and mortgage loans. Mortgage lending increased by more than NOK 17 billion over 2020.

Interest expense is mainly influenced by the volume of funding and the interest rates for that funding, including subordinated debt. Amounts paid out to the Originators as commission expense were as follows:

	Year ended 31 December,	
Amounts in NOK 1000	**2020**	**2019**
Commission to SpareBank 1 banks	-1,769,898	-1,444,292
Net commission income	**-1,769,898**	**-1,444,292**

Commission expense is the interest income on all mortgages financed less the Issuer's average funding costs for debt incurred less a deduction for planned operating and other expenses, including a buffer. Such commission expense totalled NOK 1,770 million for the year ended 31 December 2020, an increase of NOK 326 million from the year ended 31 December 2019 when NOK 1,444 million was paid out in commissions.

Net other operating income

	Year ended 31 December,	
Amounts in NOK 1000	**2020**	**2019**
Net gains (losses) from financial instruments	-142,200	-171,295
Net other operating income	**-142,200**	**-171,295**

Net other operating income totalled negative NOK 142 million for the year ended 31 December 2020. For the year ended 31 December 2019, there was a net other operating loss of NOK 171 million. The change in these figures reflects temporary marked-to-market adjustments on debt instruments held in a liquid asset portfolio or for collateral purposes (securities) and issued debt, as well as hedging derivatives (see "*Valuation of derivatives and other financial instruments*" above). Realised gains and losses on securities and issued debt (the latter when issued debt is repurchased and cancelled prior to maturity) are also included.

Total operating expenses

	Year ended 31 December,	
Amounts in NOK 1000	**2020**	**2019**
Salaries and other ordinary personnel expenses	-12,465	-11,780
Other operating expenses	-28,065	-24,359
Total operating expenses	**-40,530**	**-36,139**

Operating expenses were NOK 40.5 million for the year ended 2020, an increase of NOK 4.3 million from the NOK 36.2 million net operating expenses for the year ended 2019. Other operating expenses consist of bond rating costs, IT costs, legal services, bond depots and trading expenses as well as reporting, office rent and various other expenses.

Write-downs on loans, guarantees, etc.

The Issuer has introduced IFRS 9 from 1 January 2018 (see above under "Loans"). There are no loans in Stage 3, while loan losses in Stage 1 and Stage 2 are detailed in the table below. No actual loan losses have occurred since the Issuer commenced operations in 2005.

	Year ended 31 December,

Amounts in NOK 1000	2020	2019
Expected credit loss Stage 1	1,207	1,068
Expected credit loss Stage 2	28,968	10,695
Balance of loan write downs	**30,175**	**11,763**

	Year ended 31 December,	
Amounts in NOK 1000	2020	2019
Individual write downs in the period	0	0
Changes expected credit loss (IFRS 9)	18,429	856
Period loan write downs	**18,429**	**856**

Taxes

The Issuer's tax refund (tax asset) for the year ended 31 December 2020 was NOK 281 million, an increase of NOK 93 million from December 31 2019 and an effective tax rate of 25 per cent. Tax assets and deferred taxes arise due to temporary differences between tax and financial accounting.

The year ended 31 December 2019 compared to the year ended 31 December 2018

Introduction

The Issuer's pre-tax operating profit totalled NOK 225 million in the year ended 31 December 2019, an increase of NOK 217 million from the year ended 31 December 2018. After taxes, the profit for the period was NOK 169 million, an increase of NOK 164 million from the year ended 31 December 2018. The reasons for these increases are set out in the paragraphs below.

Net interest income

	Year ended 31 December,	
Amounts in NOK 1000	2019	2018
Total interest income	5,834,356	5,096,029
Total interest expenses	-3,958,307	-3,244,627
Net interest income	**1,876,048**	**1,851,402**

Net interest income was NOK 1,876 million for the year ended 31 December 2019, an increase of NOK 25 million, or 1.3 per cent., compared to the year ended 31 December 2018.

Total interest income includes mortgage interest received as well as coupons from bonds held as liquid assets and interest income on deposits. Interest income is influenced by the level of interest rates as well as the volume of both liquid assets and mortgage loans. Mortgage lending increased by more than NOK 7 billion over 2019.

Interest expense is mainly influenced by the volume of funding and the interest rates for that funding, including subordinated debt.

Amounts paid out to the Originators as commissions are included in net interest expense, and represent most of the financed mortgages' net interest margin. These amounts were as follows:

Amounts in NOK 1000	Year ended 31 December, 2019	2018
Commission to SpareBank 1 banks	-1,444,292	-1,518,263
Net commission income	**-1,444,292**	**-1,518,263**

Such commissions totalled NOK 1,444 million for the year ended 31 December 2019, a decrease of NOK 74 million from the year ended 31 December 2018 when NOK 1,518 million was paid out in commissions.

Net other operating income

Amounts in NOK 1000	Year ended 31 December, 2019	2018
Net gains (losses) from financial instruments	-171,295	-293,531
Net other operating income	**-171,295**	**-293,531**

Net other operating income totalled negative NOK 171 million for the year ended 31 December 2019. For the year ended 31 December 2018, there was a net other operating loss of NOK 294 million. The change in these figures mainly reflects temporary marked-to-market adjustments on financial instruments and derivatives carried at fair value (see "*Valuation of derivatives and other financial instruments*" above), as well as unrealised and realised gains on issued debt and owned securities.

Total operating expenses

Amounts in NOK 1000	Year ended 31 December, 2019	2018
Salaries and other ordinary personnel expenses	-11,780	-11,766
Other operating expenses	-24,359	-20,490
Net other operating income	**-36,139**	**-32,256**

Net operating expenses were NOK 36.2 million for the year ended 2019, an increase of NOK 3.9 million from the NOK 32.3 million net operating expenses for the year ended 2018. The number of employees was reduced by one during the year 2018. Other operating expenses consist of bond rating costs, IT costs, legal services, bond depots and trading expenses as well as reporting, office rent and various other expenses.

Write-downs on loans, guarantees, etc.

As of 31 December 2019, NOK 11.8 million were the total expected losses according to the IFRS 9 rule and model, which was a decrease of 889 thousand from the expected losses at year-end 2018. No actual loan losses have occurred since the Issuer commenced operations in 2005.

	Year ended 31 December,	
Amounts in NOK 1000	**2019**	**2018**
Expected credit loss Stage 1	1,068	3,905
Expected credit loss Stage 2	10,695	8,665
Balance of loan write downs	**11,763**	**12,652**

	Year ended 31 December,	
Amounts in NOK 1000	**2019**	**2018**
Individual write downs in the period	0	0
Total expected credit loss (IFRS 9), Stages 1-2	856	-849
Period's loan write downs	**856**	**-849**

Taxes

The Issuer's tax refund (tax asset) for the year ended 31 December 2019 was NOK 188 million, an increase of 188 million from year-end 2018 and an effective tax rate of 25 per cent. Tax assets and deferred taxes arise due to temporary differences between tax and financial accounting.

Assets and Liabilities

Assets

The components of the Issuer's total assets at 31 December 2020, 2019 and 2018 are shown in the following table:

	Year ended 31 December,		
Amounts in NOK 1000	**2020**	**2019**	**2018**
Residential mortgage loans	208,613,697	191,309,342	184,073,918
Certificates and bonds	34,515,412	28,067,101	25,271,910
Lending to and deposits with credit institutions	6,473,876	9,801,250	12,990,004
Financial derivatives	21,396,448	16,254,454	23,183,793
Deferred tax assets	281,880	188,308	-
Other assets	5,018	890	1,750
Total assets	**271,286,332**	**245,621,345**	**245,521,375**

The Issuer's total assets at 31 December 2020 were NOK 271 billion, an increase of NOK 25 billion compared to 246 billion at 31 December 2019, or 10.5 per cent.

The Issuer's total assets were unchanged over the year ended 31 December 2019 at NOK 246 billion compared to total assets of NOK 246 billion as at 31 December 2018.

Financing residential mortgage loans is the purpose of the Issuer. The volume of mortgage loans tend to increase over time. 'Certificates and bonds' and 'Lending to and deposits with credit institutions' represent the

Issuer's combined liquid assets, which are both its own assets and the investment of collateral which has been received from swap counterparties. More collateral was held at 31 December 2020 because the NOK depreciated against funding currencies, especially the EUR, over the year 2020. Financial derivatives represent amounts at which the portfolio of hedging derivatives with positive market value, are valued, and these tend to equally increase when the NOK depreciates compared to the NOK per EUR valuation at the time of initiating a swap contract.

Residential mortgage loans

Residential mortgage loans at 31 December 2020 was NOK 209 billion, representing an increase of NOK 17.3 billion, or 9.4 per cent., compared to the year ended 31 December 2019.

Residential mortgage loans at 31 December 2019 was NOK 191 billion, representing an increase of NOK 7.2 billion, or 3.9 per cent., compared to the year ended 31 December 2018.

Liabilities and equity

The components of the Issuer's total liabilities and equity as 31 December 2020, 2019 and 2018 are shown in the following table:

	Year ended 31 December,		
Amounts in NOK 1000	**2020**	**2019**	**2018**
Liabilities			
Debt incurred (covered and unsecured bonds incl. cost of issuance and accrued interest)	239,372,170	217,670,078	212,351,045
Collateral received under derivatives contracts	16,838,423	12,418,140	18,733,053
Financial derivatives	915,540	1,420,374	1,042,108
Deferred tax	30,120	-	39,377
Tax payable	123,196	250,190	15,503
Subordinated debt	1,429,990	1,433,439	1,606,160
Other Liabilities	209,078	148,256	150,763
Total liabilities	**258,918,517**	**233,340,477**	**233,938,009**
Equity			
Paid in equity capital	11,698,470	11,418,470	10,788,470
Hybrid capital	900,000	1,180,000	1,180,000
Accrued equity	-316,424	-408,167	-385,104
Declared dividend	85,769	90,566	-
Total equity	**12,367,815**	**12,280,868**	**11,583,366**

Funding

The Issuer's operations are mainly funded through proceeds from covered bonds, with other (smaller) amounts from subordinated debt and equity.

Financing residential mortgage loans by issuing covered bonds is the purpose of the Issuer. Some bonds are issued in NOK, with a larger share issued in EUR. Other currencies in which the Issuer's covered bonds are outstanding are: SEK and GBP. USD bonds were fully repaid during the year ended December 31 2019. The

issuance of equity and subordinated debt is derived from regulatory requirements (capital requirements) and can also be related to ratings agencies' requirements for cover pool overcollateralization.

Debt securities issued

Set out below is a breakdown by type of the Issuer's securities issued at 31 December 2020, 2019 and 2018.

	Years ended 31 December		
Amounts in NOK 1000 *	**2020**	**2019**	**2018**
Issued bonds			
NOK	72,469,545	59,978,539	62,711,262
EUR	148,882,707	148,733,048	130,285,193
USD	-	-	10,707,438
GBP	8,845,102	8,706,679	8,382,733
SEK	9,174,816	251,812	264,420
Total issued bonds	**239,372,170**	**217,670,078**	**212,351,045**

* at book values, not including hedging instruments

Total debt securities issued as of 31 December 2020 were NOK 239 billion, an increase of NOK 22 billion from 31 December 2019. This increase is both due to the book value changes in foreign currency debt (corresponding hedging instruments are not included in the table above) and net new issuance. Total debt securities issued as of 31 December 2019 were NOK 218 billion, an increase of NOK 5 billion from NOK 212 billion as of 31 December 2018. The increase was due to the same reasons as above. The majority of the issued securities were issued as exchange listed securities, with a small amount of private placements. Bonds are issued with both floating and fixed interest payments.

Following the end of the financial year on 31 December 2020, the Issuer issued NOK 9,000,000,000 in covered bonds at various dates. As part of the Issuer's normal treasury activities, NOK 2.303 billion of VPS Notes have been repurchased. In February 2021, EUR 1,000,000,000 covered bonds matured and were repaid.

Capital and Capital Adequacy

CRD VI is implemented in Norway. The requirement for total capital for all banks is 16.0 per cent. of risk weighted assets as of 31 December 2020. This total is comprised of the following elements:

- Minimum core equity Pillar 1: 4.5 per cent.
- Additional Tier 1 equity capital 1.5 per cent. and additional Tier 2 capital 2.0 per cent (can be held as Tier 1 and Tier 2, alternatively as core equity capital)
- Conservation buffer: 2.5 per cent core capital
- Systemic risk buffer: 4.5 per cent. core equity
- Countercyclical buffer: 1 per cent. core equity

The Issuer has an additional Pillar 2 requirement which is 0.9 per cent. core equity capital. The total requirement for the Issuer is therefore to have capital of minimum 16.9 per cent. of risk weighted assets. With a management buffer added, the target for capital coverage is 17.3 per cent. as of year-end 2020.

Banks and covered bond issuers in Norway were (until 31 December 31) subject to a minimum floor for risk-weighted assets, despite the use of advanced internal ratings based (**IRB**) models to determine risk weightings. Under this rule, total risk-weighted assets may not be reduced below 80 per cent. of the level as determined under the previous Basel I rules. This means in practice that for covered bond issuers such as the Issuer, capital levels needed to be increased significantly. The levels are detailed in the line item in the below table titled

"*Difference in capital requirements due to Basel I floor*". As of 31 December 2019 this rule was abolished. The systemic risk buffer therefore increased to 4.5 per cent, from 3.0 per cent, on 31 December 2020.

Pursuant to the Shareholders' Agreement, the Issuer's Shareholder Banks shall ensure that at all times the Issuer shall maintain a core capital ratio at the minimum regulatory level per cent. (see "*Description of the Shareholders' Agreement and the Shareholder Note Purchase Agreement – Shareholders' Agreement – Core Tier 1 capital* ratio" below).

The following table provides a breakdown of the Issuer's total capital and total capital as a percentage of total risk-weighted volume at 31 December 2020, 2019 and 2018.

	31 December,		
Amounts in NOK 1,000	**2020**	**2019**	**2018**
Share capital	7,797,215	7,610,548	7,190,548
Premium share fund	3,901,255	3,807,922	3,597,922
Other equity capital	-282,363	-317,602	-385,104
Common equity	11,416,107	11,100,868	10,403,366
Intangible assets	-85	-379	-707
Declared share dividend	-85,769	-90,566	-
100% deduction of expected losses exceeding loss provisions IRB (CRD IV)	-409,225	-420,879	-363,428
Prudent valuation adjustment (AVA)	-19,711	-16,639	-15,182
Core equity capital	10,901,316	10,572,405	10,024,049
Hybrid bond	900,000	1,180,000	1,180,000
Tier 1 equity capital	11,801,316	11,752,405	11,204,049
Supplementary capital (Tier 2)	1,425,000	1,425,000	1,600,000
Total capital	**13,226,316**	**13,177,405**	**12,804,049**
Minimum requirements for capital			
Credit Risk	4,040,496	3,711,268	3,362,169
Market Risk	-	-	-
Operational Risk	56,724	59,537	62,185
Depreciation of groups of loans	-	-	-
CVA Risk	334,910	329,561	308,572
Difference in capital requirement due to Basel I transitional floor (prior to 2019)	-	-	2,378,276
Minimum required capital	**4,432,130**	**4,100,367**	**6,111,202**
Capital adequacy			
Risk-weighted assets incl. transitional floor*	55,401,623	51,254,583	76,390,017
Capital coverage (%)	23.87%	25.71%	16.76%
Tier 1 capital coverage (%)	21.30%	22.93%	14.67%
Core Tier 1 capital coverage (%)	19.68%	20.63%	13.12%
Leverage ratio	4.53%	5.05%	4.91%

*The capital coverage percentages for 2020 and 2019 are calculated without the transitional floor; the transitional floor was removed on 31 December 2019.

MANAGEMENT OF THE ISSUER

Management

The management of the Issuer, their functions in relation to the Issuer and their principal outside activities (if any) of significance to the Issuer are as follows:

Name	Position
Arve Austestad	Managing Director
Steven Simonsen	Director, Chief Legal Officer
Henning Nilsen	Director, COO and ALM
Eivind Hegelstad	Director, CFO and Investor Relations

The address of the members of the management of the Issuer, for the purposes of any communication related to the Issuer, is the registered address of the Issuer being PO Box 243, N-4002, Stavanger, Norway.

There are no existing or potential conflicts of interest between any duties owed to the Issuer by its management (as described above) and the private interest and/or other external duties owed by these individuals.

Board of Directors

The Issuer's Board of Directors meets regularly and operates as a general management committee under supervision of the Committee of Representatives. The members of the Board of Directors are:

Name	Position
Kjell Fordal (Chair)	CFO, SpareBank 1 SMN
Geir-Egil Bolstad (Deputy Chair)	CFO, SpareBank 1 Østlandet
Merete N. Kristiansen	CEO, Akvaplan-niva AS
Heidi C Aas Larsen	Partner, Tenden Advokatfirma
Bengt Olsen	CFO, SpareBank 1 Nord Norge
Knut Oscar Fleten	CEO, SpareBank 1 Hallingdal Valdres

all of whom are Board members.

- Dag Olav Uddu, Kari Gisnå, Ronny Sørensen, Stig Brautaset and Trond Søraas are all Deputy Board members who act as substitutes for relevant board members in their absence.

The business address for each of the persons listed above is the registered office of the Issuer.

A number of the Issuer's Board of Directors are employed by Shareholder Banks. However, as each of the Shareholder Banks is a shareholder of the Issuer, and the Issuer's primary business is to issue Notes on behalf of, among others, the Shareholder Banks, the Issuer believes that conflicts of interest will not arise. If a member of the Board of Directors were to have a material interest in a matter being considered by the Board of Directors or any of its Committees, such member would not participate in any discussions relating to, or any vote on, such matter pursuant to the Norwegian Private Limited Liability Companies Act and the Financial Services Act. Accordingly, there are no existing or potential conflicts of interest between any duties owed to the Issuer by its Board of Directors (as described above) and the private interest and/or other external duties owed by these individuals.

Pursuant to the Issuer's articles of association, the Board of Directors must consist of a minimum of four and a maximum of ten members elected by the General Meeting for a period of two years, as well as any deputy members deemed necessary by the General Meeting. The members can be re-elected. The Chairperson of the Board of Directors and the Deputy Chairperson are also elected annually by the General Meeting.

The Chairperson ensures that the Board of Directors meets as often as the Issuer's business necessitates, or at the request of a member of the Board of Directors.

The Board of Directors is in charge of the Issuer's operations and its duties include:

- Making sure the company is prudently organised and run.
- Determining plans, budgets and guidelines for the activities of the company.
- Being informed of the company's financial status and overseeing that the company's activities, accounts and asset management is properly done.
- Appointing, instructing and supervising the Chief Executive Officer.

The Chief Executive is in charge of the daily operations of the Issuer's business in accordance with instructions determined by the Board of Directors.

Nomination Committee

A Nomination Committee is elected by the Shareholders at a General Meeting of the Issuer. According to the articles of association of the Issuer, the Nomination Committee prepares any election carried out at the General Meeting or by the Committee of Representatives.

The Nomination Committee consists of the following members:

Benedicte Schilbred Fasmer, Chair

Peggy Hessen Fløysvik

Arild Bjørn Hansen

The business address for each of the persons listed above is the registered office of the Issuer.

External Auditor

An external auditor is appointed by the General Meeting. The external auditor performs the statutory confirmation of the financial information provided by the Issuer in its public accounts. The external auditor attends the meetings of the Board of Directors at which the annual accounts are reviewed.

The external auditor has not provided the Issuer with non-audit services of any significance. Any such services from the external auditor must comply with sections 4-5 of the Norwegian Auditors Act.

The current external auditor is PricewaterhouseCoopers AS.

Internal audit

Internal audit is a tool for the Board of Directors and management to ensure that the risk management process is goal-orientated, effective and functions as anticipated. The Issuer's internal audit function has been outsourced and is performed by KPMG AS.

The internal auditor reports to the Board of Directors and its reports and recommendations relating to improvements in the Issuer's risk management are constantly reviewed and implemented.

INVESTOR REPORT STRATIFICATION TABLES

The following information is an overview of the characteristics of the cover pool and has been sourced from the most recent investor report published by the Issuer dated 31 December 2020 (the **2020 Q4 Investor Report**) and is compiled by reference to the Mortgage Loans in the Cover Pool as at 31 December 2020. Full sets of investor reporting tables going back in time may be found on the Issuer's website (www.spabol.no) under the area Cover Pool Statistics. The Issuer is labelled covered bond issuer and a key component of this is complying with the reporting template of the label. A Harmonized Transparency Template (HTT) of the Label can be found on the Issuer's website under the area Cover Pool Statistics.

The 2020 Q4 Investor Report has not been audited. Furthermore, the 2020 Q4 Investor Report has not been updated since the date of the 2020 Q4 Investor Report and may no longer be a true reflection of the Cover Pool, which is dynamic in nature in the sense that mortgage loans and other balance sheet figures changes daily. The following information does not include any new Mortgage Loans sold into the Cover Pool since the date of the 2020 Q4 Investor Report and it does not reflect any redemption or sales out of the Cover Pool since the date of the 2020 Q4 Investor Report. However, such new Mortgage Loans will be sold into the Cover Pool from time to time in accordance with the relevant Transfer and Servicing Agreement and the eligibility criteria. The difference in the total mortgage amount in these tables and the financial statements is due to inclusion of accrued interest in the financial statements as well as that ineligible mortgage loans (parts thereof above 75 per cent. loan to value) are excluded in the 2020 Q4 Investor Report.

Portfolio Characteristics	
Total Outstanding Current Balance of Mortgages in the Portfolio	NOK 208,443,470,455
Number of Mortgages in Pool	138,298
Average Loan Balance	NOK 1,507,205
Weighted Average Current LTV (Indexed) (%)	51.4 %
Weighted Average Original LTV (Non-Indexed) (%)	59.7 %
Weighted Average Current Seasoning (in Months)	43
Weighted Average Interest Rate (%)	2.0 %
Weighted Average remaining term of Mortgages (in Months)	258
Weighted Average remaining term of Covered Bonds (in Months)	44.3
Percentage of non first lien mortgages in the pool	0.0 %
Cover Pool (par test in the financial statement notes)	NOK 252,717,557,772
Covered Bonds Outstanding (par test in the financial statement notes)	NOK 242,074,323,737
Liquid assets (substitute assets, excl. public sector bonds and cash < 100 days)	NOK 15,852,465,708
Percentage substitute assets of cover pool	6.3 %
Overcollateralisation (derivatives part of cover pool, inclusive of LCR assets)	104.4 %
Overcollateralisation if house prices drop by 15%	102.1 %

MORTGAGE ORIGINATION, ELIGIBILITY AND SERVICING

Mortgage Products

Residential mortgage loans (**Mortgage Loans**) originated by SpareBank 1 banks and certain other Norwegian banks (together, the **Originators**) may be transferred to the Issuer and form part of the Cover Pool, provided that such Mortgage Loans constitute Eligible Loans (as defined below).

An Originator may not necessarily be a member of the SpareBank 1 Alliance, and any Originator which becomes a member of the SpareBank 1 Alliance may take some time to fully implement the SpareBank 1 Alliance origination and servicing procedures as set out below. In either case, such Originators will have the same information technology system infrastructure as the SpareBank 1 Alliance as provided by EVRY ASA. Until such Originators have adopted the SpareBank 1 Alliance scoring system, the Issuer may decide that such Originator's own scoring system is comparable for the purposes of the Scorecard. Mortgage Loans originated by such Originators will, in any event, not be purchased by the Issuer unless they meet the Issuer's eligibility criteria.

As at the date of this Base Prospectus, each of the Originators is a SpareBank 1 bank, or owned by such banks (i.e. BN Bank ASA). The descriptions of the Originators' products and processes in this section relate to the products and processes of the Originators as at the date of this Base Prospectus, which are subject to change from time to time.

General Mortgage Loan Features

The Mortgage Loans originated by the Originators are mainly standard variable rate mortgage loans (such rates being set on the basis of the individual borrower's credit history and the funding costs for the relevant Originator) but fixed rate Mortgage Loans are also originated (although such Mortgage Loans will not be Eligible Loans, in accordance with the credit policy of the Issuer).

The Mortgage Loans originated by the SpareBank 1 banks have the following key features (although not all such Mortgage Loans will be Eligible Loans):

- purpose of loans – a Mortgage Loan may be for the purposes of purchasing or refinancing a residential property – typically this will be a primary residence, but it could also be for a second home or a leisure property owned by the borrower;

- additional advances – certain Mortgage Loans (known as "flexible loans", i.e. revolving credit loans) allow the customer to leave all or a portion of the Mortgage Loan undrawn at the point of origination. The undrawn portion may be drawn at a later date from time to time within the agreed term of the Mortgage Loan and provided the customer has not previously defaulted under the Mortgage Loan;

- repayment profile – the Mortgage Loans may be annuity or serial repayment loans. In certain circumstances, an interest-free period may be established within the repayment profile, typically at the start of the Mortgage Loan's term;

- prepayment – all variable rate Mortgage Loans contain the option for the borrower to make prepayments of all or part of the Mortgage Loan without incurring any prepayment fee;

- other fees – small fees are charged to the borrower upon the origination of the Mortgage Loan and on each monthly payment date;

- interest accrual – interest on a Mortgage Loan accrues daily;

- maturity of a Mortgage Loan – the life of a Mortgage Loan may vary, but the typical maturity is 20 or 25 years and the historically observed, typical weighted average life of a Mortgage Loan (which depends on the borrower's repayment behaviour) has been three years; and

- nature of customers – the Originators have a large number of return customers, giving them an improved understanding of the credit risks associated with such customers (subject to legal restrictions on retention of data described below). In addition, a high proportion of each bank's customers reside in the bank's operating regions allowing them to leverage their knowledge of the local housing market and minimise fraud. The share of online applications is currently low and a meeting with an adviser can be arranged to supplement information supplied online, again minimising the risk of fraud.

The required monthly payments due from borrowers in connection with the Mortgage Loans may vary from month to month for various reasons, including changes in the standard variable interest rate.

All borrowers in respect of the Mortgage Loans make monthly payments to a designated account in the Issuer's name at the Originator bank which originated and is servicing the relevant Mortgage Loan. This account is swept daily (overnight) into a central account in the Issuer's name (this account also forms part of the Cover Pool). Borrowers typically (in nearly all cases) pay by direct debit.

Each Mortgage Loan is secured by way of a standard format mortgage document (*pantedokument*) stipulating the amount which is secured by the mortgage document and which is registered on the mortgaged property in the official Norwegian Real Property Registry. Each Mortgage Loan and each mortgage document is subject to Norwegian law.

Mortgage Origination

Since 1996, the SpareBank 1 banks have coordinated most of the processes relating to mortgage origination, credit approval and servicing. As a result, the process for underwriting Mortgage Loans to retail customers is similar across the SpareBank 1 Alliance and each of the Originators uses similar systems and models as part of its underwriting process. The Issuer can, but does not, originate Mortgage Loans directly.

When a customer contacts an Originator for a mortgage application, the following steps are carried out in the following order by each of the Originators as part of the mortgage origination process. The standards and procedures of the Originators are subject to change (for example to reflect changes in the business environment).

1. *Customer and Product Information*

The customer's personal details are recorded on a central database shared by the Originators together with the customer's requirements for the mortgage loan, such as the amount and preferred maturity. No intermediaries are used in the origination procedure, and the Originators do not outsource any aspect of the origination or administration of the Mortgage Loans, save as disclosed in this Base Prospectus.

2. *Rating and Classification*

The customer service representative gathers information from the customer and applies a centralised scoring algorithm (the **Scorecard**) that uses data from an internal database for performance history and account information and an external database containing filed income and tax assessment data and payment default information.

The Scorecard consists of 12 variables measuring customer income, net worth and borrowing behaviour. The weighting given to each of these variables will depend on whether or not the customer is a new mortgage loan customer and whether or not the customer has a history of arrears or other payment defaults (either in respect of a loan granted by a SpareBank 1 bank or another financial undertaking). However, Norwegian financial undertakings are not permitted to store such information beyond four years by the Data Inspectorate of Norway, which issues licences for storing data information about customers.

The Scorecard data is processed through an algorithm (credit assessment model) and each customer is assigned a rating from A to K indicating his or her probability of default (with A being the rating carrying the least risk).

Only Mortgage Loans rated A through F are acceptable to the Issuer for sale and transfer from the relevant Originator to the Cover Pool.

The customer rating is carried out both at the point of origination and each month thereafter for the life of the relevant Mortgage Loan. Accordingly the process also constitutes a key management and monitoring tool both in respect of the Cover Pool and individual borrowers.

The Scorecard algorithm is reviewed on a regular basis by the SpareBank 1 banks to identify areas for improvement.

3. *Test of Debt Servicing Capacity*

Customers with certain characteristics (such as a particular debt to income multiple or overall loan size) are also subject to a test of their debt servicing capacity. Debt servicing capacity is evaluated using a national model (known as the SIFO model, developed by the Norwegian government's National Institute for Consumer Research) based on the net income and expenses of the applicant's household. An applicant's debt servicing capacity is also calculated on the basis of the applicant's total assets and debts and the cost of financing. The Originators take into account a stressed scenario for affordability and consider the applicant's ability to handle interest rate increases of up to several percentage points.

4. *Collateral Valuation*

The valuation of the residential property which is pledged as security for a Mortgage Loan is often the transaction value (in those cases where a house purchase is financed by the Mortgage Loan) because transactions in Norway take the form of an open market auction and so provide a sufficiently adequate indication of market value. When a new Mortgage Loan is originated without a sale of the property (a refinancing), the valuation is performed by an independent source, which could be a licensed valuer or a licensed real estate agent with sufficient local market knowledge. A valuation for a refinancing transaction could also be provided by Eiendomsverdi AS (a leading Norwegian provider of property valuations) through the use of an automated valuation model. Eiendomsverdi AS's data covers all property transactions in Norway since the mid-1990s and its databases are linked to those of most real estate agents in Norway. SpareBank 1 Gruppen AS, a company owned by banks in the SpareBank 1 Alliance, owns 25 per cent. of Eiendomsverdi AS, three other banks and banking groups in Norway also each own a 25 per cent. share.

Valuations in the cover pool are subsequently tested and evaluated quarterly by Eiendomsverdi AS and this forms the basis of the measurement of loan-to-value over time for the Cover Pool.

If there is a large discrepancy between the estimate of the independent valuer and that of Eiendomsverdi AS, the independent valuer may be contacted to establish the authenticity and quality of the estimate. If there is still doubt regarding the estimate following communication with the independent valuer, another independent valuer may be consulted.

The independent appraisal of the real estate assets securing Mortgage Loans acquired by the Issuer is a legal requirement pursuant to Norwegian covered bond legislation. The requirement extends to documenting by whom and under what assumptions the valuation was conducted. According to the Issuer's credit policy, the valuation cannot be older than 24 months at the date on which the Issuer acquires the Mortgage Loan. As part of its independent appraisal, the Issuer will refer to the purchase price for the relevant property (provided the transaction took place within the previous 24 months), appraisals provided by licensed appraisers and estimates from registered estate agents (provided such estate agents appear on the SpareBank 1 Alliance approved list) as well as valuations from Eiendomsverdi AS, but any valuation estimates from the SpareBank 1 banks themselves are not considered independent and are therefore insufficient to satisfy this legal requirement.

The ongoing quarterly testing of the valuation of the underlying collateral performed by the Issuer via Eiendomsverdi AS is not a legal requirement. However, covered bond issuers in Norway are required by law to revalue the underlying collateral (i) when there is reason to believe that due to market conditions there has been deterioration in the collateral value or (ii) at a minimum every three years. Should property prices fall

after inclusion of a Mortgage Loan in the Cover Pool, the part of a mortgage that exceeds the relevant LTV limit is still part of the Cover Pool and protects the holders of preferential claims. However, the part of a loan that exceeds the LTV limit is not taken into account when calculating the value of the Cover Pool to test for compliance with the statutory overcollateralisation requirement (which requires a minimum overcollateralisation in the Cover Pool of 2 per cent. at all times – for further details see "*Overview of the Norwegian Legislation Regarding Covered Bonds (obligasjoner med fortrinnsrett)*"). Similarly, loans which are more than 90 days in arrears are also not taken into account when calculating the value of the Cover Pool to test for compliance with the statutory overcollateralisation requirement.

5. *Decision, Pricing and Loan Contract*

Depending on, among other things, the characteristics of the customer, the mortgage loan application and the collateral, the application may be approved by a financial adviser, the credit committee, a branch manager or a regional director. In exceptional circumstances (for example, where the mortgage loan application falls outside of the credit policy or the mortgage loan value exceeds a set threshold), the approval of the Chief Credit Officer or the Chief Executive Officer will be required. The exact underwriting authority differs between Originators.

If the application is approved, the pricing will be set in respect of the Mortgage Loan on the basis of an internal pricing model. The model will take into account a number of factors including the nature of the mortgage loan being originated (for example, a standard variable rate loan or fixed rate loan), the credit history of the borrower and the cost of funding for that Originator. This price may be adjusted in order to make it more competitive with other banks in the market.

The Mortgage Loan document will be prepared ready for signing by the borrower.

Underwriting Personnel

In order to be granted underwriting authority, a financial adviser must have a minimum of 12 months experience and have completed the relevant underwriting examinations. All underwriters also take part in ongoing training and reviews of their underwriting performance by branch managers and credit officers.

Eligibility Criteria

Because all Originators share a similar credit process, comparable information is available with respect to every Mortgage Loan that could potentially be transferred to the Issuer. The Issuer's credit policy sets out the criteria identifying which Mortgage Loans it may acquire from the Originators (**Eligible Loans**). These criteria include the following:

- All Mortgage Loans must be first priority mortgages for residential property in Norway (including detached houses, terraced houses, apartments and cooperative housing units as well as second home properties).

- All Mortgage Loans must have an LTV of 75 per cent. or less at the time of transfer. Since 2014, the Issuer has imposed a maximum 60 per cent. LTV for revolving credits as eligibility criteria, but this can be changed back to 75 per cent. with no further notice to investors.

- No adverse credit history exists in respect of the customer during the previous year.

- Customer is rated in risk classes A-F of the SpareBank 1 Alliance 11 grade system (from A to K) used by all Originators.

- The valuation of the mortgage property must be no less than 24 months old and carried out by an independent third party.

- The Issuer limits the number of mortgages each borrower may have in the cover pool to three. This is in order to, among other things, minimise the potential for buy-to-let properties being in the pool, despite the fact that no mortgages are granted on the basis of a rental income cash flow alone. All Mortgage Loans must always be backed by a general employment (or self-employment) income stream and have full personal recourse to the individual as debtor.

- A maximum loan volume per customer of NOK 16 million.

- No fixed rate Mortgage Loans.

Eligible Loans may also include the following products:

- Instalment loans, where the monthly repayments of principal remain the same over the life of the Mortgage Loan. As the outstanding principal decreases the interest payments also decrease and, as such, total monthly payments made by the borrower decrease over the life of the Mortgage Loan. Instalment loans may include an interest-only period.

- Annuity loans, where the borrower pays the same repayment amount each month for the life of the loan. Monthly payments in the early life of the Mortgage Loan comprise a high component of interest and a smaller component of principal. As the principal is gradually paid down, the interest payments decrease on the smaller outstanding principal. Annuity loans may include an interest-only period.

- Flexible loans, which allow the borrower to leave a portion of the loan undrawn at the point of origination. This may be drawn at a later date and from time to time during the life of the Mortgage Loan. The Issuer maintains a cash reserve for a portion of the total undrawn amounts under Flexible Loans forming part of the Cover Pool.

The Issuer's eligibility criteria complies with the eligibility requirements set out in the Act and the Regulations (as amended, varied or supplemented from time to time), in addition to the Issuer's credit policy. For details of the Act and the Regulations see "*Overview of the Norwegian Legislation Regarding Covered Bonds (obligasjoner med fortrinnsrett)*". The Issuer has the right, pursuant to the Transfer and Servicing Agreement it maintains with each Originator, to transfer back to the relevant Originator loans which are, following transfer to the Cover Pool, found to be ineligible at the time of transfer for any reason.

Purchase of Mortgage Loans

Initially a Mortgage Loan is recorded on the balance sheet of the Originator originating the Mortgage Loan. After all Mortgage Loans originated by each Originator are checked for compliance with the Issuer's credit policy criteria via a centralised mainframe, the Eligible Loans are moved to a separate database. The database is connected to a centralised web-based application used to manage the transfer of Eligible Loans to the Issuer. The treasury department of each Originator then confirms its willingness to sell the Eligible Loans to the Issuer, whereupon the Issuer carries out the final approval for the sale and transfer to take place. The Issuer is not obliged to purchase any Eligible Loan. The approval triggers both the immediate transfer of the Eligible Loans to, and funds from, the Issuer and the recording of the Eligible Loans on the balance sheet of the Issuer.

Pursuant to the terms of a transfer and a servicing agreement (each a **Transfer and Servicing Agreement**), there is a legal sale of those Mortgage Loans selected to form part of the Cover Pool from the Originator to the Issuer. This does not result in the registration of the Issuer as mortgagee in the Norwegian Real Property Registry.

Each Mortgage Loan sold by an Originator to the Issuer is sold by way of a true sale in that, following sale, all credit risk transfers to the Issuer and the Mortgage Loan appears on the Issuer's balance sheet. Only if the Originator has not fulfilled the agreed origination procedures, or omitted or collected incomplete or erroneous information in the Mortgage Loan origination process, can the Issuer require that the bank repurchase in general at par a Mortgage Loan already transferred to the Issuer.

Following purchase of the Eligible Loan, a letter of notification is sent to the customer of the transferred Mortgage Loan in order to perfect the legal transfer of the Mortgage Loan to the Issuer under Norwegian law. The consent of the customer to the transfer is not required.

This stream-lined process is designed to ensure the secure and accurate sale of the Eligible Loans to the Issuer and the corresponding proceeds from the Issuer to the Originators. The process also ensures that the Originators cannot influence the nature or credit quality in respect of the Mortgage Loans which are sold to the Issuer from time to time, but rather that the Issuer determines which Eligible Loans to buy in accordance with the Act and the Regulations and its own credit policy criteria.

Each Originator that sells Mortgage Loans to the Issuer earns a commission (**Commission**) on those Mortgage Loans set out under the relevant Transfer and Servicing Agreement. The Commission for each Originator is equal to the customer interest payments on the Mortgage Loan less (i) the Issuer's average funding costs, plus (ii) an additional cost factor to cover the Issuer's operational costs. The Issuer currently calculates and pays the Commission to each Originator on a monthly basis. The Issuer has a right to offset certain limited credit losses against Commission amounts due to Originators. The Issuer may offset those certain limited credit losses arising from the Cover Pool against an amount of between one to twelve months' (depending on the month in which such right is to be exercised) worth of Commission amounts due to all Originators in that calendar year (i.e. ending 31 December). The Issuer is not obliged to pay commission for Mortgage Loans that are more than 90 days in arrears, and can reduce the commission by half for any Mortgage Loans that is above a loan-to-value limit of 75 per cent. (which could occur due to a decline in residential real estate valuation after the transfer of a mortgage loan from an Originator to the Issuer).

Monitoring of the Cover Pool

All Originators and the Issuer are served by an IT service provider (EVRY ASA). EVRY ASA maintains a database containing up-to-date information on each Mortgage Loan in the Cover Pool. The Issuer and the Originators are able to use this data for monitoring and statistical and analytical purposes. Furthermore, the database allows the Issuer to demonstrate that it is complying with its legal obligations under Norwegian covered bond legislation and also with the requirements of the rating agencies that the overcollateralisation of the Cover Pool is maintained at an agreed level.

In addition to the monthly assessment of the borrower's credit rating and quarterly revaluation of the Mortgage Loan's underlying collateral, individual Mortgage Loan files are regularly selected for review by the relevant Originator. The Mortgage Loans are selected on the basis of the borrower's credit rating, the value of the Mortgage Loans, the LTV ratio and any changes to the borrower's payment plan. The outcome of the review may lead to changes being made to the terms of the Mortgage Loan, such as its payment plan or the applicable mortgage rate.

Loan Servicing

Pursuant to each Transfer and Servicing Agreement, the Originator of the relevant Mortgage Loans provides all Mortgage Loan servicing functions for the Issuer.

Residential mortgage customers typically pay their interest and principal instalments by direct debit from their current accounts. These funds are collected in a designated account in the name of the Issuer held with the applicable Originator. After the close of business each day the accumulated funds are transferred to the Issuer's central account. This account is typically held with a rated Shareholder Bank and can be altered by the Issuer on short notice to an account held with a different bank by way of notice to the common IT service provider for the Originators, EVRY ASA. EVRY ASA carries out the settlement on mortgage loan accounts within each Originator when a customer makes a periodic payment, or refinances the Mortgage Loan.

The Issuer has internal guidelines and limits on the level of funds which may accumulate in any account held with a particular Shareholder Bank. Furthermore the bank holding the funds must hold a credit rating from a recognised credit rating agency. The funds collected and held by the Issuer are used for liquidity reserves, to

purchase liquid securities such as sovereign debt and other covered bond instruments, and to purchase new Mortgage Loans from the Originators.

The standard variable rate applicable to all Mortgage Loans transferred to the Issuer is set separately by each Originator in the context of its own local market, the cost of funding and the borrower's credit score. They are not linked to the Norwegian Inter Bank Offer Rate. Each Originator may change the standard variable rate at any time to any level, but must observe by law a minimum notice period to the customer of six weeks for rate increases. Any changes to the standard variable rate must be agreed to by the Board of Directors of the Originator. The costs associated with a customer changing its mortgage provider are low. Accordingly, changes in the standard variable rates may affect the market share of the relevant Originator and increasing the standard variable rate could lead to a higher repayment rate.

Although the Issuer is permitted to determine its own standard variable rate in respect of the Mortgage Loans transferred to it by the Originators, by custom it follows the rate set by the relevant Originator.

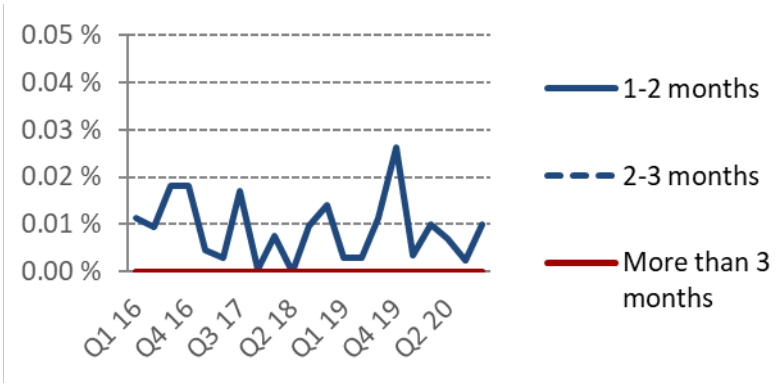
When an Originator wishes to make changes to any Mortgage Loan terms and conditions in respect of any Mortgage Loans already transferred to the Issuer it requires the Issuer's approval. Minor changes may be made without the Issuer's explicit approval provided notice of the proposed change is given to the Issuer and the Issuer raises no objection.

Each Originator maintains its own administrative unit which maintains deeds and titles to the residential property that comprise the security for the Mortgage Loans which it originated, and also maintains them on behalf of the Issuer. The original deeds are scanned by each of the Originators and stored in the central IT system.

If an Originator is no longer able or willing to service its Mortgage Loans transferred to the Issuer, the Transfer and Servicing Agreements provide that the Issuer may terminate the relevant Transfer and Servicing Agreement and may also, in some circumstances, transfer the servicing of the relevant Mortgage Loans to another Originator. As at the date hereof, no Originator has ever ceased servicing its Mortgage Loans transferred to the Issuer nor defaulted under the relevant Transfer and Servicing Agreement.

Payment Arrears

The Issuer monitors reports on loans which are in arrears on a daily basis. Arrears levels are low overall and rarely extend beyond 60 days. The following chart shows the arrears history for the previous five years, from the first quarter of 2016 through the fourth quarter of 2020 (loans in arrears from one through 3 months as a percentage of the overall Mortgage Loan portfolio):



The most recent figures from the chart are set out in the table below, and also include the category up to 1 month. The data excludes the first 10 days in the up to 1 month category in order to remove operational reasons for arrears and data noise.

History of loans in arrears, in % of balance in portfolio

	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
Up to 1 month	0.25%	0.46%	0.11%	0.11%	0.09%	0.09%
1-2 months	0.01%	0.03%	0.01%	0.01%	0.00%	0.01%
2-3 months	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
More than 3 months	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Arrears in respect of transferred Mortgage Loans are managed on behalf of the Issuer by the relevant Originator in accordance with a standardised procedure that meets the requirements set out under Norwegian law. The arrears procedure is in accordance with the servicing banks' own procedures. The arrears procedure is generally as follows:

- 14 days after the payment due date – initial notice sent to the customer.
- approximately 32 days after the payment due date – a second notice is sent, and the customer is warned that the relevant Mortgage Loan may be considered to have defaulted and may therefore become due in its entirety if not paid within 14 days of the second notice.
- approximately 48 days after the payment due date – a formal notice is sent, in which the customer is warned that if the mortgage is not paid within 14 days of the formal notice, it will be transferred to a debt collection agency.
- 60-70 days after the payment due date – a debt collection agency is appointed with the task of collecting on the mortgage debt. Associated fees for collection is charged to the customer. The Issuer takes over the management from the Originators of the relevant Mortgage Loan in arrears once such Mortgage Loan progresses into the collection stage.

The Originators are encouraged, but are not obliged, to repurchase defaulted Mortgage Loans before they are sent for debt collection. The Issuer identifies mortgage loans with payments in arrears. It is then policy of the Issuer to request from the Originators, which have transferred such mortgage loans with arrears, to buy back these from the Issuer (at par value). This is voluntary on part of the Originators, but consistent with the function of the Issuer as a funding organization for the Originators. Furthermore, the practice of the Issuer is to request such buy backs of mortgages when a payment on a mortgage is at least 30 days late.

Penalty interest is charged to borrowers by the Originator for Mortgage Loans in arrears in respect only of the amount due and payable. The rate varies between the Originators but is limited under Norwegian law. Penalty interest may be waived by the relevant Originator.

Pursuant to their origination criteria, the Originators will not originate Mortgage Loans to a customer with an adverse credit history (including late payments). Existing customers who have received one or more late payment notices will in general not be eligible to receive a further Mortgage Loan without satisfactory explanation of the reasons for the late payment or payments. Existing customers who make a payment that is 48 days or more late will in general not be able to obtain a new Mortgage Loan from an Originator for at least three years and provided that a new analysis demonstrates an ability to meet future payments. If an Originator makes an exemption to the general guidelines set out above when originating a mortgage loan, such mortgage loan will not be eligible for transfer to the Issuer. The Issuer, according to its Board of Directors approved credit policy, is not permitted to allow exemptions to its eligibility criteria.

Foreclosure

Provided that (i) the borrower has been notified of his or her payment default as provided under the Norwegian Financial Contracts Act 1999, (ii) the default has been deemed substantial, usually when two consecutive monthly payments have not been made and the Lender has claimed the total mortgage as defaulted, and (iii) if the borrower is a consumer and has not remedied the default within 14 days after the notification of the default of the mortgage under item (ii) above, a Lender is able to foreclose on a Mortgage Loan by claiming its rights under the mortgage document executed by the borrower. Under the Issuer's foreclosure procedure, this takes place about 90 days after the original payment due date.

The Norwegian Enforcement Act provides for an effective and expedient forced sale procedure. A lender may, if a mortgage loan is accelerated and the borrower fails to pay any due amount, file an application before the county court for a forced sale of the property securing the mortgage loan. The registered mortgage document will itself constitute the basis for such application. There is no need for an additional order by the court to permit such a forced sale. The court will, after giving the debtor time to contest the application, decide if the forced sale should be carried out. The court will normally appoint a real estate agent to administer the sale in order to obtain a reasonable price. However, the court may decide that the forced sale should be carried out through an auction if it believes that this will result in an improved sale price. The court may also decide to evict the debtor from the premises if the sales procedure is hindered or there is a possible loss of value of the property.

In the event that the court is asked by the lender to affirm a bid on the property, the court will do so provided that such a bid allows full recovery for those creditors with senior priority to the lender (see below) and there is no reason to believe that it is possible to obtain a higher bid. The court will then give an order to distribute the proceeds of the sale to the creditors that hold security over a property. In general six to nine months from the start of the foreclosure process are required to repossess the property and distribute proceeds to the creditors. While the foreclosure process is taking place, no other enforcement proceedings may be taken against the debtor in respect of that debt.

Certain claims benefit from a statutory first priority lien on any real property in Norway, typically a claim for property tax owed to the local municipality and for certain municipal fees such as refuse collection and disposal, annual water and sewage fees and chimney sweep fees. A bankrupt estate of a borrower will have a first priority statutory lien over any asset, including real property, pledged by the borrower. This lien is limited to 5 per cent. of the value of the relevant asset, subject to a maximum threshold of 700 times the court fee (which at present equals NOK 820,400) in respect of each pledged asset. The bankruptcy estate may only apply the funds obtained from this statutory first priority lien to discharge the necessary costs relating to the management of the bankruptcy estate.

As described above, the Issuer may only purchase Mortgage Loans with an LTV of 75 per cent. or less, which generally allows for a 25 per cent. deterioration of the value of the property from the time the Mortgage Loan was purchased before the Mortgage Loan is impaired. In normal markets this is sufficient to cover the full value of the Mortgage Loan, but the Issuer has had no experience of selling foreclosed properties. The Issuer's procedures are, however, based on those of the Originators, which do have such experience. The timing and success of such a property sale is dependent on market conditions.

Under Norwegian law, there is also full recourse to a debtor in Norway, who is personally responsible for any uncollected debts notwithstanding foreclosure and sale of the property to satisfy a creditor's claim. This may include a court order to make deductions from the debtor's salary to cover uncollected debts.

Reserves for potential Mortgage Loan losses are recorded by the Issuer in accordance with IFRS 9 from January 1, 2018 and in accordance with IAS 39 for prior periods. Please see the section "*Loans*" under "*Management's Discussion and Analysis for the Issuer*" above for further details.

Other than the sale of security, there are no other general sources of proceeds from foreclosure. Costs associated with the foreclosure process (principally legal fees and estate agent fees) reduce the amounts ultimately received by creditors since they are not generally recoverable from the debtor.

COVER POOL REVIEW PROCESS

The Cover Pool is monitored by an independent inspector, appointed by the FSAN. The Inspector reviews a sample of the Issuer's Mortgage Loans as part of his role. The Inspector will perform his duties independently of the Issuer. The Inspector has, however, agreed to perform additional reviews – in frequency or scope – if reasonably requested to do so by the Issuer and to present the findings of their review to the Board of Directors. The Inspector will thus conduct such reviews on an annual basis. In connection with any such exercise, the Inspector will have a general discussion with the Issuer's management about the loan book before devising the scope of its review (which will include defining the parameters of the sampling by reference to factors such as which Originators and customers and the number of files to be reviewed). The file review procedures may include, but will not be limited to, the Inspector verifying whether the loan documents have been signed, the legal perfection procedures associated with the transfer to the Issuer have been completed and the security related to the loan has been registered with the correct priority in the Norwegian Real Property Register. The Inspector's procedures may also include checking whether certain aspects of the Issuer's eligibility criteria and credit policies are met and verifying whether certain legal requirements have been observed (including verifying whether loans secured by Residential Mortgages had LTVs of 75 per cent. or lower at the time of their transfer to the Issuer).

In connection with any such review exercise, a report is presented by the Inspector to the Board of Directors who will decide on how to respond to the report.

The role of the Inspector is otherwise described in this Base Prospectus in "*Overview of the Norwegian Legislation Regarding Covered Bonds (obligasjoner med fortrinnsrett) – Inspector*". To the extent that any report from the Inspector indicates that a loan is deficient in any way with regards to matters such as missing documents, missing signatures and failure to complete registrations, the Issuer may put the relevant loan back to the relevant Originator at par pursuant to the relevant Transfer and Servicing Agreement.

DESCRIPTION OF THE SHAREHOLDERS' AGREEMENT AND THE SHAREHOLDER NOTE PURCHASE AGREEMENT

Set out below is an overview of the key provisions of the Shareholders' Agreement and the Shareholder Note Purchase Agreement (each as defined below).

1. Shareholders' Agreement

General

On 11 September 2018, the Issuer and Shareholder Banks entered into a shareholders' agreement (the **Shareholders' Agreement**) to regulate the relationship between each of the Shareholder Banks and also between the Shareholder Banks collectively and the Issuer.

Shareholdings

Each Shareholder Bank will own shares in the Issuer pro rata to its share of the total contributed lending volume of the Shareholder Banks to the Issuer. However, any Shareholder Bank or prospective Shareholder Bank whose contributed lending volume is zero shall be allocated one share in the Issuer.

The shareholding of each Shareholder Bank shall be adjusted:

(a) annually on a date selected by the Issuer from time to time (which will generally be the date of an annual general meeting of the Shareholder Banks), to reflect the contributed lending volume of the Shareholder Banks as at a date before 30 December of the previous year;

(b) on or following the date on which the board of directors of the Issuer agrees that an additional bank shall become a Shareholder Bank in accordance with the Shareholders' Agreement, to reflect the contributed lending volume of the Shareholder Banks as of that date;

(c) on or following the date on which a Shareholder Bank resigns or has its shares redeemed, in each case in accordance with the Shareholders' Agreement, to reflect the contributed lending volume of the Shareholder Banks as of that date; or

(d) at any other time at which the Issuer in its absolute discretion thinks fit,

(each, a **Re-allocation Date**).

Core Tier 1 capital ratio

Pursuant to the Shareholders' Agreement, the Shareholder Banks shall ensure that at all times the Issuer shall maintain a Core Tier 1 ratio according to any regulation or binding supervisory decision by Norwegian authorities (including any buffer requirements and Pillar 2 requirements). Where necessary in order to maintain the Core Tier 1 capital ratio the Shareholder Banks will contribute additional Core Tier 1 capital within three months at the written request of the Issuer (the **Core Tier 1 Capital Request**). The obligation of the Shareholder Banks to contribute this Core Tier 1 capital is several and not joint and shall be in accordance with each Shareholder Bank's pro rata share in the shareholding of the Issuer.

If the Issuer notifies the Shareholder Banks (the **Capital Non-Defaulting Shareholders**) that any Shareholder Bank(s) (the **Capital Defaulting Shareholder(s)**) has failed to contribute the Core Tier 1 capital required of it following a request from the Issuer, then the Capital Non-Defaulting Shareholders shall be jointly and severally liable to contribute such further additional capital as specified by the Issuer as is required to ensure that the Issuer has the required Core Tier 1 capital ratio. Any Capital Non-Defaulting Shareholder's obligation to pay additional capital shall be limited to an amount equivalent to twice the initial obligation of that Capital Non-Defaulting Shareholder under the relevant Core Tier 1 Capital Request.

Default

If a Shareholder Bank does not fulfil its obligation to contribute additional Core Tier 1 capital following a Core Tier 1 Capital Request, this shall be deemed a substantial default under the Shareholders' Agreement. If a Shareholder Bank is in substantial default as regards the Shareholders' Agreement and/or the Shareholder Note Purchase Agreement (the **Defaulting Shareholder**), the Issuer or another Shareholder Bank who is not in default may present a written notice to the Defaulting Shareholder:

(a) terminating the Shareholders' Agreement and the Shareholder Note Purchase Agreement (subject to and in accordance with its terms) with respect to the Defaulting Shareholder only and without prejudice to the rights and obligations of the other Shareholders in respect of which the Shareholders' Agreement and the Shareholder Note Purchase Agreement shall be continuing; and

(b) requiring the redemption of the Defaulting Shareholder's shares at a rate equivalent to the relevant stake of book equity of the other Shareholder Banks and for such redeemed shares to be redistributed in accordance with the Shareholders' Agreement.

A Shareholder Bank may also be treated as being in substantial default of the Shareholders' Agreement if so deemed by a 2/3 majority (by percentage of shareholding) of the other Shareholder Banks.

In the event that a substantial default has occurred, the Issuer may present a written notice to the Defaulting Shareholder terminating the Transfer and Servicing Agreement with respect to that Defaulting Shareholder (subject to and in accordance with its terms).

If the Transfer and Servicing Agreement entered into by a Shareholder Bank is terminated for any reason, the Shareholders' Agreement and the Shareholder Note Purchase Agreement shall, so far as they relate to that Shareholder Bank, also terminate with effect on the same date, subject to and in accordance with their terms but shall remain in force as regards the other Shareholder Banks and the Issuer.

Entry and exit

When a bank which is a part of the SpareBank 1 Alliance has entered into a Transfer and Servicing Agreement with the Issuer, it may become a Shareholder Bank, at which point it must accede to the Shareholders' Agreement.

A Shareholder Bank may resign from the Shareholders' Agreement, provided this is done in accordance with the Transfer and Servicing Agreement, and in such a manner that the Issuer is able to maintain its obligations towards its investors, customers and relevant others. The resigning Shareholder Bank will thus also terminate its rights and obligations under the Shareholder Note Purchase Agreement (subject to and in accordance with its terms, including the enduring obligations set out thereunder). The resigning Shareholder Bank's shares shall be reallocated in accordance with the Shareholders' Agreement.

A bank which is not a part of the SpareBank 1 Alliance and which enters into a Transfer and Servicing Agreement may also become a Shareholder Bank. In the event that such a bank becomes a Shareholder Bank a replacement Shareholders' Agreement shall be entered into between the existing Shareholder Banks, the new Shareholder Bank which is not part of the SpareBank 1 Alliance and the Issuer. This replacement Shareholders' Agreement will supersede the existing Shareholders' Agreement.

Disagreements between the Shareholder Banks

If the Shareholder Banks cannot reach a decision in accordance with the Shareholders' Agreement's requirements for a two-thirds majority (by percentage of shareholding) or, for some other reason, a disagreement exists between the Shareholder Banks which renders impossible the running of the Issuer, then the CEOs of each of the Shareholder Banks or their deputies are required to enter into negotiations in order to resolve the issue.

If these negotiations have not led to a resolution within 30 days:

(a) those Shareholder Banks who would like to resign from the Shareholders' Agreement may do so in accordance with the resignation process set out thereunder; and

(b) Shareholder Banks acting by a 2/3 majority (by percentage of shareholding) are entitled to require the redemption of any Shareholder Bank's shares as if such Shareholder Bank was a Defaulting Shareholder (as defined above).

Transfer and Servicing Agreement

The Shareholders' Agreement specifies that the transfer and servicing agreement between the Issuer and each Shareholder Bank (each a **Transfer and Servicing Agreement**) will include, as a minimum, provisions covering the following:

- Purchase of mortgage loans from the Shareholder Bank by the Issuer (including the approval of such purchase).
- The relationship between the Issuer and the Shareholder Bank in respect of the Mortgage Loans.
- The relationship between the Issuer and Shareholder Bank's borrowers.
- Commission paid by the Issuer to the Shareholder Banks in respect of the Mortgage Loans purchased by the Issuer.
- Termination of the Transfer and Servicing Agreement.
- Default by the Shareholder Banks of its obligations under the Transfer and Servicing Agreement.

Governing law

The Shareholders' Agreement and any non-contractual obligations arising out of or in connection with it are governed by Norwegian law.

No guarantee

For the avoidance of doubt, the obligations of the Shareholder Banks under the Shareholders' Agreement do not constitute a guarantee in respect of amounts due and payable under the Notes. The Notes will be solely obligations of the Issuer and, in particular, will not be obligations of, and will not be guaranteed by, the Shareholder Banks, the Arranger, the Dealers or any other entity. In the event of the Issuer defaulting on its obligations under the Notes, the Noteholders hold the benefit of priority of claim over the assets in the Cover Pool. For further details of risks in relation to the Cover Pool, see "*Risk Factors – Risks relating to the Notes generally*" above.

2. Shareholder Note Purchase Agreement

General

On 15 September 2010, the Issuer and the Shareholder Banks entered into a shareholder note purchase agreement (the **Shareholder Note Purchase Agreement**) under the terms of which the Issuer may from time to time issue Notes (the **Shareholder Notes**) and put such Shareholder Notes to the Shareholder Banks for the purposes of funding any shortfall in the funds available with the Issuer to pay the Final Redemption Amount in respect of a Series of Notes on the Relevant Maturity Date.

Under the Shareholder Note Purchase Agreement, each Shareholder Bank unconditionally and irrevocably undertakes to the Issuer that on the relevant Issue Date of the Shareholder Notes, upon the demand of the Issuer

it will purchase each Shareholder Note offered by the Issuer at a price equal to 100 per cent. of such Shareholder Note.

The Shareholder Notes must be in the form of VPS Notes and shall be issued in accordance with the terms and conditions set out in the Shareholder Note Purchase Agreement.

The Issuer shall apply the proceeds of the Shareholder Notes towards payment of the Final Redemption Amount of the relevant Series of Notes on the Maturity Date thereof.

Requirement to issue Shareholder Notes

On the Business Day which is 60 days prior to the Maturity Date (the **Relevant Maturity Date**) of any Series of Notes issued under the Programme (and if such day is not a Business Day, the immediately preceding Business Day) or any other day (the **Determination Date**), the Issuer shall determine whether it will have (or reasonably expect to have) sufficient funds to pay the Final Redemption Amount in respect of such Series of Notes and (if applicable) amounts payable under any related Swap Agreement. On each Determination Date that the Issuer determines that there would be (or is reasonably likely to be) insufficient funds available to pay the Final Redemption Amount in respect of a Series of Notes on the Relevant Maturity Date (the **Shortfall**), the Issuer shall notify the Shareholder Banks of the amount of that Shortfall.

In making such a determination, the Issuer shall take into account:

(a) interest and principal amounts that will fall due for payment on other Series of Notes (including Shareholder Notes) on or prior to the Relevant Maturity Date;

(b) amounts that will fall due for payment to any other holder of Notes (including Shareholder Notes) or to any Swap Provider on or prior to the Relevant Maturity Date;

(c) (if applicable) currency exchange rates in effect on the Determination Date and, based on such currency exchange rates, the amounts that would (as applicable) be received by the Issuer from any Swap Provider or be payable to any Swap Provider by the Issuer, in each case on or prior to the Relevant Maturity Date; and

(d) such other matters that it would be reasonable and prudent for the Issuer to take into account (including the liquidity position of the Issuer).

Issue of Shareholder Notes

On each Determination Date that the Issuer determines that there would be (or is reasonably likely to be) a Shortfall, the Issuer shall notify the Shareholder Banks of the amount of that Shortfall. The Issuer shall arrange for the issuance of Shareholder Notes and offer the same to each Shareholder Bank based on their individual Shareholder Note Commitment (as defined below) in an aggregate amount which is not less than the greater of:

(a) the Shortfall amount (rounded upwards to the nearest NOK 10,000,000); and

(b) the sum of the individual Shareholder Note Commitments of each Shareholder Bank, on the basis that no Shareholder Note shall have a denomination of less than NOK 500,000.

The aggregate nominal amount of the Shareholder Notes to be issued in any rolling twelve-month period shall not exceed the equivalent of the aggregate nominal amount of:

(a) the amount due on the Maturity Date as set out in the applicable Final Terms for each Series of the Notes (including the Shareholder Notes); and

(b) the amounts payable under any Swap Agreements,

which fall due for payment in that twelve-month period. When calculating the maximum amount payable in any twelve-month period, the following amounts will be deducted: (i) the aggregate amount of all Shareholder Notes in issue and not previously redeemed or repaid by the Issuer; and (ii) the liquidity position of the Issuer.

Shareholder Note Commitment

The obligation of each Shareholder Bank to purchase each Series of Shareholder Notes (the **Shareholder Note Commitment)** is several and pro-rated (between the Shareholder Banks) in accordance with each Shareholder Bank's shareholding in the Issuer, as determined on the most recent Re-allocation Date adjusted to take into account the enduring Shareholder Note Commitments of any Retiring Shareholder Banks (the **Pro-rata Share**). In the event that a Shareholder Bank fails to purchase its share of Shareholder Notes, the remaining Shareholder Banks shall purchase such Shareholder Notes in accordance with their Pro-rata Share, provided that no Shareholder Bank will be obliged to purchase such Shareholder Notes in an amount greater than twice their initial purchase obligation.

Termination

The Issuer may terminate the Shareholder Note Purchase Agreement in its entirety and to operate without any replacement shareholder financing arrangement by giving one year's notice to each of the Shareholder Banks and the Rating Agencies, provided that the Issuer is satisfied that the ratings of the Notes would not be adversely affected as a result of such termination. The Shareholder Note Purchase Agreement may also be terminated prior to the aforementioned one year period if the Issuer enters into an agreement on substantially the same terms as the Shareholder Note Purchase Agreement and the Issuer is satisfied that the ratings of the Notes would not be adversely affected as a result thereof.

If a Shareholder Bank (the **Retiring Shareholder Bank**):

(a) ceases to be a shareholder of the Issuer; or

(b) gives not less than 12 months' notice to the Issuer, the other Shareholder Banks (the **Non-retiring Shareholders**) and the Rating Agencies of its intention to terminate its Shareholder Note Commitment,

then the Shareholder Note Commitment of the Retiring Shareholder Bank shall cease on the day immediately following the Maturity Date (or, if applicable, the Extended Final Maturity Date) of the Notes which have the longest dated Maturity Date, including the Extended Final Maturity Date (the **Longest Dated Notes**) (determined on the date on which the Shareholder Bank ceases to be a shareholder of the Issuer or, as applicable, the expiry of the 12 month notice period (the **Reference Date**)). For the avoidance of doubt, the Retiring Shareholder Bank's Shareholder Note Commitment shall continue (on the basis of its Shareholder Bank's Pro-rata Share as at the Reference Date) in respect of:

(i) existing Notes with a Maturity Date falling on or before the Maturity Date (or, if applicable, the Extended Final Maturity Date) of the Longest Dated Notes; and

(ii) any new Notes which are subsequently issued with a Maturity Date which falls on or before the Maturity Date (or, if applicable, the Extended Final Maturity Date) of the Longest Dated Notes.

Rating Agency means Moody's Investors Service Limited (or any successor of its ratings business).

New Shareholder Banks

Any new shareholders of the Issuer shall accede to the terms of the Shareholder Note Purchase Agreement.

Governing law

The Shareholder Note Purchase Agreement and any non-contractual obligations arising out of or in connection with it are governed by Norwegian law.

For the avoidance of doubt, the obligations of the Shareholder Banks under the Shareholders' Agreement and the Shareholder Note Purchase Agreement do not constitute a guarantee in respect of amounts due and payable under the Notes. The Notes will be solely obligations of the Issuer and, in particular, will not be obligations of, and will not be guaranteed by, the Shareholder Banks, the Originators, the Arranger, the Dealers or any other entity. In the event of the Issuer defaulting on its obligations under the Notes, the Noteholders hold the benefit of priority of claim over the assets in the Cover Pool. For further details of risks in relation to the Cover Pool, see "*Risk Factors – Risks relating to the Notes generally*" above.

RISK MANAGEMENT CONTROLS FOR THE CATEGORY A SHAREHOLDERS

The Category A Shareholders have established similar risk management procedures within each bank. These procedures allow each of the Category A Shareholders to supervise the development of its framework for overall risk management, overall risk reporting and monitoring across all significant risk areas. This is carried out through a number of practices including regular confirmation from management relating to internal control and risk assessment, independent audits from internal auditors and external auditors and inspection visits from the FSAN.

The risk management process for each Category A Shareholder is set up and managed by the Board of Directors, the individual business units, the risk management division and the internal auditors.

The key risk areas for each of the Category A Shareholders are set out below.

Credit Risk

Credit risk is the risk of loss resulting from the inability or unwillingness of customers or counterparties to meet all or part of their obligations to the Category A Shareholders. The Category A Shareholders' organisation of and framework for management of credit risk is adapted to the Basel Committee's Sound Practices for the Management of Credit Risk.

Credit risk is the largest area of risk facing each of the Category A Shareholders. Through the annual review of its credit strategy, each Board of Directors defines a risk strategy by establishing goals and limits for the bank's credit portfolio. Each Category A Shareholders' credit strategy and credit policy are derived from its main strategy and contain guidelines for the risk profile including maximum expected loss, maximum portfolio default probability, and maximum economic capital allocated to the credit business. Concentration risk is managed by distribution between the retail market and corporate market, limits on maximum allocation of economic capital within lines of business and requirements as to credit quality and number of exposures above a certain percentage of the bank's capital base.

Regular reports are produced by each Category A Shareholder for its Board of Directors setting out the current status and any changes in the bank's credit risk profile.

The SpareBank 1 banks have a common programme for collecting data (scorecards) and evaluating and measuring credit risk (credit risk models), both developed by a centre of excellence for credit models set up by the SpareBank 1 Alliance. For further details, see "*Mortgage Origination, Eligibility and Servicing*" above.

Market Risk

Market risk is the risk of loss resulting from changes in observable market prices such as interest rates, exchange rates and securities prices and relates primarily to the Category A Shareholders' long-term investments in financial instruments. Market risk is managed via detailed limits on investments in shares, bonds and positions in fixed income and currency markets.

Each Category A Shareholder defines limits on its exposure to equity instruments with a basis in stress tests employed by *Finanstilsynet*'s scenarios. The limits are reviewed regularly and are adopted by each Category A Shareholder's Board of Directors. Compliance with the limits is monitored by the risk management unit, and exposures relative to the adopted limits are reported to the Board of Directors of each Category A Shareholder. The limits are within the maximum limits set by the regulatory authorities.

Interest rate risk arises mainly on fixed interest loans and funding in fixed interest securities. The risk on all interest rate positions can be viewed in terms of the change in value of interest rate instruments resulting from a rate change of one hundred basis points. The Category A Shareholders utilise models showing the effect of this change for various interest rate bands, with separate limits applying to interest rate exposure within each maturity band and across all maturity bands as a whole.

Foreign exchange rate risk (**FX-risk**) is the risk of losses due to volatility in foreign exchange rates (**FX**). The FX-risk is regulated through nominal limits determining the maximum aggregate currency exposure and the maximum exposure in one single currency. The scope of the Category A Shareholders' FX trading is modest and the FX-risk is considered to be moderate.

Each of the market risks outlined above may also be mitigated by each Category A Shareholder through the use of hedging arrangements.

Liquidity Risk

Liquidity risk is the risk that the Category A Shareholders will be unable to honour their payment obligations.

The Category A Shareholders' most important source of funding is customer deposits and long-term debt instruments. However, changes in saving behaviour have heightened its dependence on other sources of capital. The Category A Shareholders mitigate their liquidity risk by diversifying funding across a variety of markets, funding sources and instruments, and by employing long-term funding.

The Category A Shareholders have either established limits on funding from individual institutions or have put liquidity strategy guidelines in place to assure sufficient diversification of the funding portfolio. The Board of Directors of each Category A Shareholder reviews the liquidity strategy and establishes a framework that promotes a long-term perspective and balance in liquidity procurement.

A key objective of the Category A Shareholders is to maintain resources sufficient to exist for 12 months without fresh external funding under normal market conditions and a contingency plan is in place to deal with bank-specific and industry-related crisis scenarios. The Issuer represents a key source of funding for each of the Category A Shareholders.

Compliance with applicable limits is monitored by the risk management units and reported on to the Board of Directors. A reserve in the form of committed drawing rights is maintained to further reduce liquidity risk.

Operational Risk

Operational risk is defined as the risk of loss inherent in the Category A Shareholders' ongoing operations as well as in external events, including risk of loss due to inadequate or faulty internal processes and systems, human error and various forms of malicious interference with the Category A Shareholders such as theft, cheque counterfeiting, fraud, embezzlement, arson and computer crime. The Category A Shareholders attach importance to authorisation structures, well-defined procedures and clear definition of responsibilities in supply contracts between the respective divisions as elements of a framework for handling operational risk.

Operational risk is assessed in conjunction with each of the Category A Shareholders' internal control processes, and any flaws found are reported to appropriate levels of the organisation along with recommended improvements.

Strategic Risk

Strategic risk is the risk of losses as a result of erroneous strategic decisions. The Board of Directors, the management and the divisions of each Category A Shareholder are involved in the strategy process. On this basis, strategic targets are drawn up by each Category A Shareholder with an associated business and action plan. The corporate management of each Category A Shareholder carries out periodic evaluations of the bank's achievements and strategic direction.

Compliance Risk

Compliance risk is the risk of the Category A Shareholders incurring official sanctions/penalties or financial losses as a result of failure to comply with laws and regulations. Each of the Category A Shareholders stresses the need for good processes to ensure compliance with current legislation and regulations.

The Category A Shareholders, in association with the SpareBank 1 Alliance, have also carried out a project to satisfy the legal requirements of the Norwegian Money Laundering Act of 2018 (as amended from time to time).

Potential investors should note that an investment in the Notes involves a reliance on the creditworthiness of the Issuer only and not that of any other SpareBank 1 Alliance entities or any other entities. The Notes will not be obligations of, and will not be guaranteed by, the Shareholder Banks, the Originators, the Arranger, the Dealers, the Swap Providers, any company in the same group of companies as such entities or any other party to the transaction documents relating to the Programme. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes will be accepted by any of the Shareholder Banks, the Originators, the Arranger, the Dealers, the Swap Providers, any company in the same group of companies as such entities or any other party to the transaction documents relating to the Programme.

BUSINESS DESCRIPTION OF THE CATEGORY A SHAREHOLDERS

The shareholding held by each Category A Shareholder in the Issuer is as follows:

Category A Shareholder	Shareholding in Issuer (as at the date of this Base Prospectus)
SpareBank 1 Østlandet	**22.45%**
SpareBank 1 SMN	**22.36%**
SpareBank 1 Nord-Norge	**18.14%**
BN Bank ASA	**6.97%**
SpareBank 1 BV	**6.07%**
Sparebanken Telemark	**5.00%**

SPAREBANK 1 ØSTLANDET

Business Description

Overview

This year SpareBank 1 Østlandet celebrates its 175th anniversary. The bank can trace its history back to 1845, when funds from local granaries, forest commons, local authorities and private individuals were pooled to found the first of the savings banks that later became Sparebanken Hedmark and then SpareBank 1 Østlandet.

The bank came into being through a series of mergers between formerly independent savings banks in the former county of Hedmark. Altogether, 22 local savings banks have merged and evolved to become Hedmark's largest provider of external debt financing. Prior to 1 April 2017, the bank's name was Sparebanken Hedmark. It assumed its current name following the merger with Bank 1 Oslo Akershus AS (**B1OA**) on 1 April 2017. The bank's head office is in Hamar, Norway.

In June 2006, SpareBank 1 Østlandet became part of the SpareBank 1 Alliance. The alliance has been key in the development and offering of relevant products to the customers of SpareBank 1 Østlandet, enabling the combination of efficient operations and economies of scale with independent local banking operations.

In the autumn of 2011, the former Sparebanken Hedmark expanded into the neighbouring county of Oppland with branches in the cities of Gjøvik and Lillehammer. In 2012, the bank also established a presence in the municipality of Nes in the county of Akershus by purchasing a local branch from B1OA. With the expansion into Oslo and other parts of Viken, SpareBank 1 Østlandet has become Norway's fourth largest savings bank group.

SpareBank 1 Østlandet has, as at 31 December 2020, around 365,000 customers, 1,149 employees across 37 branches in the counties of Innlandet, Oslo and Viken. Total assets were NOK 190 billion, including loans transferred to the Issuer and SpareBank 1 Næringskreditt.

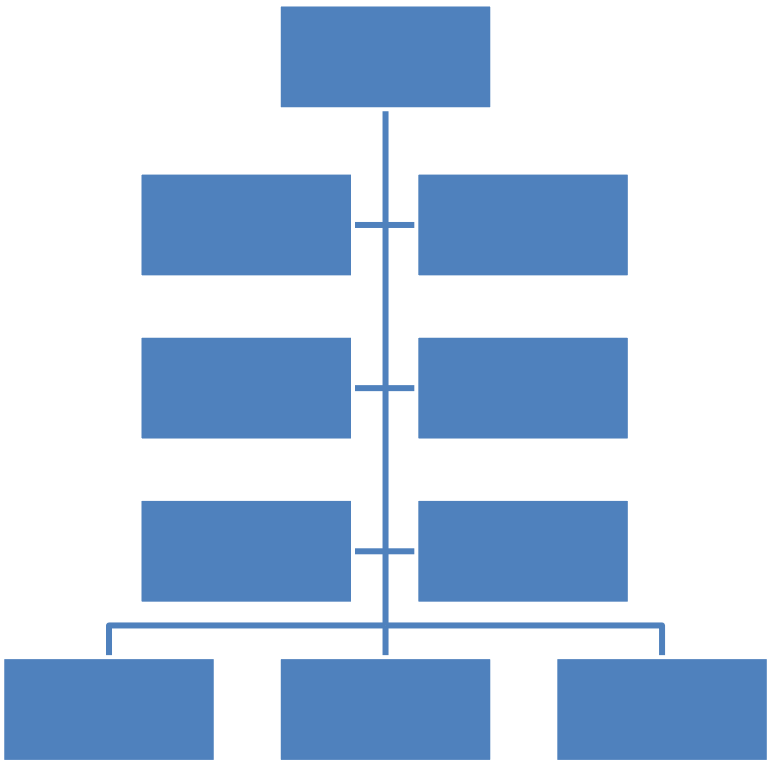
In the autumn of 2016, the Ministry of Finance gave its approval for SpareBank 1 Østlandet, as the first bank in Norway, to pay out annual customer dividends based on the Bank's profits. The first qualifying year started 1 January 2017, and first payout was in April 2018.

SpareBank 1 Østlandet is a savings bank incorporated under the laws of Norway pursuant to Financial Undertakings Act 2015, and is registered with the Norwegian Registry of Business Enterprises with organization number 920 426 530. The address of its registered office is Strandgata 15, PO Box 203, N-2302 Hamar and the telephone number of its registered office is +47 915 07040. SpareBank 1 Østlandet is a credit institution licensed by the Ministry of Finance and supervised by the FSAN. The SpareBank 1 Østlandet group comprises SpareBank 1 Østlandet and the following subsidiaries:

- EiendomsMegler 1 Innlandet AS;
- EiendomsMegler 1 Oslo Akershus AS Group;
- SpareBank 1 Finans Østlandet AS;
- Vato AS;
- TheVIT AS; and
- Youngstorget 5 AS.

Organisation Structure

The following diagram illustrates the SpareBank 1 Østlandet's current operational structure.



Strategic Objectives

SpareBank 1 Østlandet provides financial products and services to private individuals, businesses and the public sector in the eastern regions of Norway. As the leading financial group in the Inland region, the group contributes to growth and development through financing individuals and companies. SpareBank 1 Østlandet also provides leasing, accounting and real estate brokerage services through its subsidiary companies.

SpareBank 1 Østlandet's mission statement is "creating together". The overarching goal of SpareBank 1 Østlandet is to remain one of Norway's largest, most well-capitalized and profitable financial groups.

During 2017, SpareBank 1 Østlandet established a new strategic destination for the period 2018 to 2021. By the end of 2021:

- To be the third largest savings bank in Norway
- To have one of the most attractive equity certificates on Oslo Stock Exchange
- To be differentiated from the main competition and to have increased its market share
- To make banking easy for customers and employees
- To be the best in the alliance at cross-sales and have utilized the profitable potential in the Group
- To have established SpareBank 1 Østlandet as a bank with a distinct ESG profile

Business Divisions

SpareBank 1 Østlandet's banking activities are organized into three separate divisions: Retail, Corporate and Organizational/Capital markets.

Within the Retail Market division (**RM**) activities are divided into six geographic regions: Østerdalen, Glåmdalen, Hedmarken, Ringsaker/Oppland, Sentrum/Vest and Romerike-Øst-Follo. In addition, the retail division has a customer call center and a private banking team.

The Corporate Market division (**CM**) is divided geographically into five regions: Oslo/Akershus, Hedmarken, Oppland, Østerdalen and Glåmdalen. The CM division also has a customer call center.

Both divisions offer financial and insurance products to private individuals and the corporate market (including self-employees). The CM Division also provides cash management services. The divisions operate on a multi-channel distribution basis with 37 branches spread across the Innlandet and Capital (Oslo and parts of Viken) regions in addition to the two customer call centres and internet banking services.

The Organizations and Capital Markets division (**OM**) services customers across categories. Partly, the division functions as a dedicated unit for the bank's relations with the trade union movement. The unions are an important customer group in the bank, based in part on their significant deposit volume and the long-term co-operation agreement entered into in connection with the bank's acquisition of the unions' shares in former B1OA. Under the cooperation agreement the bank offers specialised products and services to LO and its members. The cooperation agreement has an original duration of 10 years.

The OM division is also a competence center for other divisions in the Bank when it comes to trade union relations, especially for the RM division in relation to the customer relationship towards individual union members. The OM division also partly offers interest rate and FX brokerage and advisory services, primarily for the commercial needs of corporate clients, and provides wealth management services to high net worth individuals and corporates. The division does not engage in trading activities for the bank's own account.

Funding

SpareBank 1 Østlandet utilises a number of funding sources, including customer deposits, interbank loans, the Norwegian bond market, and bonds issued under a Euro Medium Term Note Programme.

In addition, SpareBank 1 Østlandet may use F-loans and F-deposits that are provided by the Central Bank of Norway in its liquidity management system. The Central Bank of Norway supplies reserves to the banking system by providing F-loans to banks.

Equity Capital Certificates

As at 31 December 2020, SpareBank 1 Østlandet had issued 115,829,789 Equity Capital Certificates (ECC), with a total ECC capital of NOK 5,791,489,493.

SPAREBANK 1 SMN

Business Description

Overview

SpareBank 1 SMN was founded on 26 May 1823 and is incorporated under the laws of Norway pursuant to Act No. 17 of 10 April 2015 on Financial Undertakings and Financial Groups, and is registered with the Norwegian Company Registry with organisation number 937 901 003. The address of its registered office is Søndre gt. 4, N-7467 Trondheim and the telephone number of its registered office is +47 915 07300. SpareBank 1 SMN is a credit institution licensed by the Ministry of Finance and supervised by the FSAN.

SpareBank 1 SMN is mid-Norway´s largest bank with assets totalling NOK 188 billion at the end of 2020 and 1,546 full time equivalent employees. By participating in the SpareBank 1 Alliance, SpareBank 1 SMN is linked to and cooperates with the independent, locally-based banks, thereby combining efficient operations and economies of scale with the benefit of being close to its customers and the market.

SpareBank 1 SMN offers a wide range of financial products and services to retail customers, small and medium-sized companies and the agricultural and public sectors.

SpareBank 1 SMN comprises the following subsidiaries:

- SpareBank 1 SMN Invest AS (100 per cent.);
- SpareBank 1 Regnskapshuset SMN AS (95.4 per cent.);
- EiendomsMegler 1 Midt-Norge AS (87.0 per cent.);
- SpareBank 1 Markets ASA (66.7 per cent.); and
- SpareBank 1 Finans Midt-Norge AS (64.6 per cent.).

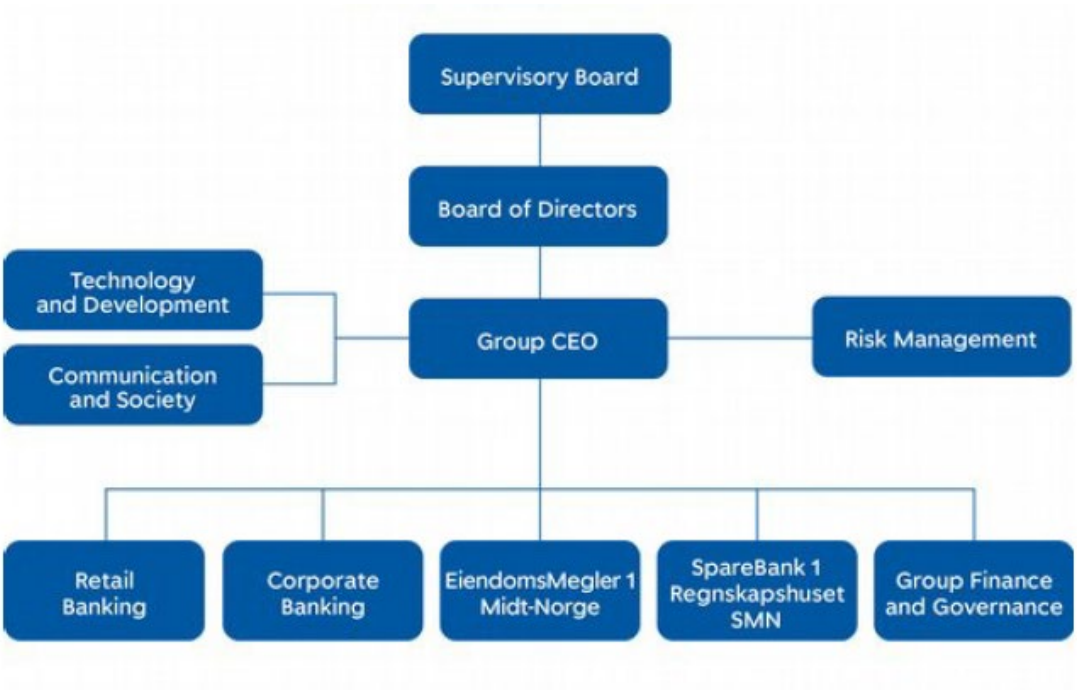
An important part of SpareBank 1 SMN's strategy is to maintain a variety of branch solutions in the municipal and public administration centres in its core market. SpareBank 1 SMN has a presence in 61 locations. The acquisition of such offices has increased the size of SpareBank 1 SMN's core market, which presently comprises the counties of Trøndelag, Møre and Romsdal and Sogn and Fjordane.

Sparebankstiftelsen SpareBank 1 SMN

The Supervisory Board resolved in May 2011 to establish a savings bank foundation named Sparebankstiftelsen SMN. The foundation's mission is to secure long-term ownership of SpareBank 1 SMN through participation in private placings. Based on the Supervisory Board's resolution, the foundation will be allotted portions of the provision for donations to non-profit causes.

Organisation Structure

The following diagram illustrates the SpareBank 1 SMN operational structure as 31 December 2020.



Strategic Objectives

SpareBank 1 SMN's aim is to be the recommended bank among customers in mid-Norway.

SpareBank 1 SMN's ambition is to maintain its position as an independent, regional bank with a strong presence in the local market. SpareBank 1 SMN wishes to be characterised by its proximity to the market and its readily accessible and easy-to-use products.

SpareBank 1 SMN aims to be a full-service bank for retail customers, the primary industries, the public sector and the corporate market in mid-Norway.

Through profitable operations, SpareBank 1 SMN aims to maintain a capital base enabling it to fulfil its social responsibility by playing an active role in the creation of value and growth in its geographical area.

Business Areas

The SpareBank 1 SMN Group is divided into the following customer units:

Retail Banking

SpareBank 1 SMN leads the retail market in Trøndelag and in Møre and Romsdal, with a strong position in all product areas and market segments, and the bank services 245,000 retail customers.

The business area Retail focuses on offering advice to retail customers, agricultural customers, pools/associations and one-person businesses.

The business line 'Retail Banking' offers advice to personal customers, agricultural sector customers, clubs, associations and single-person businesses. Together with product suppliers and subsidiaries, SpareBank 1 SMN offers a broad range of products to customers. Based on the adoption of best practice and new solutions developed in the SpareBank 1 Alliance, the bank aims to provide solutions tailored to ~~i~~individual customer's needs and to combine digital development with personal advice in order to service its customers.

Corporate Banking

SpareBank 1 SMN services 15,500 corporate clients and customers in the public sector.

The business area Corporate focuses on financial counselling in investment and operations financing, domestic and foreign money transfers, fixed income and currency hedging, investment of surplus liquidity and insurance of individuals and buildings/operating equipment. Much of the business is in close cooperation with SMN Retail and subsidiaries offering leasing, factoring and accountancy services.

SpareBank 1 SMN has locations across the entire market area to secure proximity to its Corporate customers, while bearing in mind the need for units of sufficient size. The business is skills-intensive, and much emphasis is given to training employees in practical understanding of business in segments in which SpareBank 1 SMN is heavily exposed such as real estate, sea farming, fishery, offshore, energy, retail trade and the public sector.

Funding

SpareBank 1 SMN utilises a number of funding sources including customer deposits, interbank loans, the Norwegian bond market, and bonds issued under a Euro Medium Term Note Programme.

SpareBank 1 SMN may use F-loans and F-deposits that are provided by the Central Bank of Norway in its liquidity management system. The Central Bank of Norway supplies reserves to the banking system by providing F-loans to banks.

Equity Capital Certificates

As at 31 December 2020, SpareBank 1 SMN had issued 129,836,443 Equity Capital Certificates (**ECC**), with a total ECC capital of MNOK 2,597.

SPAREBANK 1 NORD-NORGE

Business Description

Overview

SpareBank 1 Nord-Norge (formerly Sparebanken Nord-Norge) was founded in 1836 and is incorporated under the laws of Norway pursuant to Act No. 17 of 10 April 2015 on Financial Undertakings and Financial Groups, and is registered with the Norwegian Company Registry with organisation number 952706365. The address of its registered office is Storg. 65, 9008 Tromsø, and the telephone number of its registered office is +47 915 022 44. SpareBank 1 Nord-Norge is a credit institution licensed by the Ministry of Finance and supervised by the FSAN.

As of 1 January 2021, the SpareBank 1 Nord-Norge Group (the **Nord-Norge Group**) had 917 employees. In 1996, SpareBank 1 Nord-Norge became part of the SpareBank 1 Alliance. As one of the members of the SpareBank 1 Alliance, SpareBank 1 Nord-Norge is part of Norway's second largest financial group. Through the SpareBank 1 Alliance, SpareBank 1 Nord-Norge participates in several business development programmes in areas including IT, multi-channel services, branding and staff education and training. These investments will help ensure that SpareBank 1 Nord-Norge will be at the forefront of the market.

SpareBank 1 Nord-Norge is a full-range supplier of financial products and services in Northern Norway. In addition to loans, deposits, payments transmission services, leasing and factoring, such financial products and services also include most savings products and life and non-life insurance. Moreover, SpareBank 1 Nord-Norge engages in real estate brokerage, accounting, securities trading, active investment management, capital market services, value assessment and other corporate services. All the products and services are provided by either SpareBank 1 Nord-Norge or its subsidiaries, or through the various product companies within the SpareBank 1 Alliance.

SpareBank 1 Nord-Norge operates through the following major subsidiaries:

- SpareBank 1 Finans Nord-Norge AS;
- SpareBank 1 Regnskapshuset Nord-Norge AS; and
- EiendomsMegler 1 Nord-Norge AS.

SpareBank 1 Nord-Norge has implemented a multi-channel strategy for the distribution of its products and provision of services. The bank is accessible via its 19 actual branches, online banking, telephone banking, mobile banking and customer service centre and its customers' use of the bank is constantly evolving. The Nord-Norge Group offers customers a good, full range of financial services through a combination of physical presence, knowledgeable staff and good online and digital solutions.

SpareBank 1 Nord-Norge has two owner groups: As at 31 December 2020, the bank’s equity certificate holders owned 46.4 per cent. of the bank’s equity capital through equity certificate capital, while 53.6 per cent. was community-owned. The profit for the individual year is divided between the ownership groups in accordance with their relative share of the bank’s equity. SpareBank 1 Nord-Norge’s dividend policy states that the aim is that each owner group receives a proportionally equal share of the profit as dividends. This will consist of cash dividends for ECC holders and funds /grants for socially beneficial purposes. SpareBank 1 Nord-Norge has established a charitable foundation (Sparebankstiftelsen SpareBank 1 Nord-Norge). The foundation is one of the bank’s largest equity certificate holders. The main purpose of the foundation is to be a long-term and stable owner of SpareBank 1 Nord-Norge, and it has been allocated funds from the bank through parts of the cash dividend to social capital for several years.

On 18 March 2020 it was announced that SpareBank 1 Nord-Norge and Helgeland Sparebank (now SpareBank 1 Helgeland (**SB1H)** will establish a strategic, future-oriented collaboration. SpareBank 1 Nord-Norge will become a long-term owner of SB1H with a stake of 19.99% of that bank's equity certificates. SB1H will acquire SpareBank 1 Nord-Norge's banking business linked to the branches in the Helgeland geographic region. As of 31 December 2019, such banking business to be acquired by SB1H amounted to NOK 10.2 billion in lending and approximately NOK 3.5 billion in deposits. With regard to lending, NOK 3.2 billion is comprised of mortgages transferred to the Issuer for which SB1H now will continue to service. SB1H will also employ 37 employees from SpareBank 1 Nord-Norge.

SB1H has in March 2021 joined the SpareBank 1 Alliance by becoming part of SamSpar. The above transaction is due to go ahead in the first half of 2021. Over time the transaction is believed to strengthen the banks' ability to stand up for their customers, owners and employees.

The transfer of business is estimated to take place in Q4 2021.No changes will be made to the management team or board composition of either of the two banks as a result of the transactions. SB1H has of 15 March 2021 a 15 per cent. ownership of the real estate broker EiendomsMegler 1 Nord-Norge AS and will be represented on its board of directors. SB1H has further as of 15 March 2021 a 15 per cent ownership of the SpareBank 1 Regnskapshuset Nord-Norge AS. SB1H also intend to purchase an undisclosed part of SpareBank 1 Finans Nord-Norge AS.

Strategic Objectives

SpareBank 1 Nord-Norge is a leading provider of financial services within the retail banking and corporate banking markets in Northern Norway. The company’s corporate vision and business concept is set out below.

The Bank's vision is:

For Northern Norway!

SpareBank 1 Nord-Norges main goal is to hold the number one position for both customers, employees and owners.

Funding

SpareBank 1 Nord-Norge utilises a number of funding sources including customer deposits, interbank loans, the Norwegian bond market, and bonds issued under a Euro Medium Term Note Programme, which is a joint programme for SpareBank 1 Østlandet, SpareBank 1 SMN and SpareBank 1 Nord-Norge.

SpareBank 1 Nord-Norge may use F-loans and F-deposits that are provided by the Central Bank of Norway in its liquidity management system. The Central Bank of Norway supplies reserves to the banking system by providing F-loans to banks.

Equity Capital Certificates

As at 31 December 2020, SpareBank 1 Nord-Norge had issued 100,398,016 Equity Capital Certificates (**ECC**) with a total ECC capital of NOK 1,807,164,288.

BN BANK ASA

Overview

In 1961 the credit institution AS Næringskreditt was established in Trondheim by banks and insurance companies. The purpose of the company was to assist in financing business enterprises by arranging and providing loans with collateral security. In 1992 the credit institution was converted into a bank and renamed Bolig-og Næringsbanken ASA (**BN Bank**). The purpose of becoming a bank was to diversify funding by taking advantage of the possibility of offering favourable deposit and saving products. This reduced BN Bank's dependency on the securities market as a funding source.

BN Bank was acquired by a consortium of SpareBank 1 banks in December 2008. At the time of the acquisition BN Bank's name was Glitnir Bank ASA. The consortium received a licence to buy BN Bank two months after its parent bank, Glitnir Banki hf in Iceland, was put under public administration. After the acquisition, the bank changed its name back to its former name BN Bank ASA.

BN Bank's organisation number in the Register of Business Enterprises is 914 864 445. BN Bank operates in Norway and is subject to Norwegian law. BN Bank is a credit institution licensed by The Ministry of Finance (*Finansdepartementet*) and supervised by the FSAN.

In April 2014 BN Bank was granted permission to apply the advanced IRB approach for corporate loans. In June 2015 it was also given permission to use the IRB approach for its housing loan portfolio.

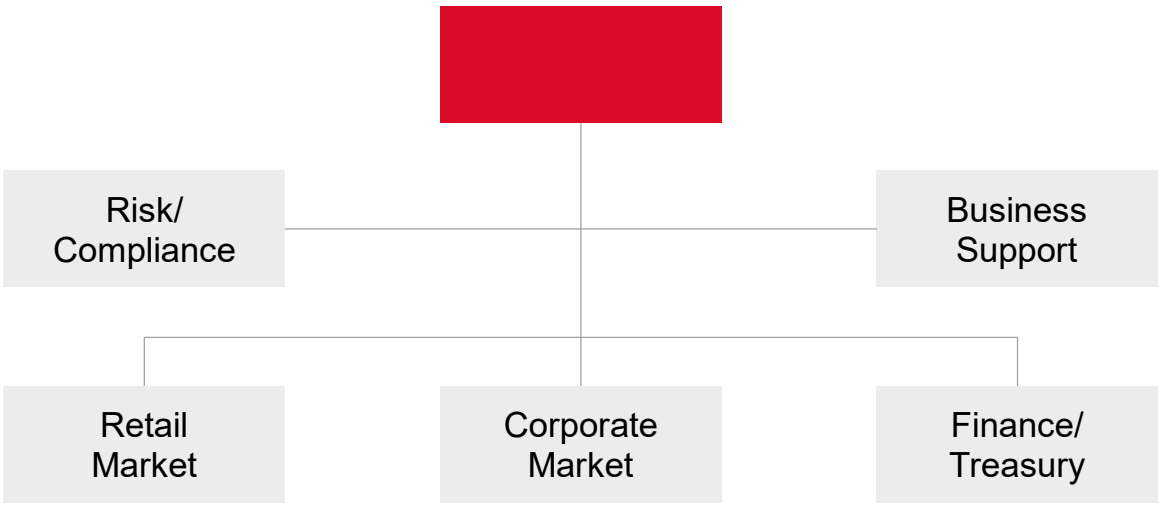
BN Bank's assets were NOK 35.8 billion as of 31 December 2020. BN Bank together, with its subsidiaries, employed 123 full-time workers at year-end 2020.

Organisation Structure

BN Bank's operations are nationwide and concentrated on the two core business areas of retail banking and corporate banking.

In addition to these areas, the bank offers a range of products from SpareBank 1.

BN Bank has its head office in Trondheim and a branch office in Oslo. BN Bank is structured as follows:



Business Segments

BN Bank is a focused, niche bank, which is complementary to the shareholder banks within their target areas. BN Bank aims to be known for simple solutions, cost-effective operations and predictability, and aims to have a low risk profile.

Retail Market

BN Bank aims to be a leading direct bank with a focus on competitive terms and self-service solutions in the retail market. In the retail market, BN Bank aims to be the best choice for self-service customers who want simple, efficient and predictable banking services, in the form of either online banking or telephone banking. BN Bank meets customers on their own terms by offering cost-effective and user-friendly products and solutions. BN Bank is simple and efficient, giving the customer competitive terms over time.

A sharp, web-based concept, combined with cost-effective distribution and customer service, gives BN Bank a clear position as a leader in terms of cost-effectiveness in the Norwegian banking market. BN Bank aims to continue to reinforce this position through the further development of web-based services and the automation of manual processes and tasks.

BN Bank aims to strengthen its position in the retail market through raising the profile of its brand, increasing brand awareness and pursuing a growth strategy. The establishment of the real estate agent BN Bolig will play an important part in this strategy. Provision has been made for growth in income through more channels and products, such as credit cards and consumer financing.

Corporate Market

In the Corporate Market, BN Bank is a specialist bank focused on financing commercial property. The bank is efficient, competent and predictable partner to participants in the commercial property marked in Oslo and Central Eastern Norway. In addition, the board decided in January 2017 to broaden the corporate markets scope by deciding to increase the share of building loans and project financing in the corporate market portfolio.

Funding

BN Bank's main funding sources are deposits, domestic bonds and covered bonds issued by the covered bond companies the Issuer and SpareBank 1 Næringskreditt AS.

Equity Capital

BN Bank is owned by SpareBank 1 SMN (35.02 %), SpareBank 1 SR-Bank ASA (35.02%), SpareBank 1 Nord-Norge (9.99%), SpareBank 1 Østlandet (9.99%), SpareBank 1 BV (5.00%), SpareBank 1 Østfold Akershus (2.52%) and Sparebanken Telemark (2.46%).

Share Capital

As of 31 December 2020, BN Bank had 14,116,331 issued shares, with a total share capital of NOK 705,816,550.

SPAREBANK 1 BV

Business Description

Overview

SpareBank 1 BV was founded in 1859 and is incorporated under the laws of Norway pursuant to Act No. 17 of 10 April 2015 on Financial Undertakings and Financial Groups, and is registered with the Norwegian Company Registry with organisation number 944 521 836. The address of its registered office is Anton Jenssens gate 2, PO BOX 75, N-3101 Tønsberg and the telephone number of its registered office is +47 915 02480. SpareBank 1 BV is a credit institution licensed by the Ministry of Finance and supervised by the FSAN.

The bank has a long and traditional history with several local consolidations. In Buskerud, the bank has roots from Sandsvær Sparebank, established in 1883, while Vestfold has roots from Sandeherred Sparebank, established in 1859. With effect from 2 January 2017, SpareBank 1 BV and SpareBank 1 Nøtterøy-Tønsberg merged under the name of SpareBank 1 BV.

SpareBank 1 BV is part of the SpareBank 1 Alliance. By participating in the SpareBank 1 Alliance, SpareBank 1 BV is linked to and cooperates with the independent, locally-based banks thus combining efficient operations and economies of scale with the benefit of being close to its customers and the market.

SpareBank 1 BV's and its subsidiaries' main operations involve the sale and provision of financial products and services, as well as real estate brokerage services and accounting services. Its customers comprise private individuals, small and medium-sized enterprises and the public sector within the former Buskerud (now part of Viken) and the former Vestfold (now a part of Telemark Vestfold) region.

The SpareBank 1 BV group (the **SpareBank 1 BV Group**) comprises SpareBank 1 BV and the following subsidiaries:

1. EiendomsMegler 1 BV AS

2. SpareBank 1 Regnskapshuset BV AS

3. 55% ownership of Z-Eiendom AS

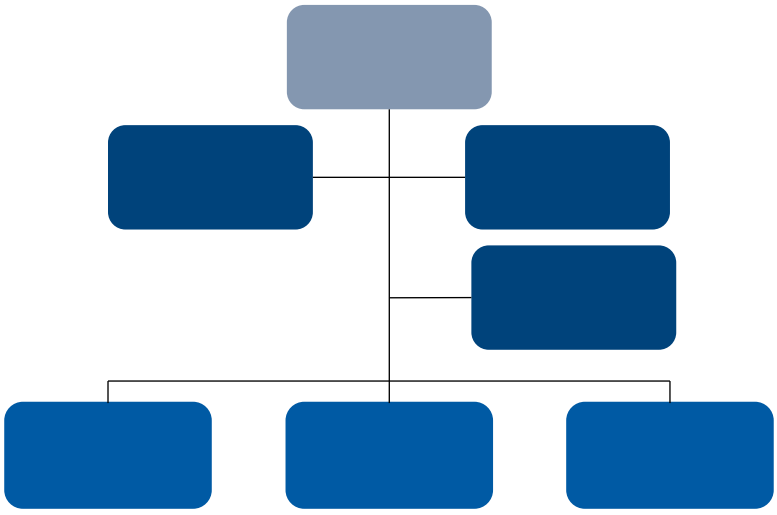
All subsidiaries have their head offices in the Buskerud and Vestfold region. As of 31 December 2020, the SpareBank 1 BV Group had around 337 employees.

SpareBank 1 BV is domiciled in Norway, with its head office located in Tønsberg. As at 31 December 2020, SpareBank 1 BV has 10 branches located in the former counties of Buskerud and Vestfold.

SpareBank 1 BV is listed on the Oslo Stock Exchange under the ticket code SBVG.

Organisation Structure

The following diagram illustrates the SpareBank 1 BV Group's current operational structure.



Strategic Objectives

By the end of 2020, the SpareBank BV Group aims to be the eight largest savings bank group in Norway, listed on Oslo Stock Exchange with an attractive equity certificate.

Business Divisions

The SpareBank 1 BV business is characterised by its regional focus, while its fundamental strength is being able to position itself close to its customer base while offering awareness of local businesses and affairs.

SpareBank 1 BV's banking activities have been organised into retail and corporate divisions. Within these divisions, activities are divided into three geographic regions: Region Nord (Kongsberg and Drammen) Region Midt (Horten and Tønsberg), Region Sør (Sandefjord and Larvik). The organisational structure aims to give customers better offers through specialised skills and clearer liability lines, and to increase the Bank's profitability through more efficient operations.

Retail Markets

The Retail Markets Division offers financial and insurance products to private individuals. It operates on a multi-channel distribution basis with 10 offices spread across the former regions Buskerud and Vestfold, a customer centre and a mobile/internet bank.

Corporate Markets

The Corporate Markets Division provides financial products in addition to insurance and cash management services. The Corporate Markets Division operates on a multi-channel distribution basis with 3 offices in the former regions Buskerud and Vestfold, a customer service centre and internet banking services.

Funding

SpareBank BV utilises a number of funding sources including customer deposits, interbank loans, and the Norwegian bond market.

In addition, SpareBank BV may use F-loans and F-deposits that are provided by the Central Bank of Norway in its liquidity management system. The Central Bank of Norway supplies reserves to the banking system by providing F-loans to banks.

Equity Capital Certificates

As at 31 December 2020, SpareBank 1 BV had issued 63,101,353 Equity Capital Certificates (**ECC**), with a total ECC capital of NOK 946,520,295.

SpareBank 1 BV and Sparebanken Telemark plan to merge to form SpareBank 1 Sørøst-Norge

On 30 November 2020, the boards of SpareBank 1 BV and Sparebanken Telemark signed a letter of intent with a view to a merger to form SpareBank 1 Sørøst-Norge.

On 22 February 2021, the boards of the banks approved a plan for the merger of the banks. SpareBank 1 BV will be the acquiring bank for legal and accounting purposes and thus take over all the assets, rights and liabilities of Sparebanken Telemark on implementation of the merger.

The new bank

SpareBank 1 BV and Sparebanken Telemark are currently two strong and locally anchored savings banks with operations focused on Vestfold, Telemark and Nedre Buskerud. The region has some 750,000 inhabitants and a well-diversified business base. Both banks have issued equity capital certificates listed on the Oslo Stock Exchange and both are members of the SpareBank 1 Alliance.

The banks are located in attractive market areas that border on each other, and have together identified a commercial basis for forming a larger and more powerful bank. A merger will, in particular, increase competitiveness in the corporate market, but also in the private market and in the capital market, as well as contributing to the development of the respective local communities.

SPAREBANKEN TELEMARK

Business Description

Overview

Sparebanken Telemark (**SpareBank 1 Telemark**) is an independent regional savings bank and is registered on the Register of Business Enterprises with organisation number 937 891 334. SpareBank 1 Telemark is subject to Norwegian law and is a credit institution licensed by The Ministry of Finance (*Finansdepartementet*) and supervised by the FSAN.

The bank's head office is in Porsgrunn and, in addition, there are branch offices in Skien, Bamble, Ulefoss, Lunde, Bø and Notodden.

The SpareBank 1 Telemark group consists of SpareBank 1 Telemark as well as the wholly owned subsidiaries Tufte Eiendom AS and Sparebankgården AS, and a 51 per cent. share in EiendomsMegler 1 Telemark.

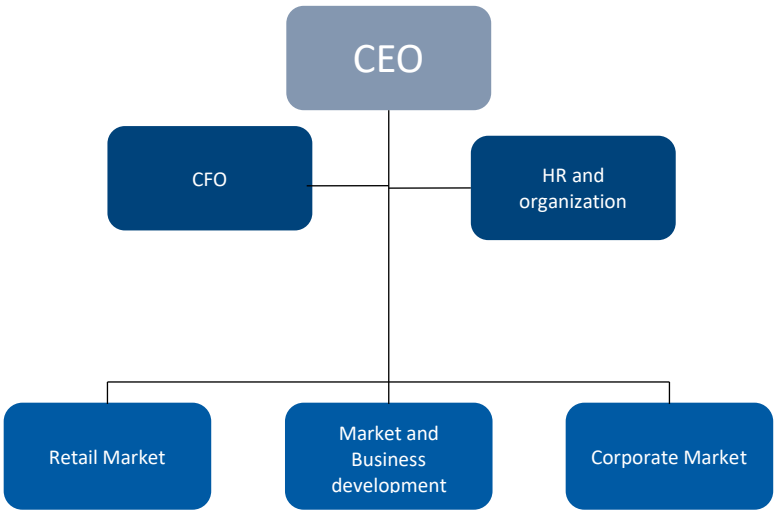
As at 31 December 2020, the SpareBank 1 Telemark group had 186 employees.

SpareBank 1 Telemark is part of the SpareBank 1 Alliance. By participating in the SpareBank 1 Alliance, SpareBank 1 Telemark is linked to and cooperates with the independent, locally-based banks combining efficient operations and economies of scale with the benefit of being close to its customers and the market.

SpareBanken Telemark is listed on the Oslo Stock Exchange

Organisation Structure

The following diagram illustrates the SpareBank 1 Telemark's current operational structure.



Strategic Objectives

SpareBank 1 BV and Sparebanken Telemark plan to merge to form SpareBank 1 Sørøst-Norge

On 30 November 2020, the boards of SpareBank 1 BV and Sparebanken Telemark signed a letter of intent with a view to a merger to form SpareBank 1 Sørøst-Norge.

On 22 February 2021, the boards of the banks approved a plan for the merger of the banks. SpareBank 1 BV will be the acquiring bank for legal and accounting purposes and thus take over all the assets, rights and liabilities of Sparebanken Telemark on implementation of the merger.

The new bank

SpareBank 1 BV and Sparebanken Telemark are currently two strong and locally anchored savings banks with operations focused on Vestfold, Telemark and Nedre Buskerud. The region has some 750,000 inhabitants and a well-diversified business base. Both banks have issued equity capital certificates listed on the Oslo Stock Exchange and both are members of the SpareBank 1 Alliance.

The banks are located in attractive market areas that border on each other, and have together identified a commercial basis for forming a larger and more powerful bank. A merger will, in particular, increase competitiveness in the corporate market, but also in the private market and in the capital market, as well as contributing to the development of the respective local communities.

Business Divisions

The SpareBank 1 Telemark business is characterised by its regional focus, while its fundamental strength is being able to position itself close to its customer base while offering awareness of local businesses and affairs.

Retail Markets

The Retail Markets Division offers financial and insurance products to private individuals. It operates on a multi-channel distribution basis with 7 offices spread across the former regions Telemark, a customer centre and a mobile/internet bank.

Corporate Markets

The Corporate Markets Division provides financial products in addition to insurance and cash management services. The Corporate Markets Division operates on a multi-channel distribution basis with 2 offices in the former regions Telemark, a customer service centre and internet banking services.

Funding

SpareBank Telemark utilises a number of funding sources including customer deposits, interbank loans, and the Norwegian bond market.

In addition, SpareBank Telemark may use F-loans and F-deposits that are provided by the Central Bank of Norway in its liquidity management system. The Central Bank of Norway supplies reserves to the banking system by providing F-loans to banks.

Equity Capital Certificates

As at 31 December 2020, SpareBank 1 Telemark had issued 10.890.630 Equity Capital Certificates (**ECC**), with a total ECC capital of NOK 1.089.863.000.

FEATURES COMMON TO THE CATEGORY A SHAREHOLDERS

SpareBank 1 Boligkreditt

All Category A Shareholders are party to the Shareholders' Agreement and the Shareholder Note Purchase Agreement. For a description of the obligations to the Issuer under these agreements see "*Description of the Shareholders' Agreement and the Shareholder Note Purchase Agreement*" above.

Product Areas

The Category A Shareholders offer a wide range of products including loans, deposits and other savings products, payment transmission services, insurance, mutual funds, real estate brokerage, securities trading, active investment management, leasing, debt collections and factoring, either directly or by offering products which originated from other SpareBank 1 entities.

Origination and Servicing of Mortgage Loans

The Category A Shareholders originate and service all mortgage loans provided by them to their customers on a substantially similar basis to the other Shareholder Banks forming part of the SpareBank 1 Alliance. For further details, see "*Mortgage Origination, Eligibility and Servicing*" above.

Risk Management

All Category A Shareholders share substantially similar risk management procedures. For further details, see "*Risk Management Controls for the Category A Shareholders*" above.

Corporate Governance

Each Category A Shareholder has implemented a corporate governance policy which is based on the principles stated in the Norwegian Code of Practice for Good Corporate Governance.

Management

Under the Act (as defined in *"Overview of the Norwegian Legislation Regarding Covered Bonds (obligasjoner med fortrinnsrett)*" below), SpareBank 1 SMN, SpareBank 1 Nord-Norge, SpareBank 1 BV, Sparebanken Telemark and SpareBank 1 Østlandet (the **Shareholder Savings Banks**) are required to have a two-tier board structure consisting of a Supervisory Board and a Board of Directors. BN Bank ASA is organised as a limited company under the Act of limited companies and has a two-tier structure as well – but with the General Meeting as the most senior body.

Supervisory Board/General Meeting

The Supervisory Board is the most senior decision-making board within the Shareholder Savings Banks. Its role is to (i) supervise the Board of Directors as it implements management strategy, and (ii) make final decisions in substantial matters including changes of articles of associations, increase of capital, mergers etc. For BN Bank ASA the General Meeting casts the final votes in substantial matters including changes of the articles of association, increase of capital, mergers, etc.

Board of Directors

The Board of Directors of each Category A Shareholder is elected by the Supervisory Board/General Meeting and has the overriding responsibility for the management and organisation of the group, pursuant to legislation, articles of association and resolutions of the Supervisory Board. The Board of Directors is responsible for ensuring that the assets at the bank's disposal are managed in a safe and appropriate manner. The Board of Directors is also required to ensure that accounting and asset management are subject to adequate supervision and satisfactory control.

Audit Committee

The audit committee is a subcommittee established by the Board of Directors. The audit committee's mandate is to prepare and advise the Board of Directors in matters concerning financial reporting, internal control systems, and the work of internal and external auditors.

External Auditor

For each Category A Shareholder, an external auditor is appointed by the Supervisory Board upon the recommendation of the audit committee. Each Category A Shareholder uses the same auditor for the parent company and all of its subsidiaries. The external auditor performs the statutory confirmation of the financial information provided by the companies in their public accounts. The external auditor presents each year to the audit committee a plan for the audit activities to be carried out the following year. The external auditor attends the meetings of the Board of Directors at which the annual accounts are reviewed and also the meetings of the audit committee.

None of the external auditors of the Category A Shareholder has provided such Category A Shareholder with non-audit services of any significance. Any such services from the external auditor must comply with section 4-5 of the Norwegian Auditors Act. The Board of Directors informs the Supervisory Board of the external auditor's remuneration for the audit and any other services. The external auditor has meetings with the audit committee without the CEO being present.

The current external auditor of SpareBank 1 Østlandet is Deloitte AS.

The current external auditor of SpareBank 1 SMN is PricewaterhouseCoopers AS.

The current external auditor of SpareBank 1 Nord-Norge is KPMG AS.

The current external auditor of BN Bank ASA is KPMG AS.

The current external auditor of SpareBank 1 BV is KPMG AS.

The current external auditor of Sparebanken Telemark is Ernst & Young AS.

Legal Proceedings

Each of the Category A Shareholders is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which such Category A Shareholder is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of such Category A Shareholder.

BUSINESS DESCRIPTION OF THE CATEGORY B SHAREHOLDERS

The shareholding held by each Category B Shareholder in the Issuer is as follows:

Category B Shareholder	Shareholding in Issuer (as at the date of this Base Prospectus)
SpareBank 1 Ringerike Hadeland	**4.74%**
SpareBank 1 Østfold Akershus	**4.74%**

SPAREBANK 1 ØSTFOLD AKERSHUS

Overview

The SpareBank 1 Østfold Akershus Group (the **SpareBank 1 Østfold Akershus Group**) consists of SpareBank 1 Østfold Akershus as well as the wholly owned subsidiaries EiendomsMegler 1 Østfold Akershus AS, Våler Park AS, Varnaveien 43 E AS, Nekor Gårdselskap AS, Moss Eiendomsselskap AS and SpareBank 1 Regnskapshuset Østfold Akershus AS (established in 2021). SpareBank 1 Østfold Akershus' organisation number in the Register of Business Enterprises is 837 884 942. The SpareBank 1 Østfold Akershus Group operates in Norway and is subject to Norwegian law. SpareBank 1 Østfold Akershus is a credit institution licensed by The Ministry of Finance (*Finansdepartementet*) and supervised by the FSAN.

SpareBank 1 Østfold Akershus is an independent regional savings bank for retail customers and small and medium-sized businesses in the bank's core geographical market, with its head office in Moss and bank branches spread across South East Viken (former Østfold County, and Vestby and Drøbak municipalities in Akershus). Some of the offices are shared with EiendomsMegler 1 Østfold Akershus AS. At year-end 2019, the SpareBank 1 Østfold Akershus Group had 216 employees (full-time equivalent).

SpareBank 1 Østfold Akershus is part of the SpareBank 1 Alliance. By participating in the SpareBank 1 Alliance, SpareBank 1 Østfold Akershus is linked to and cooperates with the independent, locally-based banks combining efficient operations and economies of scale with the benefit of being close to its customers and the market.

SpareBank 1 Østfold Akershus is listed on the Oslo Stock Exchange.

Business Segments

The SpareBank 1 Østfold Akershus Group's activities are divided into the following primary segments: banking operations, real estate brokerage and real estate operations. SpareBank 1 Østfold Akershus' activities are divided into the following segments: retail market and corporate market.

Nekor Gårdselskap AS is a pure real estate management company, with the overall objective of managing its own and SpareBank 1 Østfold Akershus' real estate. Våler Park AS and Moss Eiendomsselskap AS are engaged in property management and buying and selling of properties and Varnaveien 43 E AS is the owner of the bank’s headquarter. SpareBank 1 Regnskapshuset Østfold Akershus AS is an accounting firm.

The EiendomsMegler 1 company is engaged in real estate brokerage in Frogn, Vestby, Askim, Moss, Halden, Sarpsborg and Fredrikstad municipalities. All subsidiaries are geographically located in Moss municipality.

SpareBank 1 Boligkreditt

SpareBank 1 Østfold Akershus is a party to the Shareholders' Agreement and the Shareholder Note Purchase Agreement. For a description of SpareBank 1 Østfold Akershus' obligations to the Issuer under these agreements see "*Description of the Shareholders' Agreement and the Shareholder Note Purchase Agreement*" above.

Origination and Servicing of Mortgage Loans

SpareBank 1 Østfold Akershus originates and services all mortgage loans provided by it to its customers on a similar basis to the other Shareholder Banks forming part of the SpareBank 1 Alliance. For further details, see "*Mortgage Origination, Eligibility and Servicing*" above.

Auditor

SpareBank 1 Østfold Akershus' external auditor is PricewaterhouseCoopers AS.

SPAREBANK 1 RINGERIKE HADELAND

Overview

SpareBank 1 Ringerike Hadeland is an independent regional savings bank and is registered on the Register of Business Enterprises with organisation number 937 889 275. SpareBank 1 Ringerike Hadeland is subject to Norwegian law and is a credit institution licensed by The Ministry of Finance (*Finansdepartementet*) and supervised by the FSAN.

SpareBank 1 Ringerike Hadeland was created following the July 2010 merger of Ringerikes Sparebank, Gran Sparebank and Sparebanken Jevnaker Lunner. Each bank held a significant share of both the retail and the corporate markets in the Ringerike and Hadeland regions.

The bank's head office is in Hønefoss, and it has 3 additional branches. In some offices the bank is co-located with its subsidiary EiendomsMegler 1 Ringerike Hadeland AS (94% owned – real estate broker). As at 31 December 2020, the SpareBank 1 Ringerike Hadeland Group had 227 employees (full time equivalent), including the employees in the subsidiary SpareBank 1 Økonomihuset Regnskap AS (100% - accounting services), and SpareBank 1 Økonomihuset IT-Nett (100% owned by SpareBank 1 Økonomihuset Regnskap AS - provides IT-technology services to customers).

SpareBank 1 Ringerike Hadeland is part of the SpareBank 1 Alliance. By participating in the SpareBank 1 Alliance, SpareBank 1 Ringerike Hadeland is linked to and cooperates with the independent, locally-based banks combining efficient operations and economies of scale with the benefit of being close to its customers and the market.

SpareBank 1 Ringerike Hadeland is listed on the Oslo Stock Exchange.

Business Strategy and Segments

The SpareBank 1 Ringerike Hadeland group operates within all the major financial and banking sectors including, without limitation, granting loans and credit, handling payments, managing savings and investments, offering insurance and, through its subsidiaries, providing real estate brokerage services and accounting services.

The SpareBank 1 Ringerike Hadeland business is characterised by its regional focus, and its fundamental strength is being able to position itself close to its customer base while offering awareness of local businesses and affairs.

SpareBank 1 Boligkreditt

SpareBank 1 Ringerike Hadeland is a party to the Shareholders' Agreement and the Shareholder Note Purchase Agreement. For a description of SpareBank 1 Ringerike Hadeland's obligations to the Issuer under these agreements see "*Description of the Shareholders' Agreement and the Shareholder Note Purchase Agreement*" above.

Origination and Servicing of Mortgage Loans

SpareBank 1 Ringerike Hadeland originates and services all mortgage loans provided by it to its customers on a similar basis to the other Shareholder Banks forming part of the SpareBank 1 Alliance. For further details see "*Mortgage Origination, Eligibility and Servicing*" above.

Auditor

SpareBank 1 Ringerike Hadeland's external auditor is Deloitte AS.

CONSOLIDATED BUSINESS DESCRIPTION OF THE CATEGORY C SHAREHOLDERS

The shareholding held by each Category C Shareholder in the Issuer is as follows:

Category C Shareholder	Shareholding in Issuer (as at the date of this Base Prospectus)
SpareBank 1 Modum	**2.38%**
SpareBank 1 NordVest	**2.10%**
SpareBank 1 Søre Sunnmøre	**1.50%**
SpareBank 1 Gudbrandsdal	**1.46%**
SpareBank 1 Hallingdal Valdres	**1.26%**
SpareBank 1 Lom og Skjåk Sparebank	**0.82%**

Each Category C Shareholder is a Norwegian regional or local savings bank licensed by The Ministry of Finance (*Finansdepartementet*) and supervised by the FSAN for retail customers and small and medium-sized businesses located within each particular bank's core geographical market. The business areas of each bank include the origination of residential mortgage loans to customers.

Each Category C Shareholder is part of the SpareBank 1 Alliance through which it participates in several business development programmes in areas including IT, multi-channel services, branding and staff education and training. As members of the SpareBank 1 Alliance, the Category C Shareholders operate shared mortgage origination and servicing processes. For further details, see "*Mortgage Origination, Eligibility and Servicing*" above.

As Shareholders Banks, each of the Category C Shareholders is a party to the Shareholders' Agreement and the Shareholder Note Purchase Agreement and collectively own 11.35 per cent. of the Issuer. For a description of the obligations of the Shareholders Banks to the Issuer under these agreements see "*Description of the Shareholders' Agreement and the Shareholder Note Purchase Agreement*" above.

THE NORWEGIAN ECONOMY, HOUSING AND MORTGAGE LOAN MARKETS

Norwegian Economy

Norway is a constitutional monarchy in northern Europe. Norway is not a member of the European Union (a majority in two referendums held in 1978 and again in 1994 turned down EU membership), but is a member of the European Economic Area (and thus the European inner market). Norway is a founding member of the United Nations, NATO, the Council of Europe, the Antarctic Treaty and the Nordic Council; a member of the WTO and the OECD; and is also a part of the Schengen Area of passport free travel within Europe. The country maintains a combination of market economy and a Nordic welfare model with universal health care and a comprehensive social security system. Norway has extensive reserves of petroleum, natural gas, minerals, lumber, seafood, fresh water and hydropower. The country has an independent currency (**NOK**) and a central bank (**Norges Bank**), which governs monetary policy according to an inflation target of 2 per cent. The country's population is approximately 5.4 million (approximately 2.4 million households) and has grown by approximately 0.7 per cent. five year compounded annual growth over the previous 5 years to year-end 2020), (source: Statistics Norway).

Private banks and mortgage institutions are the main suppliers of residential mortgage finance in Norway. Banks utilise the covered bond market to fund lending to households with approximately 54 per cent of residential mortgages transferred to their covered bond funding subsidiaries. 86 per cent. of Norwegian households carry some form of debt as of 2019. This share is relatively high in Norway because the population's home ownership rate is also very high (above 82 per cent.). Mortgage debt is the largest and most usual form of household indebtedness with smaller portions of student debt and unsecured debt.

The oil and gas industry is the country's largest industrial sector as measured by its share of overall value added production. While the oil and gas industry's gross product (value added production) was approximately 12 per cent of overall Norwegian production in 2020 (in current prices) it also naturally has an impact on demand in several industries from manufacturing to service industries. The price of oil generally has had implications for unemployment and growth rates in the Norwegian economy. While this is historically the case, the oil and gas industry has become a smaller part of overall GDP by industry in later years, with investments taking place in other areas, such as for example renewable energy.

Norway experienced a recession in 2020, the first since 2009, due to the Covid-19 pandemic and associated restrictions. The expectation is for a post-pandemic recovery in 2021-2022 including a lower unemployment rate than what was recorded in 2020.

The chart below summarizes some of the key economic indicators and their development.

Economic Indicators (real growth or level in per. cent)	2016	2017	2018	2019	2020
GDP growth - mainland	0.9	2.0	2.2	2.3	-2.5
Household consumption growth	1.1	2.3	1.8	1.6	-7.6
Investment growth (business, housing, public sector)	9.0	6.8	3.0	4.3	-3.9
Investment growth offshore oil and gas	-16.0	-5.4	1.9	13.0	-4.9
Inflation rate (CPI)	3.6	1.8	2.7	2.3	1.3
Avg. 3-month NIBOR / avg. mortgage rate	1.1/2.6	0.9/2.6	1.1/2.7	1.5/3.0	0.7/2.6
Household savings ratio	6.9	6.6	5.9	7.3	15.5
Unemployment rate (survey)	4.7	4.2	3.8	3.7	4.6

Economic Indicators (real growth or level in per. cent)	2016	2017	2018	2019	2020
HH sector real disp. income growth	-1.6	2.0	1.5	3.1	1.7
Current account surplus / GDP	4.5	4.6	7.1	3.3	1.9
Gov. accounts (incl. Fund income) / GDP	4	3	4	8	-6
Sovereign Wealth Fund / total GDP	240	257	240	288	298

Source: Statistics Norway, Norwegian Ministry of Finance, Norges Bank Investment Management.
(numbers are subject to revision)

The Norwegian Government Pension Fund Global

Revenues from oil and gas activity are invested (via dividends from direct ownership and taxation) in the Norwegian Government Pension Fund Global (the **Fund**), a sovereign wealth fund. The following information concerning the Fund is sourced from Norges Bank Investment Management, which manages the Fund.

The Fund has a twofold purpose of smoothing out the spending of volatile oil revenues in government budgets, and acting as a long-term savings vehicle, allowing the Norwegian Government to accumulate financial assets to support large future financial commitments associated with an ageing population.

The fiscal guidelines state that only expected long-run real returns on the Fund can be channelled into the government's annual budget outlays. The long-run real rate of return is assumed to be 3 per cent. and this is thus the "spending rule" for the government's budgets, i.e. this is the maximum possible amount of the Fund's prior year size which may be withdrawn for spending in the following year. Thus, even if government petroleum revenues should fall in the future, government spending can be maintained at the same level, according to the Ministry of Finance. In practice, the Fund is also available to cushion the domestic economy against external shocks, which was the case with the additional fiscal spending following the events in the financial markets in 2008 and 2009 and again in 2020 and 2021 due to the Covid-19 pandemic. The "spending rule" promulgates that within the economic cycle the average annual spend from the Fund should be within the spending rule. In 2020, the government spending from the Fund, as a share of the Fund's size at the beginning of the year was an estimated 4.3 per cent. Due to the Fund's existence, the Norwegian government does not typically borrow to fund its non-oil budget deficit, and there is hence no discussion regarding the strong credit rating of the Norwegian government (rated AAA/AAA/Aaa by Standard & Poors, Fitch and Moody's).

As of 31 December 2020, the market value of the Fund was approximately NOK 10,900 billion (approximately €1042 billion and U.S. $1,279 billion at spot exchange rates), according to Norges Bank Investment Management. This makes the Fund one of the largest single-ownership funds in the world. The size of the Fund was approximately 288 per cent. of total GDP (mainland and offshore Norway) and 343 per cent of Norway's mainland GDP as of year-end 2020.

Norway follows certain EU regulations

Norway is not a member of the EU but it cooperates with the EU under the European Economic Area Agreement (**EEA**).

Pursuant to this agreement, a significant proportion of EU rules are implemented in Norway, which means Norway is bound by the Acquis Communautaire and future EU directives and regulations, with the only exceptions being agriculture, fisheries, the oil and gas sector and taxation rules.

Generally, Norwegian membership in the EEA means that Norwegian financial market regulations follow EU legislation and are thus in line with EU directives and regulations.

National currency

Norway has its own national currency, NOK and an independent central bank setting monetary policy. The central bank's mandate is to target an inflation rate of 2 per cent. The bank's main monetary policy rate is its one-day deposit rate, at which commercial and savings banks can place funds, up to a volume limit, at the central bank. The deposit rate is currently 0.0 per cent. and was last decreased from 1.5 per cent in three steps from 13 March to 8 May 2020. The central bank thereby reacted to the challenges brought on by the Covid-19 pandemic.

Banking Sector

A "sparebank" is a Norwegian savings bank as defined in the Norwegian Act on Financial Undertakings and Financial Groups of 10 April 2015 No 17 (*lov 10. april 2015 nr. 17 om finansforetak og finanskonsern (finansforetaksloven*)). While savings banks used to be wholly self-owned institutions, predominately taking in customers savings and lending to households and small enterprises, today savings banks are universal banks offering a full suite of products and services to its customer base. The savings bank represents the first and thus the oldest form of a bank in Norway. The first savings bank was formed in 1822, and there were more than 600 savings banks in the middle of the 20th century.

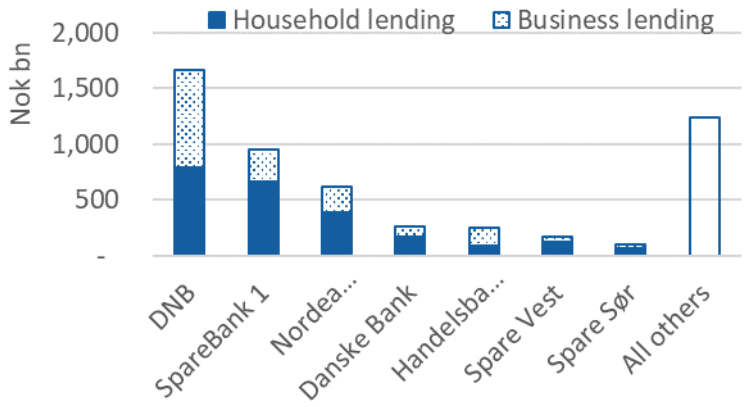
The initial ownership of the savings bank in the 19th century was the community, which started the bank with capital as contributions from various sources, without specific ownership rights. This model developed under laws and regulations over time, but the community character of a savings bank is still present today, with part of the modern savings bank equity base not belonging to individual investors.

Many savings bank today have two types of ownership, internal or the old community capital and external equity capital (equity certificates). The Norwegian Act on Financial Undertakings sets out the details of which groups have voting rights with respect to a saving bank's community capital (or internal capital). The largest share of the voting rights at a banks' general assembly belongs to 'internal' constituents: customers and bank employees. In many cases a saving bank's supervisory board and/or board of directors also consist of a few (always in a minority compared to customers and employees) officials from the local or regional public administrative bodies. External equity holders (holding equity certificates) have their voting share and thus representation on a bank's supervisory board limited to minimum 20 per cent. and maximum 40 per cent. of the total vote by law. 49 savings banks have issued equity certificates and 29 of these are listed and traded on the Oslo Stock Exchange (source: sparebankforeningen.no). Savings banks have, with a law change in 2002, also had the possibility to be formed into limited liability stock companies. The use of this option is rare, and there are conditions attached related to a foundation which shall maintain a certain per cent ownership in the bank.

The internal capital consists of the retained earnings over time. Savings banks are important institutions in their local markets and operating areas. Each savings bank has established a gift fund which annually grants funds for various community projects (this function may, and is now in many cases, also or predominantly handled by an outsourced sparebank foundation). The annual gifts of a bank and/or its foundation is an expression of a community dividend in lieu of any direct economic benefit for the bank's customers. Some banks are in the last few years also paying a dividend directly to their banking customers, in relation to the customer allocated share of the overall internal capital, in lieu of awarding gifts to societal or community projects.

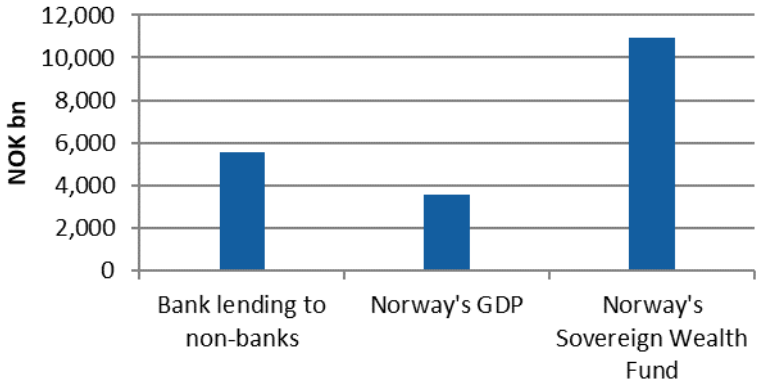
A savings bank is typically a retail bank, with mortgage lending to households the dominant part of its balance sheet. An estimated 2/3rds of the balance sheet aggregated for all of the SpareBank 1 banks is lending to private households.

The savings banks have consolidated over time and there are at the end of 2020 93 such institutions in Norway. There are two savings banks alliances: SpareBank 1 and the Eika alliance, in addition to several independent savings banks of varying size. The SpareBank 1 Alliance is Norway's 2nd largest financial group by lending market share and assets (source: SSB and the banks' annual reporting)



Source: Banks' annual reporting, year-end 2020

In addition to the savings banks, there are other banks, mainly commercial banks and branches and subsidiaries of foreign banks, mostly Scandinavian banks, present in the market. There are also some other types of banks, specialist banks and banks engaged in unsecured lending, but these are relatively small. Significantly, the lending and size of Norwegian banks, including foreign banks lending in Norway, is moderate compared to the country's GDP and less than the size of the nation's sovereign wealth fund. The relationship between total GDP and outstanding bank lending to non-banks is illustrated by the chart below, as of year-end 2020 (source: Statistics Norway).



Source: Statistics Norway and Norges Bank Investment Management, year-end 2020.

Residential Real Estate

Housing and Mortgage Sectors

Demography

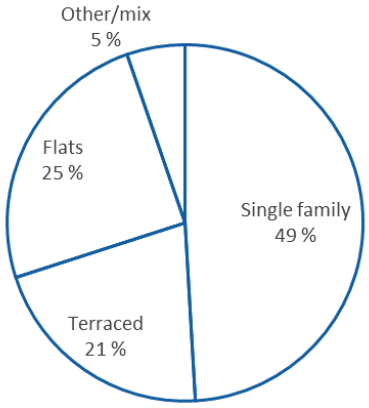
According to Statistics Norway, the population of Norway, which was 5,391,369 persons as of 31 December 2020, has grown by about 0.7 per cent. annually over the previous five years. The growth rate has shifted slightly down lately, mainly related to less immigration into Norway and a slightly lower birth rate after 2016 (source: Statistics Norway).

There were 2,475,168 private households in Norway in 2020 as estimated by Statistics Norway. Approximately eight out of ten people live in urban areas compared to 50 per cent. in 1950. The growth in the number of residents is particularly high in the largest urban centres (source: Statistics Norway).

More than 82 per cent. of homes are owner-occupied in Norway. In neighbouring Denmark and Sweden, the equivalent rate is lower (source: Statistics Norway). Norwegian households have a long tradition of buying

their home rather than renting and are thus familiar with mortgage debt (86 per cent. of households carry some form of debt, typically mortgage debt).

The following chart illustrates residential dwellings by building type in Norway as of year-end 2020.



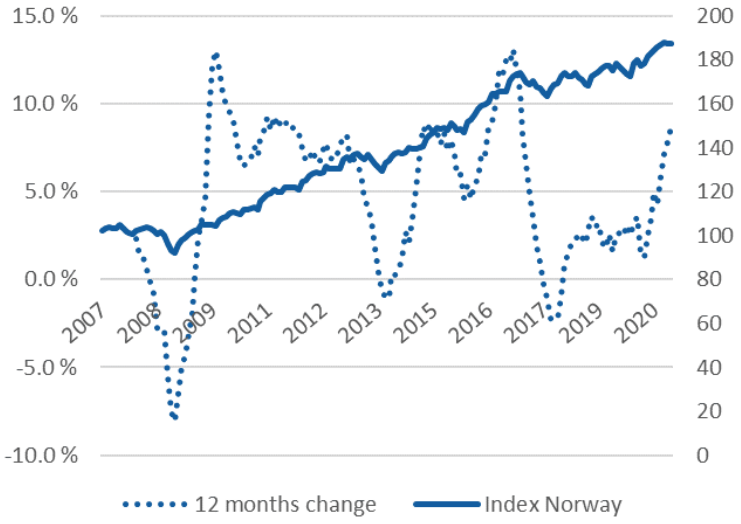
Source: Statistics Norway

House Prices

House prices have generally been on a nominal upward trajectory over several years, but supported by income growth. Price developments nationally tend to be driven by changing demand dynamics in the larger cities, while supply is more stable and challenged by available space in desirable and central areas.

Regulations exist on the mortgage market, limiting banks' ability to lend. After the regulations were tightened, effective from January 2017, house prices have been relatively flat through 2019. With the interest rate decreases from the central bank in 2020, mortgages interest rates also materially declined, thus triggering stronger housing demand. There may also be other factors, especially in the capital city Oslo, related to demographics and housing starts which have created an imbalance of demand over supply, and this could also have contributed to the strong price appreciation in 2020 and into early 2021. Nationally, the house price index increased 8.7 per cent over 2020 and 9.7 per cent over the last 12 months through February 2021. The price development in the capital was strongest, influencing the national index.

The chart below sets out the development in the national house price index and its 12 months change over the previous several years:



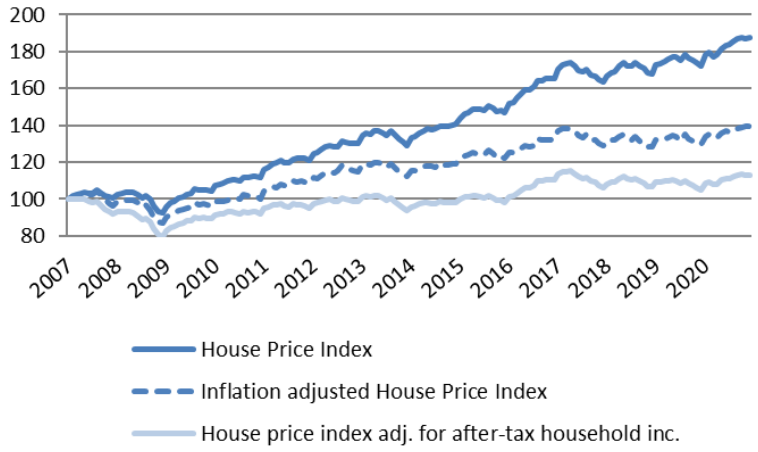
Source: Eiendomsverdi, through February 2020

Guidelines for mortgage lending to households were introduced in 2010 by FSAN and have been gradually tightened since. The rules became legally binding in 2015. The rules now in effect since January 2017 were

reconfirmed in 2020 and are subject to future reviews by FSAN, with the Ministry of Finance setting the rules. The following rules apply from 1 January 2020 until 31 December 2024, with the next review scheduled in the autumn 2022:

- Loan to value: maximum 85 per cent for all mortgages and maximum 60 per cent for loans without instalments (revolving credit line mortgage loans); for a property located in Oslo, which is not a borrower's primary residence, the maximum is 60 per cent.
- Repayment: a minimum 2.5 per cent per annum for loan to value mortgages at or above 60 per cent LTV
- Income limitation: total debt maximum is 5x a borrower's before-tax income
- Stress test: applications must pass an affordability test of a 5 per cent increase over the prevailing (offered) mortgage rate
- Flexibility: 10 per cent of each lender's mortgage lending contracts per quarter may be in breach with one or more of the limitations (8 per cent or up to NOK 10 million in Oslo), and must be reported.

As shown in the chart below, when adjusted for household disposable income real house price development has been significantly more moderate than the nominal development (source: Statistics Norway for CPI and Disposable Income data).



Sources: Eiendomsverdi, Statistics Norway and own estimates and indexation

Growth in population, wages and other personal income, a low unemployment rate and growth in the total number of people in Norway have all contributed to the increase in activity and prices in the housing market. Many of these effects are amplified in urban pressure areas, which again influence the overall index. Low interest rates have underpinned demand, especially in 2020 and into 2021 with historical low interest rates in Norway.

In the residential housing market, there is an increasing focus on energy efficiency. The building code has been revised in 2010 and 2017 and is again assessed according to the requirements in the EU Energy Performance of Buildings Directive ((EU) 2018/844), whereby a Near Zero Energy Building code is to be devised in each European country, and is expected in Norway in 2021. Both building insulation, on-site energy generation and construction materials are in focus in the Directive. The changing building code, involving reduced energy use and Co2 emissions in both construction and in-use of buildings, will tend to make new housing units more expensive, also influencing the price development of real estate.

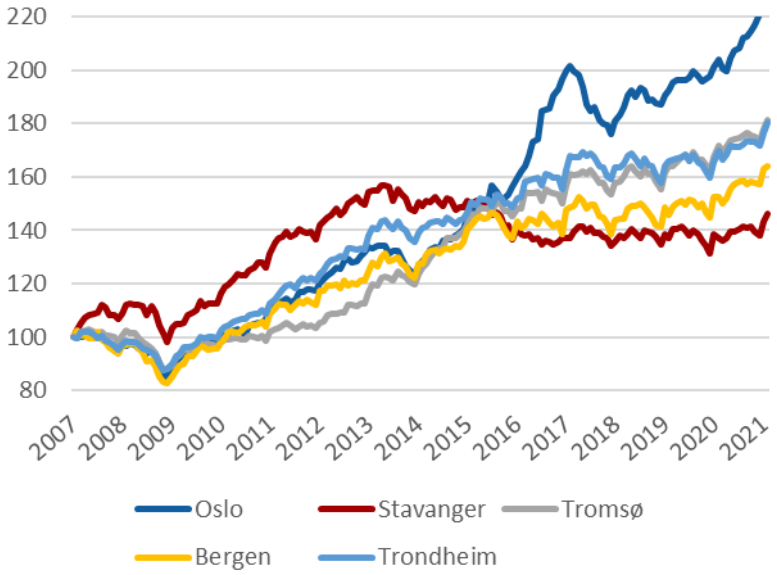
However, the rise in house prices may not be sustainable, and may fall in the future because of an economic downturn or other factors.

Regional Price Indexes

Norway has several large city regions. However, it is the price development of residential real estate in the capital city of Oslo which has shown a particularly strong growth over the last period of time, as the following chart illustrates. Oslo is both a large employment market, as well as the political and cultural leading centre of Norway. The real estate market is influenced over some years by an increasing population in the capital, while construction of new housing units is considered to have been below what this demographic trend would require for a more balanced price development. Over the twelve months to February 2021, the Oslo residential real estate index has increased by approximately 15 per cent.

The SpareBank 1 Boligkreditt cover pool is geographically well diversified across the country, as the banks which are alliance members and sell mortgages to the Issuer's cover pool are located throughout the country.

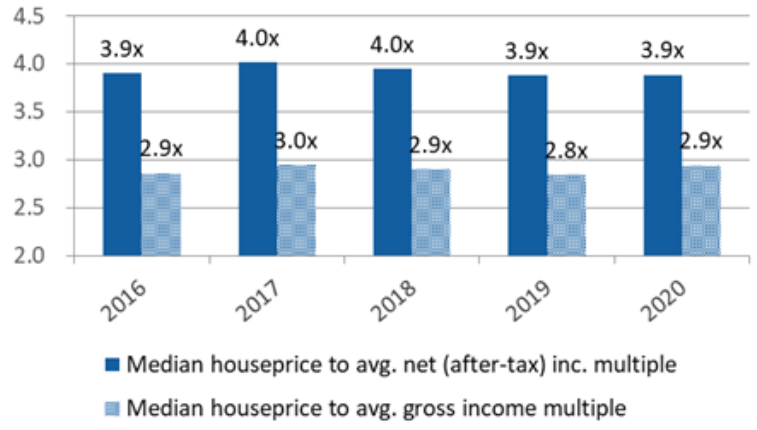
The regional price development reflects unadjusted, nominal indexes.



Source: Eiendomsverdi, through February 2021

Median House Price to Median Income

Relating the median value of a Norwegian house (other than a flat or apartment) to the average family income, the following chart on house prices to income multiples is produced, where net income is after taxes.



The chart above presents median values for all houses and will therefore not reflect large differences in regional markets, for example such as Oslo, where the average national household income could exhibit a

higher relationship to house prices than depicted in the chart. The average household income, on the other hand, include household income from all sources, including financial income, and may be skewed towards certain households.

Registration of real property

The ownership of real property in Norway is registered in a central register (Norwegian: Grunnboken) to which, among others, estate agents, lawyers, and banks have access. The database is updated daily with information about, among other things, the owner, restrictions on use, and charges and encumbrances. If a transaction is submitted for registration on one day, it will be registered in the database at the latest on the following working day.

There is also a separate database of real estate, containing all information regarding property location and property borders, area, buildings and addresses (Norwegian: Matrikkelen). Technical data about the property and all permits and applications concerning any property are registered here. This database is also continuously updated.

Housing Finance

Banks' and credit institutions' (the latter are covered bond issuers) lending to households secured by residential real estate, totalled NOK 3,340 billion in January 2021. The private banks and covered bond issuers should be regarded collectively, since mortgage companies are owned by banks, which have an incentive to transfer a mortgage loan for up to 75 per cent. of the appraised value of the dwelling to a mortgage company issuing covered bonds, thus benefiting from lower funding costs than the originator.

Traditionally, most housing loans in Norway are based on variable or floating interest rates. The interest rate is not directly linked to a quoted market rate, but is set individually by each bank generally based on the credit and customer relationship profile of the borrower, an evaluation of funding costs and market competition. Historically, housing loans with fixed interest rates are uncommon, but have grown in popularity in times when the mortgages interest rates are low and/or the fixed term mortgage interest rate curve is flat or negative. Less than 10 per cent. of outstanding residential mortgage loans in Norway carry fixed interest rates (source: Statistics Norway).

The following graph compares the annual average Norwegian Interbank Offer Rate and banks' lending rates for residential mortgages. (source: Statistics Norway).

Source: Statistics Norway, Norwegian Central Bank

Non-performing loans to households are generally a small portion of overall loans. When considering the aggregate write-off of mortgage debt in the largest four SpareBank 1 banks over the last several years, this has been between 1 and 3 basis points (weighted average of the four largest SpareBank 1 Alliance banks). In 2020, this increased to 7 bps, but the increase would generally be due to changes in the IFRS 9 models for the economic outlook, not actual defaults.

Customers were helped during the pandemic with the possibility of requesting a postponement in upcoming scheduled mortgage repayments, which could be easily obtained based on the Covid-19 economic restrictions and unemployment. As unemployment grew in March and April of 2020, many households requested this. During the summer of 2020, employment recovered substantially and at the end of 2020, repayment pauses were back to normal in the Issuer's portfolio of mortgages, which does represent the Alliance banks at large (see the 2020 Annual Report for further information). From the start of its operations, the Issuer has not experienced a loss on a mortgage loan, and an extremely low number of defaults. Please also see the discussion under *"history of loans in arrears"* in the section further above titled *"Mortgage Origination, Eligibility and Servicing"*.

For a Norwegian personal taxpayer, borrowing costs (that is, costs incurred in establishing, servicing and terminating a loan including, without limitation, all accrued interest costs) are deductible from taxable income. The applicable basic tax rate applicable is 22 per cent.

Financial Situation of Households

Like other Nordic countries, Norway has a well-functioning social safety net, a high level of unionisation and coordinated wage determination. Coordinated wage determination has contributed to an even distribution of income and low unemployment in Norway.

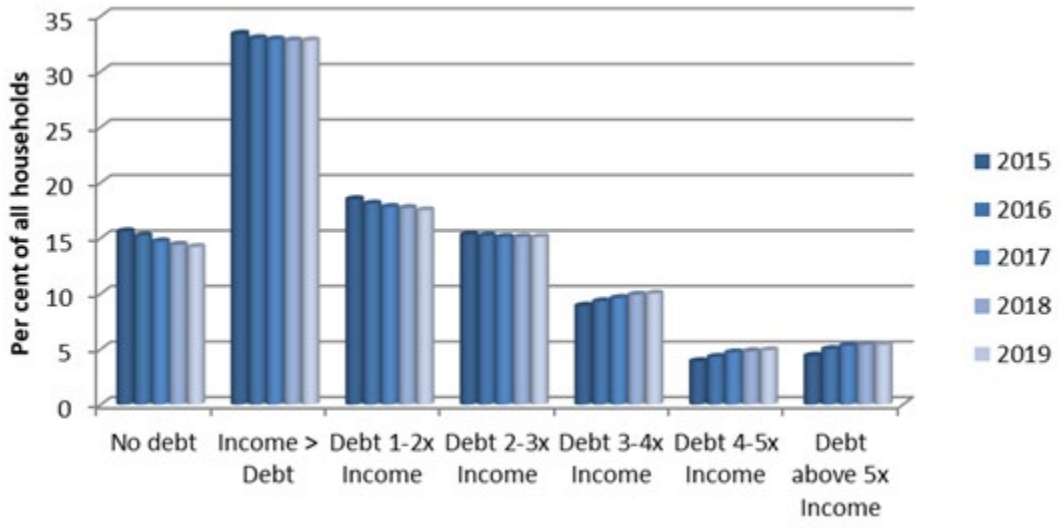
Unemployment benefits are generally 60 per cent. of a person's salary, but this is subject to a cap of six times the "basic amount". The basic amount, which is used in many government and other contexts and calculations, is set by Parliament, changes annually and is currently NOK 101,351 (for 2020-2021). The unemployed receive this benefit for a regular period of maximum 104 weeks (source: Statistics Norway).

Unemployment benefits could also help house owners meet their debt obligations, especially if, during temporary unemployment such as seen during the Covid-19 pandemic, a repayment schedule is postponed by the lender and only interest is required to be paid. This factor is believed to have contributed to no observed increase in the default rates on mortgages also during earlier periods of higher economic stress, such as for example during the 2014-16 oil price downturn, which led to higher unemployment rates.

According to Statistics Norway, the average after-tax income for households was NOK 620,400 for 2019 (latest data available) or 831,800 before tax. This is a figure inclusive of all sources of household income, including the redistributive policies of the taxation and social benefit programmes for the average household.

According to Statistics Norway, 85.8 per cent. of households have some form of debt as of 2019, of which approximately 82 per cent. is residential mortgage debt.

The following chart shows the distribution of debt multiples (debt to income) for various segments of households (2019 is the latest data available).



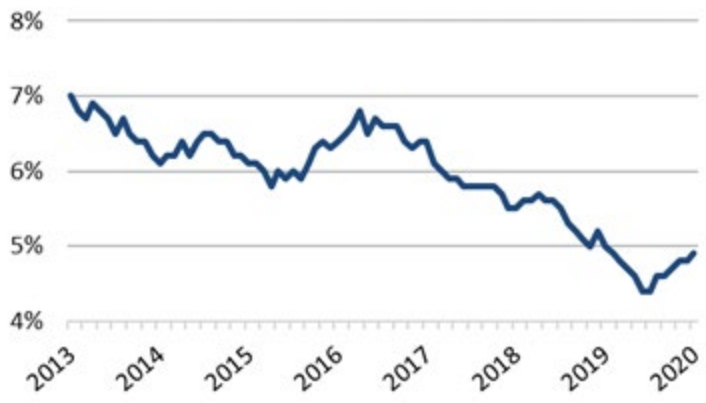
Source: Statistics Norway, Tax rolls

Credit growth

While the above data is based on tax rolls statistics for household, the national agency Statistics Norway collects the K2 Credit growth indicators which measures development in the credit volumes on a monthly basis and is based on banks and credit institutions and others' reporting of data and transaction. Growth in the K2 indicator for Households have been strong in the recent years, but does not adjust for growth in the number of households in the economy. As the chart below illustrates the twelve-month credit growth rate has been trending down and was 4.9 per cent as of January 2021. The residential mortgage regulations addressed further above has been aimed at reducing this credit growth rate in the household sector. The latest pick-up in growth, evidenced in the latest points in the chart below, comes as a consequence of the lower interest rate and vibrant residential real estate market during 2020.

The risk to financial stability from high household indebtedness levels is often highlighted by the central bank and bank regulators in Norway.

12 months growth rate in credit to Households:

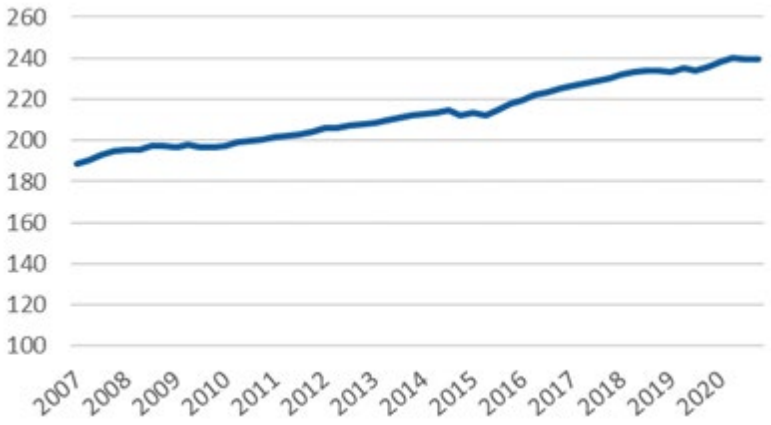


Source: Statistics Norway

Total debt to households was 4,099 billion kroner as of year-end 2020. Of this total, approximately 82 per cent was mortgage debt. Other forms of debt would be student debt, other debt secured on real assets such as car loans, and unsecured debt

Over the long term, the Norwegian household debt burden has increased and was on average 2.4 times household disposable income after tax at the end of 2020, which the following chart illustrates:

Debt as percentage of household disposable income:



Source: Norwegian Central Bank, SSB

The chart above also shows that the debt build-up in the household sector, relative to disposable income, has stagnated, which probably was achieved by the mortgage market regulations described further above. Regulators have expressed concerns about the increasing debt burden over the years shown in the chart above. Contributing to the build-up of debt has been the trend of lower interest rates, a trend which did start to reverse in Norway in 2018, with the Norwegian central bank raising rates four times from the autumn 2018. This stance has again reversed since March 2020 with the Covid-19 pandemic, with historic deep cuts in the policy rate to zero.

When considering the debt burden of Norwegian households it is important to realise that differences between countries make direct comparisons difficult.

More than 82 per cent. of households own their own dwellings in Norway (one of the highest rates in the world), giving those households an "on-balance sheet" liability as opposed to the "off-balance-sheet" of rent commitments. The Norwegian data is comprehensive and includes all debts from mortgages as well as other secured debts and unsecured debt. Norwegian debt statistics are less likely than other countries' debt statistics to understate the amount of debt because of net wealth taxation. Household debts are deducted from assets to arrive at a taxable net wealth figure, a focal point in the Norwegian tax reporting on which the statistics above are based.

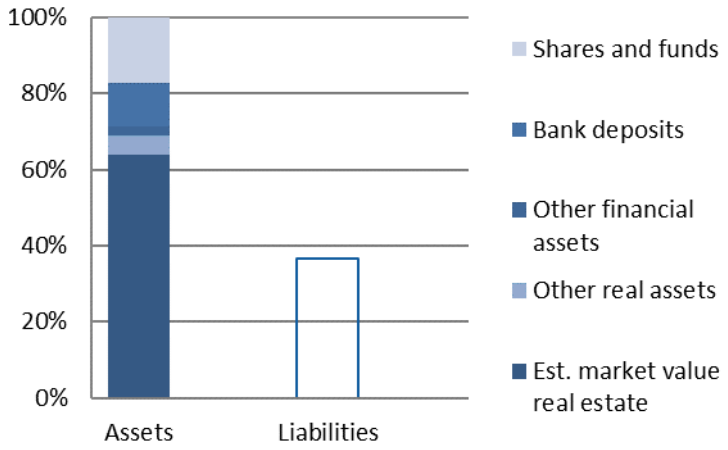
Norwegian government social spending finances important benefits such as pensions, healthcare, education, childcare, maternity and unemployment payments. These are expenses Norwegian households, at a basic level, do not need to budget for and therefore households are able to carry a higher debt burden.

Norway has also over the last three decades seen a much higher growth rate of household income compared to the cost of (mostly imported) necessities and food. The household savings rate is positive, indicating that de-leveraging can take place in the Household sector.

Importance of housing investment

Households' average leverage ratio (total debt divided by total assets) was estimated to be 37 per cent. as of year-end 2019 (latest data available). At the same time, housing wealth accounted for approximately 64 per

cent. of total assets. Not included in the household sector illustration below are household pension reserves and claims (source: Statistics Norway).



Source: Statistics Norway

Residential Mortgages

Traditionally mortgages are refinanced each time a property changes hands. A borrower taking up a personal mortgage loan will be personally liable for the debt. The borrower will continue to be liable for the debt until it has been fully repaid. The borrower also remains liable for any outstanding debt if the relevant property has been sold without repayment in full of the outstanding debt.

This also applies if a personal debtor files for bankruptcy. If, following the closure of the bankruptcy proceedings a debtor becomes solvent, creditors are free to take renewed action to satisfy any claim, as long as the claim remains valid.

The Bankruptcy Act provides for debt negotiations where, if relevant, a borrower may apply for final debt settlement in the case of severe debt burden. However, the terms are usually very burdensome for the debtor, and final debt settlements under the Bankruptcy Act are relatively rare.

Since residential secured debt is also personal recourse, borrowers have strong incentives to meet their debt obligations. Even during the Nordic banking crisis in the early 1990s, although house prices decreased and unemployment rose, banks' losses from personal loans were limited.

Limited Unsecured Lending

Unsecured lending to individuals in Norway is limited but has grown in the last few years. New regulations have been brought in by the regulatory authorities in order to reduce the growth in such debt. A new public debt registry for all unsecured debt started operations in 2019. The purpose of this registry is to provide a complete and instant overview about a debt applicants sources of unsecured debt. New regulations for consumer finance banks have also been brought in, with specific requirements and tests for granting such debt. According to Statistics Norway, unsecured debt was approximately NOK 170 billion within the household sector as of year-end 2019, less than 5 per cent of the sector's overall debt.

Tax incentives

As with other forms of personal debt, the borrowing cost for mortgage debt is tax deductible, and the applicable rate is 22 per cent. The general tax regime in Norway includes a wealth tax as well as income tax (the net worth taxation rate is currently 0.85 per cent. for net worth above a minimum threshold. As opposed to other forms of liquid wealth (cash, securities etc.), real estate (especially owner-occupied) is assessed for tax purposes at a value that is significantly below its market value, creating some incentive to own real estate as

an asset class. There is no tax due on capital gains from the sale of a residential property after owner-occupancy of a minimum of one year during the last two years before a sale.

Maturities and refinancing

Currently loans are usually written with a 25-year maturity. There is no prepayment penalty on floating interest rate loans and it is also easy for customers to move their mortgages to other banking institutions. Mortgage refinancing is common, for instance in connection with buying a new home, home improvements or taking out a mortgage to buy a new car. This practice requires frequent credit assessment, which again will maintain the quality of the pool.

Origination based on sound credit assessment

When Norwegian banks assess mortgage applications, the primary focus is on the applicant's debt servicing capacity and ability. Most banks use models to estimate the borrower's cash flow after living and financing expenses. In addition, the banks must perform stress tests on the applicant's capability and ability to repay their debt if the interest rate were to increase (by 5 per cent).

The lender is also obliged, pursuant to the Financial Contracts Act, to dissuade customers in writing, before entering into the contract, if the lender concludes that the financial capacity or other circumstances of the borrower indicate that he/she should seriously consider refraining from taking the loan. This ensures a conservative underwriting policy.

Transparent information about individuals

The legal environment in Norway gives financial undertakings access to important information about potential and current borrowers. This allows for detailed insight into the applicant's financial status and behaviour, thus further ensuring the quality of the credit assessment.

The banks retrieve certain data from credit information agencies regarding the applicant including:

- Tax records for the last three years (taxable income, taxes paid, net taxable wealth, marital status etc.);
- Any debt collection outstanding (in the preceding three years);
- Directorships; and
- Any bankruptcy.

The records also reveal whether the applicant pays his or her bills (electricity, phone, etc.) as failure to do so would be included in the debt collection outstanding. Together with internal payment history, information from the applicant and the external data provide in-depth understanding about the applicant's financial behaviour and the likelihood of default on the applied mortgage (subject to legal restrictions on the retention of personal data). A debt registry encompassing sources of debt (other than secured mortgage debt in the first instance) for each individual and/or household borrower is about to come into existence in Norway. A law opening for the establishment of one or more debt information agencies was introduced and approved by Parliament in the spring of 2017 and came into effect on 1 November 2017.

Assessment of the properties

The Norwegian covered bond legislation requires that residential properties are valued at a prudent market value. The most common method to establish a market value is to either consider comparative sale prices of similar properties in the same area or use an authorised external appraiser.

In Norway, most real property is sold through authorised real estate agents. They have undergone special training to conduct estate agency, and are subject to strict authorisation rules and strict control routines on the

part of the authorities. The estate agent may also give a valuation of the property, but in most cases they will use a professional appraiser.

Normally real estate is sold through an open bid process. The price will then reflect the true market valuation of the property.

AVM Company

Most Norwegian banking groups make extensive use of Eiendomsverdi AS as an Automated Valuation Model company for estimating market values of residential real estate and indexing the values in accordance with subsequent development in the residential real estate market. The estimations are based on a complex valuation model.

The database for this model is updated on a daily basis with information received from the governmental Norwegian Land Registry and 95 per cent. of the real estate agencies in Norway (in terms of volume the percentage is higher). In principle all residential properties (of which there are more than 2 million) are included in the database, which was established in 2000.

Eiendomsverdi AS is owned by DNB Bank, Nordea, SpareBank 1 Gruppen and Eika Boligkreditt with a 25% share each.

Monitoring of originated residential mortgages

When mortgages are granted, most Norwegian banks update their internal rating of customers on a monthly basis. The purpose is to identify if there are any changes in the portfolio quality, and if any remedial action has to be implemented.

Furthermore, most Norwegian covered bond issuers update the valuations of the properties in the portfolio on a quarterly basis, and this is also the case for the Issuer. This update is based on estimates from Eiendomsverdi AS.

Due to the richness and granularity in their database (essentially all residential property sales in Norway are recorded within one week into the database), the estimates from the Eiendomsverdi model are generally perceived as robust, although as a desktop model it does not take into account certain features specific to the property concerned.

OVERVIEW OF THE NORWEGIAN LEGISLATION REGARDING COVERED BONDS (*OBLIGASJONER MED FORTRINNSRETT*)

The following is a brief overview of certain features of Norwegian law governing the issuance of covered bonds in Norway, at the date of this Base Prospectus. The overview does not purport to be, and is not, a complete description of all aspects of the Norwegian legislative and regulatory framework pertaining to covered bonds.

As of the date of this Base Prospectus, the main legislation which governs the issue of covered bonds in Norway is Chapter 11, Subsection II of the Norwegian Act on Financial Undertakings and Financial Groups of 10 April 2015 No 17 (lov 10. april 2015 nr. 17 om finansforetak og finanskonsern (*finansforetaksloven*)) (the **Act**) and Chapter 11, Subsection I of the Regulations of 9 December 2016 no. 1502 on Financial Undertakings and Financial Groups (*forskrift 9. desember 2016 nr. 1502 om finansforetak og finanskonsern (finansforetaksforskriften)*) (the **Regulations**) (the Act and the Regulations together, the **Legislation**).

On 13 January 2020, the FSAN published a consultative paper relating to the implementation of the new EU Covered Bond Reforms, which will require certain amendments to the current Norwegian legislation on covered bonds. The new EU legislation shall be implemented no later than 8 July 2021 and take effect no later than 8 July 2022.

Legislation

Under the Legislation, certain Norwegian credit institutions which meet the general definitions of a **Financial Undertaking** (*finansforetak*) and **Credit Institution** (*kredittforetak*) contained in the Act, and whose articles of association comply with prescribed mandatory requirements may issue covered bonds (*obligasjoner med fortrinnsrett*). The Act defines Credit Institutions as non-banking Financial Undertakings who receive repayable assets other than deposits from the public and grant commercial credits and guarantees in its own name). Credit Institutions must hold a licence issued by the Ministry of Finance (or by the FSAN pursuant to delegation) in order to conduct business as a Credit Institution. However, they are not required to obtain any specific governmental licence or approval in order to issue covered bonds, save that they must notify the FSAN no less than 30 days in advance of their first issuance of covered bonds.

The Issuer is a "*kredittforetak*" (as defined by the Act), has received the required Credit Institution licence, and has adapted its articles of association to meet the mandatory requirements, and consequently may issue covered bonds.

The Legislation provides that holders of covered bonds (and also counterparties under derivative contracts entered into for hedging purposes in relation to the covered bonds) have an exclusive and prioritised right of claim, on a *pari passu* basis between themselves, over a pool of certain security assets (the **Cover Pool**). Under Norwegian law, an issuer of bonds, such as an issuer of covered bonds, must register the bonds in paperless book-entry form by registration in the Norwegian Central Securities Depository (**Verdipapirsentralen**, trading as **Euronext VPS**) or another securities registry which is properly authorised or recognised by the FSAN as being entitled to register such bonds pursuant to Regulation (EU) No. 909/2014, unless such bonds are either (i) denominated in NOK and offered or sold outside of Norway to non-Norwegian tax residents only, or (ii) denominated in a currency other than NOK and offered or sold outside of Norway.

The Register

The Credit Institution must maintain a register (the **Register**) of the issued covered bonds, the related derivative agreements, and the Cover Pool pertaining to such covered bonds and derivative agreements. In accordance with the Legislation, a Credit Institution may establish a separate Register for the issue of covered bonds relating to a different Cover Pool. If there is more than one Cover Pool, the Credit Institution must identify which Cover Pool a covered bondholder will hold a preferential claim against. Where a Credit Institution has made two or more issues of covered bonds which have a preferential claim against different Cover Pools, derivative agreements and substitute assets shall be held in separate accounts for each Cover Pool.

Each Register relating to a Cover Pool must at all times contain detailed information on, amongst other things, the assets included in the Cover Pool, and the covered bonds and derivative agreements associated with the Cover Pool. Consequently, each Register must be updated on a regular basis to include any changes in relevant information.

Such registration is not in itself conclusive evidence of the contents of the Cover Pool pertaining to the covered bonds, but shall, according to the preparatory works to the Norwegian covered bond legislation, serve as strong evidence.

Benefit of a prioritised claim

Pursuant to the Act, if a Credit Institution which has issued covered bonds is placed under public administration or is liquidated, the holders of covered bonds issued by the Credit Institution and the counterparties to relevant derivative agreements entered into by the Credit Institution will have an exclusive, equal and pro rata prioritised claim against the Cover Pool. The prioritised claims will rank ahead of all other claims, save for claims relating to the fees and expenses of the public administration board. According to the provisions of section 6-4 of the Norwegian Liens Act of 1980 and section 11-15 of the Act, a future public administration board of the Credit Institution will have a first priority lien over all of the assets included in the Cover Pool, as security for fees and expenses incurred by the public administration board in connection with the administration of the Credit Institution. Such statutory lien will rank ahead of the claims of holders of covered bonds and of the counterparties to the relevant derivative agreements, but will, however, be limited to 700 times the standard Norwegian court fee (which at present equals NOK 839,300) in respect of each Cover Pool. Payment of expenses for operation, management recovery and realisation of the Cover Pool may also be demanded before the covered bondholders and counterparties to the relevant derivative agreements receive payment from the Cover Pool.

By virtue of the priority established by the Act, claims of the holders of covered bonds and of the counterparties to the relevant derivative agreements against a Credit Institution which has issued covered bonds will rank ahead of claims of all other creditors of the Credit Institution with respect to the Cover Pool (save for the priority described above granted to a public administration board in respect of fees and expenses).

Pursuant to the Act, loans and receivables included in the Cover Pool may not be assigned, pledged, or made subject to any set-off, attachment, execution or other enforcement proceedings. However, an exemption regarding the prohibition against set-off has been made in relation to derivative agreements, as further described in the Regulations.

Cover Pool composition of assets

Pursuant to the Act, the Cover Pool may only consist of certain assets, which include loans secured by various types of Mortgages, loans granted to or guaranteed by certain governmental bodies (**Public Sector Loans**), receivables in the form of certain derivative agreements and substitute assets.

The Mortgages may include residential mortgages or mortgages over other title documents relating to residence (**Residential Mortgages**) as well as mortgages over other real property (**Commercial Mortgages** and, together with the former, **Mortgages**). The real property and the registered assets which serve as security for the loans included in the Cover Pool must be located in a member state of either the European Economic Area (**EEA**) or the Organisation for Economic Co-operation and Development (**OECD**) which has a minimum credit rating of Credit Quality Step 2.

Public Sector Loans must be either guaranteed or issued by governmental bodies which, in addition to belonging to a member state of either the EEA or the OECD, must meet certain additional requirements under the Regulations.

Substitute assets may only consist of particularly liquid and secure claims and are as a main rule subject to a limit of 20 per cent. of the total value of the Cover Pool. However, under certain circumstances, and for a limited period of time only, the FSAN may approve an increase in the mentioned limit to 30 per cent. of the

total value of the Cover Pool. The substitute assets must also meet certain risk category requirements under the Regulations in order to be included among the assets which form the basis for the value calculation of the Cover Pool.

The Cover Pool will not contain Asset-Backed Securities that do not comply with Article 80(1) of ECB/2014/60.

Loan to value ratios (and other restrictions)

Pursuant to the Regulations, when calculating the value of the Cover Pool assets consisting of loans secured by Mortgages, the following loan to value requirements apply to Cover Pool assets consisting of loans secured by Mortgages:

1. Loans secured by Residential Mortgages shall not exceed 75 per cent. of the value of the property; and

2. Loans secured by Commercial Mortgages shall not exceed 60 per cent. of the value of the property.

Should a loan secured by Mortgages exceed the relevant ratio, only the part of the loan that falls within the permitted limit may be included in the Cover Pool.

There is no restriction with regard to the proportion of the Cover Pool which may be represented by Residential Mortgages or Commercial Mortgages. According to the Act, the value of substitute assets may not exceed 20 per cent. of the value of the Cover Pool. According to the Regulations, the proportion of the Cover Pool represented by Public Sector Loans and receivables in the form of derivative agreements may vary, depending on the risk category pertaining to the relevant assets.

Additional provisions regarding quantitative and qualitative requirements placed on the assets forming part of the Cover Pool are set out in the Regulations. In order to qualify for inclusion in the Cover Pool all legislative requirements must be met. However, if the Cover Pool assets at a later stage cease to meet the requirements of the Act and/or the Regulations in relation to ratios, risk categories or proportion limits, such assets may nevertheless form part of the Cover Pool, but will be excluded from the calculation (which is required by the Act and described below) of the value of the Cover Pool.

Overcollateralisation and valuations

The Legislation requires that the value of the Cover Pool at all times must exceed by at least 2 per cent. of the aggregate value of covered bonds issued by the Credit Institution (taking into account the effects of relevant derivative contracts).

The calculation of the value of the Cover Pool assets consisting of loans secured mortgages is required to be made on a prudent basis, and such prudent value may not exceed the market value of each individual asset. The estimation of the value is required to be made by a competent and independent person (i.e. a person without involvement in the credit granting process) and be documented, and such documentation is required to include information on who performed the calculation and the principles on which the calculation was based. The value of residential real property may, however, be based on generally applicable price levels, when this is considered justifiable based on the market situation.

Defaulted loans shall be disregarded for purposes of the valuation, and loans provided to one single customer or secured by the same real estate property shall never count in excess of 5 per cent. of the aggregate balance of a cover pool.

The value of derivative agreements and substitute assets included in the Cover Pool shall be set by calculating the prudent market value of such assets, and in some cases by calculating the discounted present value of the asset. The FSAN may impose rules about the discount interest to be applied.

Regulation (EU) 2019/2160 implementing certain amendments to Art. 129 of Regulation (EU) No 575/2013 requires that covered bond cover pools shall be subject to a minimum level of 5 per cent. of overcollateralisation. Member states of the European Union (and, following the incorporation of Regulation (EU) 2019/2160 into the Agreement on the European Economic Area, member states of the EEA) may set a lower minimum level of overcollateralisation for covered bonds, but no lower than 2 per cent. based on the nominal principle.

The FSAN has proposed to replace the current Norwegian calculation method with the nominal principle, and to raise the minimum level of overcollateralisation to 5 per cent.

Balance and liquidity requirements

In order to ensure compliance with the abovementioned overcollateralisation requirement, each Credit Institution issuing covered bonds is required to establish systems for continued control of the development of the value of the Cover Pool assets, and to monitor the development of the relevant market situations. If developments in the market situation or in the situation pertaining to an individual asset so warrants, the Credit Institution is required to ensure that a renewed calculation of the value is performed.

The Act requires that the Credit Institution ensures that the cash flow from the Cover Pool at all times is sufficient to enable the Credit Institution to discharge its payment obligations towards the holders of covered bonds and counterparties under relevant derivative agreements. The Credit Institution must also establish a liquidity reserve which shall be included in the Cover Pool and must also determine a reasonable limit to its interest rate risk exposure based on its equity and subordinated capital and potential losses in connection with changes in applicable interest rates. The limit shall apply in relation to each Cover Pool and to the Credit Institution as a whole. The ratio for each Cover Pool shall not exceed the level of interest rate risk applicable to the Credit Institution as a whole.

Under the Covered Bond Directive, the cover pool liquidity buffer shall cover the maximum cumulative net liquidity outflow over the next 180 days. It can only consist of assets that qualify as level 1, level 2A or level 2B assets. Furthermore, the Credit Institution is required to maintain liquid assets exceeding projected net liquidity outflows over a period of 30 days under stressed conditions under Regulation (EU) 2015/61 (LCR Regulation)

Inspector

An independent inspector (the **Inspector**) shall be appointed by the FSAN prior to a Credit Institution issuing any covered bonds. The Inspector is required to monitor the Register, and shall review the Issuer's compliance with the Act's provisions relating to the Register, including those which govern the composition and the balance of the Cover Pool. Under the Covered Bond Directive, the Inspector is appointed by the covered bond issuer and the FSAN has proposed to amend the Norwegian legislation accordingly.

The Credit Institution is required to give the Inspector all relevant information pertaining to its business. The Inspector must be granted access to the Register, and may also request additional information. The Inspector may perform inspections of the Credit Institution, and shall at least every three months determine if the requirements of sections 11-11 and 11-13 of the Act are complied with. Furthermore, the Inspector shall submit annual reports of observations and assessments to the FSAN. The Covered Bond Directive does not allow a covered bond issuer’s external auditor to be appointed as Inspector and the FSAN has proposed an amendment to reflect this. The FSAN has also proposed to amend the current legislation to impose certain investor information and reporting duties on Credit Institutions operating as covered bond issuers.

Cover Pool administration in the event of public administration and winding-up of the Issuer

Credit Institutions experiencing financial difficulties may be placed under public administration if the conditions for resolution are otherwise met but the Ministry of Finance does not consider that resolution would be in the public interest. Public administration requires that the institution's former governing bodies are

replaced by a public administration board (the **Board**) which assumes control over the institution. The Board main task will be to liquidate the institution and distribute its assets to the creditors.

Public administration of the Credit Institution does not in itself give the right to accelerate claims.

If a Credit Institution which has issued covered bonds is placed under public administration pursuant to the Act, and the Cover Pool meets the requirements of the Act and the Regulations, the Board shall ensure that, to the extent possible, the holders of covered bonds and counterparties to relevant derivative agreements receive timely payment of their respective claims, such payments being made from the Cover Pool for the duration of the administration of the Credit Institution.

If the Board is unable to make timely payments to the covered bondholders or the counterparties to relevant derivative agreements, the Board must set a date for a halt to payments, and inform interested parties of this as soon as possible. If a halt to payments is initiated, the further administration of the Credit Institution will be conducted in accordance with general Norwegian bankruptcy legislation. The covered bondholders and counterparties to relevant derivative agreements will in such event continue to have a prioritised claim against the Cover Pool. Any residual claims of Noteholders and counterparties to related derivative agreements will remain claims against the Credit Institution, but will rank pari passu with other unsecured and unsubordinated creditors of the Credit Institution.

Future Implementation of EU Covered Bond Reforms

The EU Covered Bond Reforms shall be implemented into Norwegian law no later than 8 July 2021 and take effect no later than 8 July 2022 and will require certain amendments to the current Norwegian legislation on covered bonds and impose new requirements on Norwegian covered bond issuers such as, among other things, a new liquidity buffer requirement of 180 days and stricter requirements for the exercise of extendable maturity (also known as 'soft bullet') rights.

FORM OF THE NOTES

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

Bearer Notes will be issued in offshore transactions to non-U.S. persons in reliance on Regulation S under the Securities Act (**Regulation S**) and Registered Notes may be issued both in offshore transactions to non-U.S. persons in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S and within the United States or to, or for the benefit of, U.S. persons in reliance on Rule 144A.

Bearer Notes

Each Tranche of Bearer Notes will be initially issued in the form of a temporary global note without interest coupons or talons attached (a **Temporary Global Note**) which will:

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

(ii) if the Bearer Global Notes are not intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the issue date of the relevant Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system.

Bearer Notes will only be delivered outside the United States and its possessions.

If the applicable Final Terms indicates that the Bearer Global Note is a NGN, the nominal amount of the Notes represented by such Bearer Global Note will be the aggregate from time to time entered in the records of both Euroclear and Clearstream, Luxembourg. The records of Euroclear and Clearstream, Luxembourg (which expression in such Bearer Global Note means the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of each such customer's interest in the Notes) will be conclusive evidence of the nominal amount of Notes represented by such Bearer Global Note and, for such purposes, a statement issued by Euroclear and/or Clearstream, Luxembourg, as the case may be, stating that the nominal amount of Notes represented by such Bearer Global Note at any time will be conclusive evidence of the records of Euroclear and/or Clearstream, Luxembourg at that time, as the case may be.

Upon delivery of a Temporary Bearer Global Note, Euroclear and/or Clearstream, Luxembourg and/or such other agreed clearing system will credit purchasers with nominal amounts of Notes of the relevant Tranche equal to the nominal amounts thereof for which they have paid.

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

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein for interests in a permanent global note without interest coupons or talons attached (a **Permanent Global Note** and, together with the Temporary Global Notes, the **Bearer Global Notes** and each a **Bearer Global Note**) of

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

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

The applicable Final Terms will not specify that a Permanent Global Note is exchangeable (free of charge), in whole, for Bearer Definitive Notes with, where applicable, interest coupons and talons attached only upon the occurrence of an Exchange Event.

Exchange Event means that (i) in the case of Bearer Global Notes and Registered Global Notes registered in the name of a nominee for a common depositary or in the name of a nominee for common safekeeper, as the case may be for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor or alternative clearing system is available, (ii) in the case of Registered Global Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to act as depositary for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act, and no alternative clearing system is available, or (iii) in the case of both Bearer Global Notes and Registered Global Notes, the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Note in definitive form. The Issuer will promptly give notice to Noteholders of each Series of Bearer Global Notes in accordance with Condition 12 of the Ordinary Note Conditions if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Issuer may give notice to the Principal Paying Agent or Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in paragraph (iii) above, the Issuer may also give notice to the Principal Paying Agent or Registrar requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

Bearer Global Notes and Bearer Definitive Notes will be issued pursuant to the Agency Agreement.

The following legend will appear on all Permanent Global Notes and Bearer Definitive Notes which have an original maturity of more than one year and on all talons and interest coupons relating to such Permanent Global Notes and Bearer Definitive Notes:

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

The sections referred to above generally provide that United States persons (as defined for U.S. federal tax purposes), with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, talons or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Bearer Notes, talons or interest coupons.

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

Bearer Notes may not be exchanged for any other form of Note issued by the Issuer and vice versa.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to persons who are not U.S. persons in offshore transactions, will initially be represented by a global note in registered form (a **Regulation S Global Note**). Prior to expiry of the Distribution Compliance Period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 9 of the Ordinary Note Conditions and may not be held otherwise than through Euroclear or Clearstream, Luxembourg, and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche may only be offered and sold in the United States or to or for the account or benefit of U.S. persons in private transactions exempt from registration under the Securities Act to "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act (**QIBs**).

The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a **Rule 144A Global Note** and, together with a Regulation S Global Note, the **Registered Global Notes**).

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, the Depository Trust Company (**DTC**), or (ii) be deposited with a common depositary or common safekeeper, as the case may be for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms. In the case of a Regulation S Global Note registered in the name of a nominee of DTC, prior to the end of the distribution compliance period (as defined in Regulation S) applicable to the Notes represented by such Regulation S Global Note, interests in such Regulation S Global Note may only be held through the accounts of Euroclear and Clearstream, Luxembourg. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Notes in fully registered form.

The Rule 144A Global Notes will be subject to certain restrictions on transfer set out therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register on the relevant Record Date (as defined in Condition 4(d) of the Ordinary Note Conditions) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 4(d) of the Ordinary Note Conditions) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for Registered Definitive Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Noteholders of each Series of Registered Global Notes in accordance with Condition 12 of the Ordinary Note Conditions if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any registered holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in paragraph (iii) of the definition of Exchange Event, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Registrar.

Definitive Rule 144A Notes will be issued only in minimum denominations of U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency).

Transfer of Interests

Interests in a Rule 144A Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interests in a Regulation S Global Note representing the same series and Tranche of Notes, and vice versa. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Notes are also subject to the restrictions on transfer set out therein and will bear a legend regarding such restrictions, see "*Subscription and Sale and Transfer and Selling Restrictions*"**.

VPS Notes

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

Settlement of sale and purchase transactions in respect of VPS Notes in Euronext VPS will take place two Oslo Business Days after the date of the relevant transaction. Transfers of interests in the relevant VPS Notes will only take place in accordance with the rules and procedures of Euronext VPS from time to time.

VPS Notes may not be exchanged for any other form of Note issued by the Issuer and vice versa.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Ordinary Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or Euronext VPS shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer or the Principal Paying Agent.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which case (if the Notes are intended to be listed) a new Prospectus will be made available which will describe the effect of the agreement reached in relation to such Notes.

The relevant Issuer will notify the ICSDs and the Paying Agents upon issue whether the Notes are intended, or are not intended, to be held in a manner which would allow Eurosystem eligibility and deposited with one of the ICSDs as common safekeeper (and in the case of registered Notes, registered in the name of a nominee of one of the ICSDs acting as common safekeeper). Where the Notes are not intended to be deposited with one of the ICSDs as common safekeeper upon issuance, should the Eurosystem eligibility criteria be amended

in the future such as that the Notes are capable of meeting such criteria, the Notes may then be deposited with one of the ICSDs as common safekeeper. Where the Notes are so deposited with one of the ICSDs as common safekeeper (and in the case of registered Notes, registered in the name of a nominee of one of the ICSDs acting as a common safekeeper) upon issuance or otherwise, this does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

APPLICABLE FINAL TERMS

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **EUWA**); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Dated [●]

SpareBank 1 Boligkreditt AS

Legal entity identifier (LEI): 549300M6HRHPF3NQBP83

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

under the €35,000,000,000

Global Medium Term Covered Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the [Ordinary Note Conditions] [VPS Conditions] set out in the prospectus dated 20 April 2021 [and the supplement[s] to the prospectus dated [●] [and [●]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented] in order to obtain all the relevant information. The Base Prospectus is available for viewing at, and copies may be obtained from, the specified office of each of the Paying Agents. The Base Prospectus and (in the case of Notes listed on the official list and admitted to trading on the regulated market of the Euronext Dublin) the applicable Final Terms will also be published on the website of Euronext Dublin (live.euronext.com).

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*]

[Terms used herein shall be deemed to be defined as such for the purposes of the [Ordinary Note Conditions] [VPS Conditions] (the **Conditions**) set out in the prospectus dated [30 August 2007/14 August 2008/27 August 2009/18 October 2010/23 May 2011/26 June 2012/16 April 2013/15 April 2014/23 April 2015/10 June 2016/6 June 2017/6 June 2018/10 April 2019] which was a base prospectus for the purposes of Article 5.4 of the Prospectus Directive 2003/71/EC (as amended by Directive 2010/73/EU). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus dated 20 April 2021 [and the supplement[s] to it dated [*date*] and [*date*]], which [together] constitutes[s] a base prospectus for the purposes of the Prospectus Regulation (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus, in order to obtain all the relevant information. The Base Prospectus and (in the case of Notes listed on the official list and admitted to trading on the regulated market of Euronext Dublin) the applicable Final Terms will also be published on the website of Euronext Dublin (live.euronext.com).]

1.	Series Number:		[●]
2.	[(i)	Tranche Number:	[●]
	[(ii)	Series with which Notes will be consolidated and form a single Series:	[●]/[Not Applicable]]
	[(iii)	Date on which the Notes will be consolidated and form a single Series with the Series specified above:	The Notes will be consolidated and form a single Series with [*provide issue amount/ISIN/maturity date/issue date of earlier Tranches*] on [●]/[the Issue Date]/[exchange of the Temporary Bearer Global Note for interest in the Permanent Bearer Global Note, as referred to in paragraph 22 below [which, is expected to occur on or about [*date*]] [Not Applicable]]

3.	Specified Currency or Currencies:		[●]
4.	Aggregate Nominal Amount:		
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
5.	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●] (*if applicable*)]
6.	(a)	Specified Denominations:	[●] [[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000] (or equivalent in another currency). No notes in definitive form will be issued with a denomination above [€199,000] (or equivalent in another currency)] [*N.B. Notes must have a minimum denomination of €100,000 (or equivalent in another currency)*]
	(b)	Calculation Amount:	[●]
7.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[●]/[Issue Date]/[Not Applicable]
8.	Maturity Date:		[●]/Interest Payment Date falling in or nearest to [●]
9.	Extended Final Maturity Date:		[●]/[Not Applicable]
10.	Interest Basis:		[[●] per cent. Fixed Rate]/ [[Specify particular reference rate] +/- [●] per cent. per annum Floating Rate]
11.	Redemption/Payment Basis:		[Redemption at par]/[Redemption at [●] per cent. of the nominal amount]
12.	Change of Interest Basis:		[For the period from (and including) the Interest Commencement Date, up to (but excluding) [*date*] paragraph [15] [16] applies and for the period from (and including) [*date*] to (but excluding) the Maturity Date, paragraph [15] [16] applies]/[Not Applicable]
13.	Put/Call Options:		[Investor Put] [Issuer Call] [Not Applicable]
14.	[Date [Board] approval for issuance of Notes obtained:]		[●] [and [●], respectively]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	**Fixed Rate Note Provisions**	[Applicable/Not Applicable]

			(*if not applicable, delete the remaining sub-paragraphs of this item 15*)
	(i)	Rate(s) of Interest:	[●] per cent. per annum [payable in arrear on each Interest Payment Date]
	(ii)	Interest Payment Date(s):	[●] in each year from (and including) [●] up to and including the [Final Maturity Date]/[Extended Due for Payment Date, if applicable], subject to adjustment in accordance with the Business Day Convention set out below
	(iii)	Fixed Coupon Amount(s):	[[●] per Calculation Amount/Not Applicable]
	(iv)	Broken Amount(s):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
	(v)	Day Count Fraction:	[30/360]/ [Actual/Actual (ICMA)]
	(vi)	Determination Date(s):	[[●] in each year]/[Not Applicable]
16.	**Floating Rate Note Provisions**		[Applicable/Not Applicable]
			(*if not applicable, delete the remaining sub-paragraphs of this item 16*)
	(i)	Specified Period(s)/Specified Interest Payment Dates:	[●][, subject to adjustment in accordance with the Business Day Convention set out in sub-paragraph (ii) below/, not subject to adjustment as the Business Day Convention in sub-paragraph (ii) below is specified to be Not Applicable]
	(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
	(iii)	Business Centre(s):	[●]
	(iv)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(v)	Party responsible for calculating the Rate of Interest and Interest Amount:	[Principal Paying Agent]
	(vi)	Screen Rate Determination:	
		– Reference Rate and relevant financial centre:	[Applicable/Not Applicable] Reference Rate: [●] month [currency] [LIBOR]/[EURIBOR]/[NIBOR]/[CIBOR]/[CITA]/[EONIA]/[HIBOR]/[SIBOR]/[STIBOR]/[TIBOR]/[Compounded Daily SONIA]

			Relevant financial centre: [London]/[Brussels]/[Oslo]/[Copenhagen]/[Hong Kong]/[Singapore]/[Tokyo]
		– Interest Determination Date(s):	[●]
		– Relevant Screen Page:	[●]
		– SONIA Lag Period (*p*)	[5 / [●] London Banking Days] [Not Applicable]
		– Observation Method	[Not Applicable/Lag/Lock-out/Shift]
	(vii)	ISDA Determination:	[Applicable/Not Applicable]
		– Floating Rate Option:	[●]
		– Designated Maturity:	[●]
		– Reset Date:	[●]
	(viii)	Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
	(ix)	Margin(s):	[+/-] [●] per cent. per annum
	(x)	Minimum Rate of Interest:	[[●] per cent. per annum][Not Applicable]
	(xi)	Maximum Rate of Interest:	[[●] per cent. per annum][Not Applicable]
	(xii)	Day Count Fraction:	[Actual/Actual [(ISDA)]]/ [Actual/365 (Fixed)]/ [Actual/365 (Sterling)]/ [Actual/360]/ [30/360]/[360/360]/[Bond Basis]/ [30E/360]/[Eurobond Basis] [30E/360 (ISDA)]

PROVISIONS RELATING TO REDEMPTION

17.	**Issuer Call:**		[Applicable]/[Not Applicable] (*if not applicable, delete the remaining sub-paragraphs of this item 17*)
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount of each Note:	[●] per Note of [●] Specified Denomination
	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[●]

	(b)	Maximum Redemption Amount:	[●]
	(iv)	Notice period (if other than as set out in the Conditions):	[●]
18.	**Investor Put:**		[Applicable]/[Not Applicable] (*if not applicable, delete the remaining sub-paragraphs of this item 18*)
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount of each Note:	[●] per Note of [●] Specified Denomination
	(iii)	Notice period (if other than as set out in the Conditions):	[●]
19.	Final Redemption Amount of each Note:		[●] per Calculation Amount
20.	Early Redemption Amount of each Note payable on redemption:		[●] per Calculation Amount
21.	Benchmark Replacement:		[Applicable/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22.	Form of Notes:		[Bearer Notes: [Temporary Bearer Global Note exchangeable on or after the Exchange Date for a Permanent Bearer Global Note which is exchangeable for Bearer Definitive Notes only upon an Exchange Event]]/ [Registered Notes: [Regulation S Global Note registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]] [Rule 144A Global Note registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] [VPS Notes issued in uncertificated book-entry form]
	(i)	Form:	
	(ii)	New Global Note:	[Yes]/[No]
23.	Additional Financial Centre(s)		[●]/[Not Applicable]

24.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if on exchange into definitive form, more than 27 coupon payments are still to be made]/[No]
25.	Redenomination applicable:	[Not applicable]/[The provisions of [Ordinary Note Condition 4(i)][VPS Condition 4(f)] apply]

Signed on behalf of the Issuer:

By: .....

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Listing:	[Official List of Euronext Dublin.]/[Oslo Stock Exchange]
(ii)	Admission to trading:	Application has been made for the Notes to be admitted to trading on the [Regulated Market of Euronext Dublin]/[Regulated Market of the Oslo Stock Exchange] with effect from [●].
(iii)	Estimate of total expenses related to admission to trading:	[●]

2. RATINGS

Ratings:	The Notes to be issued [have been rated]/[are expected to be rated]:
	[Moody's:]
	[Not applicable]
	[*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.*]
	(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged and may in the future engage in investment banking and/or commercial transactions with and may perform other services for the Issuer and/or its affiliates in the ordinary course of business.

4. YIELD (Fixed Rate Notes only)

Indication of yield:	[●]/[Not applicable]

5. OPERATIONAL INFORMATION

(i)	ISIN Code:	[●]
(ii)	Common Code:	[●]
(iii)	CUSIP Code:	[●]
(iv)	CFI	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from

		the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(v)	FISN	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available] (*If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable"*)
(vi)	CINS Code:	[●]
(vii)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg or DTC and the relevant identification number(s):	[●]/[Not Applicable]/[Euronext VPS, Norway. VPS identification number: [●]].
(viii)	Delivery:	Delivery [against/free of] payment
(ix)	Names and addresses of additional Paying Agent(s) (if any):	[●]
(x)	Relevant Benchmark[s]:	[[specify benchmark] is provided by [administrator legal name]]. As at the date hereof, [[administrator legal name][appears]/[does not appear]] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmarks Regulation]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the Benchmarks Regulation]/[Not Applicable]

6. DISTRIBUTION

Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [*include this text for Registered Notes which are to be held under the NSS*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.] [No. While the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting

	them the Notes may then be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [*include this text for Registered Notes*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.]
U.S. Selling Restrictions:	[[Reg. S Compliance Category [1/2/3]]; [TEFRA D/TEFRA C/TEFRA not applicable]]

7. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

(i)	Reasons for the offer:	[●]/[Not Applicable] *(See "Use of Proceeds" wording in the Base Prospectus – if reasons for the offer are different from general corporate purposes, will need to include those reasons here.)*
(ii)	Estimated net proceeds:	[●]

TERMS AND CONDITIONS OF THE ORDINARY NOTES

*The following are the Terms and Conditions of the Ordinary Notes (the **Ordinary Note Conditions**) which will be incorporated by reference into each Global Note (as defined below) and each Definitive Note, in the latter case only if permitted by the relevant stock exchange (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Ordinary Note Conditions.*

The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and Definitive Note. Reference should be made to "Form of the Notes" for a description of the content of the Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

The Ordinary Note Conditions are governed by English law save as to Condition 2(a) of such Ordinary Note Conditions, which is governed by Norwegian law. No assurance can be given as to the impact of any possible judicial decision or change to English law, Norwegian law or administrative practice in England or Norway after the date of this Base Prospectus and any such change could materially and adversely impact the value of any Ordinary Notes affected by it.

The Notes are covered bonds (*obligasjoner med fortrinnsrett*) issued by SpareBank 1 Boligkreditt AS (with the parallel trade name SpareBank 1 Covered Bonds Company) (the **Issuer**) in accordance with Chapter 11, Subsection II of the Norwegian Act on Financial Undertakings and Financial Groups of 10 April 2015 No 17 (lov 10. april 2015 nr. 17 om finansforetak og finanskonsern (*finansforetaksloven*) (the **Act**) and Chapter 11, Subsection I of the Regulations of 9 December 2016 no. 1502 on Financial Undertakings and Financial Groups (*forskrift 9. desember 2016 nr. 1502 om finansforetak og finanskonsern (finansforetaksforskriften)*) (the **Regulations**). This Ordinary Note is one of a Series (as defined below) of Notes issued by the Issuer pursuant to the Agency Agreement (as defined below).

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

(i) in relation to any Ordinary Notes represented by a global Note (a **Global Note**), units of the lowest denomination specified in the relevant Final Terms (**Specified Denomination**) in the currency specified in the relevant Final Terms (**Specified Currency**);

(ii) any Global Note;

(iii) any definitive Notes in bearer form (**Bearer Definitive Notes**) issued in exchange for a Global Note in bearer form; and

(iv) any definitive Notes in registered form (**Registered Definitive Notes**) (whether or not issued in exchange for a Global Note in registered form).

The Ordinary Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement, as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 30 August 2007 and made between, among others, the Issuer, Citibank, N.A., London Branch as principal paying agent (the **Principal Paying Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), Citigroup Global Markets Europe AG as registrar (the **Registrar**, which expression shall include any additional or successor registrar), Citibank, N.A. as exchange agent (the **Exchange Agent**, which expression shall include any additional or successor exchange agent) and as transfer agent (the **Transfer Agent**, which expression shall include any additional or successor transfer agent and together with the Exchange Agent, the **Transfer Agents**).

Interest bearing Bearer Definitive Notes have interest coupons (**Coupons**) and, in the case of Notes which when issued in definitive form have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise

requires, be deemed to include a reference to Talons or talons. Registered Notes and Bearer Global Notes do not have Coupons or Talons attached on issue.

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

The expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

Any reference to **Noteholders** or **holders** in relation to any Ordinary Notes shall mean (in the case of Bearer Notes) the holders of the Ordinary Notes and (in the case of Registered Notes) the persons in whose name the Ordinary Notes are registered and shall, in relation to any Ordinary Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Ordinary Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (i) are expressed to be consolidated and form a single series and (ii) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Ordinary Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant, as amended and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated 30 August 2007 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent, the Registrar, the other Paying Agents and the Transfer Agents (together referred to as the **Agents**). Copies of the applicable Final Terms are available for viewing at the specified registered office of each of the Issuer and of the Principal Paying Agent. If the Ordinary Notes are to be admitted to trading on a regulated market of the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) the applicable Final Terms will be published on the website of Euronext Dublin (live.euronext.com). If this Ordinary Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation, the applicable Final Terms will only be obtainable by an Ordinary Noteholder holding one or more such Ordinary Notes and such Ordinary Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Ordinary Notes and identity. The Ordinary Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Ordinary Note Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

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

1. FORM, DENOMINATION AND TITLE

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

Bearer Notes may not be exchanged for Registered Notes or any other form of note issued by the Issuer, and vice versa.

This Ordinary Note may be a Fixed Rate Note or a Floating Rate Note, depending upon the Interest Basis shown in the applicable Final Terms.

This Ordinary Note may be a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms.

The applicable Final Terms will specify that a Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for Bearer Definitive Notes with, where applicable interest coupons and talons attached only upon the occurrence of an Exchange Event. A Registered Global Note will be exchangeable (free of charge), in whole but not in part, for Registered Definitive Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event.

Exchange Event means that (i) in the case of Bearer Global Notes and Registered Global Notes registered in the name of a nominee for a common depositary or in the name of a common safekeeper for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available, or (ii) in the case of Registered Global Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to act as depositary for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act, and no alternative clearing system is available, or (iii) in the case of both Bearer Global Notes and Registered Global Notes, the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Note in definitive form. The Issuer will promptly give notice to Noteholders of each Series of Bearer Global Notes in accordance with Condition 12 below if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Issuer may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the Issuer may also give notice to the Principal Paying Agent or Registrar requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

Bearer Definitive Notes are issued with Coupons attached. Bearer Definitive Notes will also be issued with Talons attached, if applicable and specified in the Final Terms.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Registrar, any Transfer Agent and any Paying Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Ordinary Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg, as the holder of a particular nominal amount of such Ordinary Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, Principal Paying Agent, and any other Paying Agents as the holder of such

nominal amount of such Ordinary Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Ordinary Notes, for which purpose, in the case of Notes represented by a Bearer Global Note, the bearer of the relevant Bearer Global Note or, in the case of a Registered Global Note, the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Principal Paying Agent and any other Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Bearer Global Note or Registered Global Note, as the case may be, and the expressions **Noteholders** and **holder of Notes** and related expressions shall be construed accordingly. Notes which are represented by a Bearer Global Note or a Registered Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, and/or DTC, as the case may be.

For so long as the DTC or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

References to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, except in relation to Notes in NGN form, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2. STATUS OF THE ORDINARY NOTES AND OVERCOLLATERALISATION

(a) Status of the Ordinary Notes

The Ordinary Notes of each Tranche constitute unconditional and unsubordinated obligations of the Issuer and rank *pari passu* with all other outstanding unsubordinated obligations of the Issuer that have been provided equivalent priority of claim to the Cover Pool in accordance with the terms of the Act and the Regulations.

(b) Overcollateralisation

For so long as the Notes are outstanding, the value (as calculated in accordance with the Act and the Regulations) of the Cover Pool (as defined below) entered into the Register (as defined below) with respect to the Notes as well as any other covered bonds issued by the Issuer and derivative contracts having recourse to such Cover Pool shall at all times be a minimum of 102 per cent. of the outstanding principal amount of the Notes and any other covered bonds issued by the Issuer having recourse to such Cover Pool (taking into account the effect of the relevant derivative contracts) (**Overcollateralisation**).

To the extent a higher level of minimum overcollateralisation is stipulated to apply by any applicable Norwegian legislation from time to time, such a level of overcollateralisation shall be the minimum level of Overcollateralisation required to be maintained by the Issuer pursuant to this Condition 2(b).

There is no obligation for the Issuer to maintain any particular rating in respect of the Ordinary Notes throughout the term of the Notes or select a higher Overcollateralisation percentage in order to maintain a rating. In particular, if any of the credit ratings assigned to the Notes are reduced, removed, suspended or placed on credit watch, the Issuer shall not be obliged to select a higher Overcollateralisation percentage. For the avoidance of doubt, recourse to the Cover Pool, and any additional overcollateralisation in the Cover Pool, is available for *inter alios* all Noteholders (including holders of existing Notes and new Notes) and counterparties to any relevant derivative contracts.

3. INTEREST

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

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

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

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

In these Ordinary Note Conditions:

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 3(a):

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

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

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

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

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

(ii) if "**30/360**" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or

the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) Interest on Floating Rate Notes

(i) Interest Payment Dates

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

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

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

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

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(1) in any case where Specified Periods are specified in accordance with Condition 3(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis*, or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or

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

(3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

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

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

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

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

(ii) Rate of Interest

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

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

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

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

(3) the relevant Reset Date is as specified in the applicable Final Terms.

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

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

(B) Screen Rate Determination for Floating Rate Notes not referencing Compounded Daily SONIA

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and unless the Reference Rate in respect of the relevant Series of Floating Rate Notes is specified in the applicable Final Terms as being "Compounded Daily SONIA", the Rate of Interest

for each Interest Period will, subject to Condition 3(d) and as provided below, be either:

(1) the offered quotation; or

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

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

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

(C) Screen Rate Determination for Floating Rate Notes referencing Compounded Daily SONIA

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Reference Rate in respect of the relevant Series of Floating Rate Notes is specified in the applicable Final Terms as being "Compounded Daily SONIA", the Rate of Interest for each Interest Accrual Period will, subject as provided below, be Compounded Daily SONIA with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin.

Compounded Daily SONIA means, with respect to an Interest Period, the rate of return of a daily compound interest investment during the Interest Period (with the daily Sterling overnight reference rate as the reference rate for the calculation of interest) as calculated by the Principal Paying Agent as at the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fourth decimal place, with 0.00005% being rounded upwards):

$$\left[\prod_{i=1}^{\mathrm{d_o}}\left(1+\frac{\mathrm{SONIA_{i\text{-}}}_{pLBD}\,\mathrm{x}\,n}{365}\right)-1\right]\times\frac{365}{d}$$

d is (i) where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method, the number of calendar days in the relevant Interest Accrual Period or (ii) where in the applicable Final Terms "Shift" is specified as the Observation Method, the number of calendar days in the relevant Observation Period;

d_o is (i) where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method, the number of London Banking Days in the relevant Interest Accrual Period or (ii) where in the applicable Final Terms "Shift" is specified as the Observation Method, for any Observation Period, the number of London Banking Days in the relevant Observation Period;

i is a series of whole numbers from one to d_o, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day (i) where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method, the relevant Interest Accrual Period or (ii) where in the applicable Final Terms "Shift" is specified as the Observation Method, the relevant Observation Period;

London Banking Day or **LBD** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

n, for any London Banking Day, means the number of calendar days from (and including) such London Banking Day "i" up to (but excluding) the following London Banking Day;

Observation Period means the period from (and including) the date falling "*p*" London Banking Days prior to the first day of the relevant Interest Accrual Period to (but excluding) the date falling "*p*" London Banking Days prior to (A) (in the case of an Interest Period) the Interest Payment Date for such Interest Period or (B) (in the case of any other Interest Accrual Period) the date on which the relevant payment of interest falls due;

p is the number of London Banking Days by which an Observation Period precedes the corresponding Interest Accrual Period, being the number of London Banking Days specified as the "SONIA Lag Period (*p*)" in the applicable Final Terms (or, if no such number is so specified, five London Banking Days);

the **SONIA reference rate**, in respect of any London Banking Day (**LBD_x**), is a reference rate equal to the daily Sterling Overnight Index Average (**SONIA**) rate for such LBD_x as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) on the London Banking Day immediately following LBD_x; and

$SONIA_{i\text{-}pLBD}$ means (i) where in the applicable Final Terms "Lag" is specified as the Observation Method, in respect of any London Banking Day falling in the relevant Interest Accrual Period, the SONIA reference rate for the London Business Day falling "p" London Business Days prior to such day or (ii) where in the applicable Final Terms "Shift" or "Lock-out" is specified as the Observation Method, $SONIA_i$, where $SONIA_i$ is, in respect of any London Banking Day "i" falling in the relevant Observation Period, the SONIA reference rate for such day.

If, in respect of any London Banking Day in the relevant Observation Period, the applicable SONIA reference rate is not made available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then (unless the Principal Paying Agent (or other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) has been notified of any Successor Rate or Alternative Rate (and any related Adjustment Spread and/or Benchmark Amendments) pursuant to Condition 3(d), if applicable) the SONIA reference rate in respect of such London Banking Day shall be: (i) the Bank of

England's Bank Rate (the **Bank Rate**) prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads).

Notwithstanding the paragraph above, in the event of the Bank of England publishing guidance on (i) how the SONIA rate is to be determined or (ii) any rate that is to replace the SONIA rate, the Principal Paying Agent shall, in consultation with the Issuer, follow such guidance in order to determine the SONIA rate, for the purposes of the Notes, for so long as the SONIA rate is not available or has not been published by the authorised distributors.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be:

(1) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Accrual Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Accrual Period); or

(2) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first scheduled Interest Period had the Notes been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period).

As used herein, an **Interest Accrual Period** means (i) each Interest Period and (ii) any other period (if any) in respect of which interest is to be calculated, being the period from (and including) the first day of such period to (but excluding) the day on which the relevant payment of interest falls due.

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

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

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

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

The Principal Paying Agent will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

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

Day Count Fraction means, in respect of the calculation of an amount of interest for any Interest Period:

(A) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366, and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(B) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(C) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(D) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(E) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(F) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(G) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(v) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(vi) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3, whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents and all Ordinary Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Ordinary Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Accrual of interest

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

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

(ii) five days after the date on which the full amount of the monies payable in respect of such Ordinary Note has been received by the Principal Paying Agent and notice to that effect has been given to the Ordinary Noteholders in accordance with Condition 12 below.

(d) Benchmark Discontinuation

This Condition 3(d) applies only if "*Benchmark Replacement*" is specified to be "Applicable" in the applicable Final Terms.

If a Benchmark Event occurs in relation to an Original Reference Rate at any time when the Terms and Conditions of any Notes provide for any remaining Rate of Interest (or any component part thereof) to be determined by reference to such Original Reference Rate, then the following provisions apply:

(i) *Independent Adviser*

The Issuer shall use reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing that an Alternative Rate (in accordance with Condition 3(d)(ii)(B)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 3(d)(iii) and any Benchmark Amendments (in accordance with Condition 3(d)(iv)).

An Independent Adviser appointed pursuant to this Condition 3(d) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Principal Paying Agent, any other party responsible for determining the Rate of Interest specified in the applicable Final Terms, or the Noteholders or Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 3(d).

(ii) *Successor or Alternative Rate*

If the Issuer, following consultation with such Independent Adviser, determines in good faith that:

(A) there is a Successor Rate, then such Successor Rate, as adjusted by the applicable Adjustment Spread determined pursuant to Condition 3(d)(iii), shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 3(d)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate, as adjusted by the applicable Adjustment Spread determined pursuant to Condition 3(d)(iii), shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 3(d)).

(iii) *Adjustment Spread*

If a Successor Rate or Alternative Rate is determined in accordance with the foregoing provisions and if the Issuer, following consultation with the Independent Adviser, determines in good faith (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with this Condition 3(d) and the Issuer, following consultation with the Independent Adviser determines in good faith (A) that amendments to the Terms and Conditions of the Notes and/or the Agency Agreement (including, without limitation, amendments to the definitions of Day Count Fraction, Business Days, Reset Determination Date, or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread (such amendments, the **Benchmark Amendments**) and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 3(d)(v), without any requirement for the consent or approval of Noteholders or

Couponholders, vary the Terms and Conditions of the Notes and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice, provided that the Principal Paying Agent shall not be obliged to give effect to such Benchmark Amendments if in the sole opinion of the Principal Paying Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend rights and/or the protective provisions afforded to the Principal Paying Agent in the Terms and Conditions of the Notes or the Agency Agreement (including, for the avoidance of doubt, any supplemental deed or agreement) in any way.

In connection with any such variation in accordance with this Condition 3(d), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) *Notices, etc.*

The Issuer shall notify the Principal Paying Agent, the party responsible for determining the Rate of Interest (as specified in the applicable Final Terms), the Paying Agents and, in accordance with Condition 12, the Noteholders, promptly of any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 3(d). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) *Survival of Original Reference Rate*

Without prejudice to the Issuer's obligations under the provisions of this Condition 3(d), the Original Reference Rate and the fallback provisions provided for in Conditions 3(b) will continue to apply unless and until the party responsible for determining the Rate of Interest (as specified in the applicable Final Terms) has been notified of the Successor Rate or the Alternative Rate (as the case may be), and of any Adjustment Spread and/or Benchmark Amendments.

(vii) *Fallbacks*

If, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest on the immediately following Interest Determination Date, no Successor Rate or Alternative Rate (as applicable) or (in either case) applicable Adjustment Spread is determined and notified to the Principal Paying Agent or any other party specified in the applicable Final Terms as being responsible for calculating the Rate of Interest (as applicable), in each case pursuant to this Condition 3(d), prior to such Interest Determination Date, the original benchmark or screen rate (as applicable) will continue to apply for the purposes of determining such Rate of Interest on such Interest Determination Date, with the effect that the fallback provisions provided elsewhere in these Terms and Conditions will continue to apply to such determination.

In such circumstances, the Issuer will be entitled (but not obliged), at any time thereafter, to elect to re-apply the provisions of this Condition 3(d), *mutatis mutandis*, on one or more occasions until a Successor Rate or Alternative Rate (and, if applicable, any associated Adjustment Spread and/or Benchmark Amendments) has been determined and notified in accordance with this Condition 3(d) (and, until such determination and notification (if any), the fallback provisions provided elsewhere in these Terms and Conditions will continue to apply).

(viii) *Definitions*

In this Condition 3(d):

Adjustment Spread means either (i) a spread (which may be positive or negative), or (ii) a formula or methodology for calculating a spread, in either case which is to be applied to the relevant Successor Rate or Alternative Rate (as applicable) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body;

(B) in the case of an Alternative Rate (or in the case of a Successor Rate where (A) above does not apply), the Issuer following consultation with the Independent Adviser and acting in good faith determines is recognised or acknowledged as being in customary market usage in the international debt capital market for transactions which reference the Original Reference Rate, where such rate has been replaced by the Alternative Rate (or, as the case may be, the Successor Rate); or

(C) if no such recommendation or option has been made (or made available), or the Issuer determines there is no such spread, formula or methodology in customary market usage, the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith, determines to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Noteholders or Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be);

Alternative Rate means an alternative benchmark or screen rate which the Issuer, following consultation with the Independent Adviser determines in accordance with this Condition 3(d) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Notes;

Benchmark Event means, with respect to an Original Reference Rate:

(A) the Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or administered;

(B) the later of (i) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (ii) the date falling six months prior to the date specified in (B)(i);

(C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued;

(D) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (ii) the date falling six months prior to the date specified in (D)(i);

(E) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse

consequences, in each case on or before a specified date and (ii) the date falling six months prior to the date referred to in (E)(i);

(F) it is or will prior to the next Interest Determination Date become unlawful for the Issuer, the party responsible for determining the Rate of Interest (as specified in the applicable Final Terms), or any Paying Agent to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable); or

(G) the making of a public statement by the supervisor of the administrator of such Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used;

Independent Adviser means an independent financial institution of international repute or an independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense under Condition 3(d)(i).

Original Reference Rate means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) on the Notes (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term "Original Reference Rate" shall be deemed to include any such Successor Rate or Alternative Rate);

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

(A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

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

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

4. PAYMENTS

(a) Method of payment

Subject as provided below:

(i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency; and

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

In the case of Bearer Notes, payments in U.S. dollars will be made by transfer to a U.S. dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this Condition 4, means the United States of America, including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction), or by cheque drawn on a United States bank. All payments in respect of Bearer Notes will be made to accounts located outside the United States, or by cheque mailed to an address outside of the United States, except as may be permitted by United States tax law in effect at the time of such payment without detriment to the Issuer.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment or other laws to which the Issuer agrees to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 6 below. Reference to specified currency will include any successor currency under applicable law.

(b) Presentation of Bearer Definitive Notes and Coupons

Payments of principal and interest (if any) in respect of Bearer Definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Bearer Definitive Notes, and payments of interest in respect of Bearer Definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America, (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 17 below) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 7 below) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any interest-bearing Definitive Notes is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date, shall be payable only against surrender of the relevant Bearer Definitive Note.

(c) Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Ordinary Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Bearer Definitive Notes and otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. On the occasion of each payment, (i) in the case of any Global Note which is not issued in new global note (**NGN**) form, a record of such payment made on such Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Principal Paying Agent, and such record shall be prima facie evidence that the payment in question has been made, and (ii) in the case of any Global Note which is a NGN, the Principal Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.

(d) Payments in respect of Registered Notes

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account, or (ii) the principal amount of the Registered Notes held by a holder is less than U.S.$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and of principal in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of the business day (in the ICSDs) prior to the Payment Date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and of principal in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest and principal due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition 4 arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Ordinary Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, or DTC, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

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

(i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

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

(f) Payment Day

If the date for payment of any amount in respect of any Ordinary Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment of the relevant payment due until the next following Payment Day and shall not be entitled to any interest or other payment in respect of any such delay. For these purposes, **Payment Day** means any day which (subject to Condition 7 below) is:

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

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

(iii) a day on which such payment is then permitted under United States law without involving adverse tax consequences to the Issuer; and

(iv) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

(g) Interpretation of principal and interest

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

(i) the Final Redemption Amount of the Ordinary Notes;

(ii) the Early Redemption Amount of the Ordinary Notes;

(iii) the Optional Redemption Amount(s) (if any) of the Ordinary Notes; and

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

(h) Partial Payment

If on the Maturity Date of a Series of Notes where an Extended Final Maturity Date is specified in the applicable Final Terms the Issuer has insufficient monies to pay the Final Redemption Amount on that Series of Ordinary Notes and any other amounts due and payable by the Issuer in respect of Notes on such date, then the Issuer shall apply available monies, after having made payment of all other amounts due and payable by the Issuer in respect of Notes on such date, to redeem the relevant Series of Ordinary Notes in part at par together with accrued interest pro rata and *pari passu* with any other Series of Ordinary Notes by which an Extended Final Maturity Date is specified in the Final Terms. If more than one Series of Ordinary Notes has the same Maturity Date and the relevant Series each has an Extended Final Maturity Date specified in the applicable Final Terms then available monies will be applied by the Issuer to partially redeem each such Series of Ordinary Notes on a pro rata basis.

(i) Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Ordinary Noteholders and the Couponholders on giving prior notice to the Principal Paying Agent, Euroclear and Clearstream, Luxembourg, and/or the DTC, and at least 30 days' prior notice to the Ordinary Noteholders in accordance with Condition 12 below, elect that, with effect from the Redenomination Date specified in the notice, the Ordinary Notes shall be redenominated in euro.

The election will have effect as follows:

(i) the Ordinary Notes shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note equal to the nominal amount of that Note in the

Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Principal Paying Agent, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Ordinary Noteholders, the stock exchange (if any) on which the Ordinary Notes may be listed and the Paying Agents of such deemed amendments;

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

(iii) if Definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer (A) in the case of Relevant Notes in the denomination of euro 100,000 and/or such higher amounts as the Principal Paying Agent may determine and notify to the Ordinary Noteholders and any remaining amounts less than euro 100,000 shall be redeemed by the Issuer and paid to the Ordinary Noteholders in euro in accordance with this Condition 4, and (B) in the case of Ordinary Notes which are not Relevant Notes, in the denominations of euro 1,000, euro 10,000, euro 50,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Principal Paying Agent may approve) euro 0.01 and such other denominations as the Principal Paying Agent shall determine and notify to the Ordinary Noteholders;

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

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

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

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

(B) in the case of Definitive Notes, by applying the Rate of Interest to the Calculation Amount,

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

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

5. REDEMPTION AND PURCHASE

(a) Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Ordinary Note will be redeemed by the Issuer at its Final Redemption Amount (which shall be at least equal to the Nominal Amount of each Note) specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

If an Extended Final Maturity Date is specified as applicable in the Final Terms for a Series of Ordinary Notes and the Issuer has failed to pay the Final Redemption Amount on the Maturity Date specified in the Final Terms, then (subject as provided below) payment of the unpaid amount by the Issuer shall be deferred until the Extended Final Maturity Date, provided that any amount representing all or part of the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Final Maturity Date.

The Issuer shall confirm to the rating agencies, any relevant Swap Provider and the Principal Paying Agent as soon as reasonably practicable, and in any event at least four business days in London prior to the Maturity Date, of any inability of the Issuer to pay in full the Final Redemption Amount in respect of a Series of Ordinary Notes on that Maturity Date. Any failure by the Issuer to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party under the Notes.

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

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

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

(i) not less than 15 nor more than 30 days' notice to the Ordinary Noteholders in accordance with Condition 12 below; and

(ii) not less than 15 days before the giving of the notice referred to in (i) above, notice to the Principal Paying Agent, and to the Note Registrar,

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

partial redemption of Ordinary Notes, the Ordinary Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Ordinary Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Ordinary Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 12 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 5(b), and notice to that effect shall be given by the Issuer to the Ordinary Noteholders in accordance with Condition 12 below at least five days prior to the Selection Date.

(c) Redemption for Tax Reasons

The Ordinary Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the Ordinary Note is not a Floating Rate Note) or on any Interest Payment Date (if the Ordinary Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Principal Paying Agent and, in accordance with Condition 9, the Ordinary Noteholders (which notice shall be irrevocable), if:

(i) on the occasion of the next payment due under the Ordinary Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 as a result of any change in, or amendment to, the laws or regulations of Norway or any authority therein having power to tax or any political subdivision thereof, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Ordinary Notes; and

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

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

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Principal Paying Agent to make available at its specified office to the Ordinary Noteholders (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 5(c) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

If Investor Put is specified in the applicable Final Terms, upon any Ordinary Noteholder giving to the Issuer in accordance with Condition 12 below not less than 15 nor more than 30 days' notice, the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Early Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Ordinary Note, the holder of this Ordinary Note must deliver (at the specified office of any Paying Agent in the case of Bearer Notes, or any Transfer Agent or the Registrar in the case of Registered Notes) such Note(s) at any time during the normal business hours of such Paying Agent or the Transfer Agent or the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or the Transfer Agent or the Registrar (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition. If this Ordinary Note is in definitive form, this Ordinary Note or evidence satisfactory to the Paying Agent, Transfer Agent or the Registrar concerned that this Ordinary Note will, following delivery of the Put Notice, be held to its order or under its control.

Any Put Notice given by a holder of any Ordinary Note pursuant to this paragraph shall be irrevocable.

(e) Early Redemption Amounts

For the purpose of paragraphs(a) and (c) above, each Ordinary Note will be redeemed at the Early Redemption Amount calculated as follows:

(i) in the case of an Ordinary Note with a Final Redemption Amount equal to the Issue Price of the first Tranche of the Series, at the Final Redemption Amount thereof; or

(ii) in the case of an Ordinary Note with a Final Redemption Amount which is or may be less or greater than the Issue Price of the first Tranche of the Series, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount.

(f) Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase Ordinary Notes (provided that, in the case of Bearer Definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Ordinary Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

(g) Cancellation

All Ordinary Notes which are redeemed will forthwith be cancelled (together with, in the case of Bearer Definitive Notes, all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Ordinary Notes so cancelled and any Ordinary Notes purchased and cancelled pursuant to paragraph (f) above (together with, in the case of Bearer Definitive Notes, all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

6. TAXATION

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

(i) presented for payment in Norway; or

(ii) the holder of which is liable for such taxes, duties, assessments or governmental charges in respect of such Ordinary Note by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Ordinary Note; or

(iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4(c)).

As used herein,

Tax Jurisdiction means the Kingdom of Norway or any political subdivision or any authority thereof or therein having power to tax; and

Relevant Date means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Ordinary Noteholders on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Ordinary Noteholders in accordance with Condition 9.

Notwithstanding any other provision of the Ordinary Note Conditions, any amounts to be paid on the Ordinary Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (the **Code**), as amended, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement) (a **FATCA Withholding Tax**). Neither the Issuer nor any other person will be required to pay any additional amounts on account of any FATCA Withholding Tax.

7. PRESCRIPTION

The Ordinary Notes (whether in bearer or registered form) and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 17 below) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 7 or Condition 4(b) above or any Talon which would be void pursuant to Condition 4(b) above.

8. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Ordinary Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent in London (in the case of Bearer Notes, Coupons or Talons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Ordinary Notes, Coupons or Talons must be surrendered before replacements will be issued.

9. TRANSFER AND EXCHANGE OF REGISTERED NOTES

(a) Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate,

indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Registered Definitive Notes or for a beneficial interest in another Registered Global Note only in the Specified Denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(b) Transfers of Registered Notes in definitive form

Subject as provided in paragraphs 9(e), (f) and (g) below, upon the terms and subject to the conditions set out in the Agency Agreement, a Registered Definitive Note may be transferred in whole or in part (in the Specified Denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing, and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent, and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request.

Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 10 to the Agency Agreement).

Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver or procure the authentication and delivery of, at its specified office to the transferee, or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Registered Definitive Note of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Definitive Note, a new Registered Definitive Note in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the address specified by the transferor.

(c) Registration of transfer upon partial redemption

In the event of a partial redemption of Ordinary Notes under Condition 5 above, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) Costs of registration

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

(e) Transfers of interests in Regulation S Global Notes

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

(i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a **Transfer Certificate**), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of such Ordinary Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or

(ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Such transferee may take delivery through a Rule 144A Note in global or definitive form. Prior to the end of the applicable Distribution Compliance Period, beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may only be held through the accounts of Euroclear and Clearstream, Luxembourg. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by any participant in DTC, or indirectly through any participant in DTC, and (ii) such certification requirements will no longer apply to such transfers.

(f) Transfers of interests in Rule 144A Notes

Transfers of Rule 144A Notes or beneficial interests therein may be made:

(i) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to the expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through the accounts of Euroclear and/or Clearstream, Luxembourg; or

(ii) to a transferee who takes delivery of such interest through a Rule 144A Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Rule 144A Notes, or upon a specific request for removal of the legend, the Registrar shall deliver only Rule 144A Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the

restrictions on transfer set out therein are required to ensure compliance with the provisions of the Securities Act.

(g) Exchanges and transfers of Registered Notes generally

Holders of Registered Notes in definitive form may exchange such Notes for interests in a Registered Global Note of the same type at any time.

10. PAYING AGENTS, EXCHANGE AGENT, TRANSFER AGENT, CALCULATION AGENT AND REGISTRAR

The names of the initial Principal Paying Agent, the initial Registrar and the other initial Paying Agents, the initial Exchange Agent, and initial Transfer Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent or the Registrar or the Exchange Agent or any Transfer Agent or any Calculation Agent and/or appoint additional or other Paying Agents or additional or other Registrars, Exchange Agents, Transfer Agents, or Calculation Agents and/or approve any change in the specified office through which any Paying Agent, Registrar, Exchange Agent, Transfer Agent, or Calculation Agent acts, provided that:

(a) so long as the Ordinary Notes are listed on any stock exchange or admitted to listing by any other relevant authority there will at all times be a Paying Agent (which may be the Principal Paying Agent) in the case of Bearer Notes, and a Transfer Agent (which may be the Registrar) in the case of Registered Notes, with a specified office in such place as may be required by the rules and regulations of such stock exchange or other relevant authority;

(b) there will at all times be a Paying Agent (which may be the Principal Paying Agent) with a specified office in a city in continental Europe outside Norway;

(c) there will at all times be a Transfer Agent having a specified office in a place approved by the Issuer;

(d) there will at all times be a Registrar with a specified office outside the United Kingdom and, so long as the Ordinary Notes are listed on any stock exchange, in such place as may be required by the rules and regulations of the relevant stock exchange; and

(e) so long as any of the Registered Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 4(e) above. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof having been given to the Ordinary Noteholders in accordance with Condition 12 below.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Ordinary Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

11. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 7 above.

12. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published (i) in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which any Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any Definitive Notes are issued, there may, so long as any Global Notes representing the Ordinary Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, and/or DTC, be substituted for such publication in such newspaper(s) and such notice by mail in connection with the Registered Notes the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Ordinary Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange (or any other relevant authority). Any such notice shall be deemed to have been given to the holders of such Notes on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Ordinary Noteholder shall be in writing and given by lodging the same, together (in the case of any Ordinary Note in definitive form) with the relevant Ordinary Note or Ordinary Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). While any of the Ordinary Notes are represented by a Global Note, such notice may be given by any holder of an Ordinary Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, and/or DTC, as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

13. MEETINGS OF ORDINARY NOTEHOLDERS, MODIFICATION AND WAIVER

(a) Provisions with respect to Holders of Bearer Notes and/or Registered Notes

The Agency Agreement contains provisions for convening meetings of the Ordinary Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Ordinary Notes, the Coupons or any of the provisions of the Agency Agreement.

Such a meeting may be convened by the Issuer or Ordinary Noteholders holding not less than 5 per cent. in nominal amount of the Ordinary Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Ordinary Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Ordinary Noteholders whatever the nominal amount of the Ordinary Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Ordinary Notes, or the Coupons (including modifying the date of maturity of the Ordinary Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Ordinary Notes or altering the currency of payment of the Ordinary Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Ordinary Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Ordinary Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Ordinary Noteholders shall be binding on all the Ordinary Noteholders, whether or not they are present at the meeting, and on all Couponholders.

(b) Modification

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

(i) any modification (except as mentioned above) of the Ordinary Notes, the Coupons, the Agency Agreement or the Deed of Covenant which, in the opinion of the Issuer, is not prejudicial to the interests of the Ordinary Noteholders; or

(ii) any modification of the Ordinary Notes, the Coupons, Agency Agreement or the Deed of Covenant which is:

(A) of a formal, minor or technical nature;

(B) is made to correct a manifest or proven error; or

(C) is made to comply with mandatory provisions of the law.

Any such modification shall be binding on the Ordinary Noteholders and the Couponholders and any such modification shall be notified to the Ordinary Noteholders in accordance with Condition 12 above as soon as practicable thereafter.

14. FURTHER ISSUES

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

15. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

16. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(a) Governing law

The Agency Agreement, the Deed of Covenant, the Ordinary Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Ordinary Notes and the Coupons are governed by, and shall be construed in accordance with, English law, save as to Condition 2(a) above which is governed by, and shall be construed in accordance with, Norwegian law.

(b) Submission to jurisdiction

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

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

Nothing contained in this Condition 16 shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

(c) Appointment of Process Agent in England

The Issuer appoints DNB Bank ASA, London Branch at its registered office 8th Floor, The Walbrook Building, 25 Walbrook, London, EC4N 8AF, England as its agent for service of process in England, and undertakes that, in the event of DNB Bank ASA, London Branch ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

17. DEFINITIONS

In these Ordinary Note Conditions the following words shall have the following meanings:

Calculation Amount means, in relation to any Series of Notes, the amount specified in the applicable Final Terms to calculate Fixed Coupon Amount(s), Broken Amount(s), the relevant Final Redemption Amount and the relevant Early Redemption Amount (as applicable);

CIBOR means the Copenhagen inter-bank offered rate;

CITA means the Copenhagen t/n Interest Average;

Cover Pool means all the Issuer's assets and liabilities that from time to time form part of a Cover Pool created in accordance with and subject to Section 11-8 of the Act and to the Regulations;

Currency Swap means each currency swap which enables the Issuer to hedge currency risks arising from (a) Notes which are issued in currencies other than NOK, and (b) assets (other than loans) which are registered to the Cover Pool and are denominated in currencies other than NOK;

Currency Swap Agreement means the ISDA Master Agreement, schedule and confirmation(s) (as amended and supplemented from time to time) relating to the Currency Swap(s) entered into from time to time between the Issuer and each Currency Swap Provider;

Currency Swap Provider means any third-party counterparty in its capacity as currency swap provider under a Currency Swap Agreement;

Distribution Compliance Period means the period that ends 40 days after the completion of the distribution of the relevant Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Manager (in the case of a syndicated issue);

EONIA means the Euro Overnight Index Average;

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

EURIBOR means the Euro-zone inter-bank offered rate;

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

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

HIBOR means the Hong Kong inter-bank offered rate;

Interest Rate Swap means each single currency interest rate swap which enables the Issuer to hedge the Issuer's interest rate risks in NOK and/or other currencies to the extent that they have not been hedged by a Currency Swap;

Interest Rate Swap Agreement means the ISDA Master Agreement, schedule and confirmation(s) (as amended and supplemented from time to time) relating to the Interest Rate Swap(s) entered into from time to time between the Issuer and each Interest Rate Swap Provider;

Interest Rate Swap Provider means any third-party counterparty in its capacity as interest rate swap provider under an Interest Rate Swap Agreement;

LIBOR means the London inter-bank offered rate;

Moody's means Moody's Investors Service Limited (or its successor);

NIBOR means the Norwegian inter-bank offered rate;

QIB means a "*qualified institutional buyer*" within the meaning of Rule 144A;

Rating Agency means Moody's Investors Service Limited (or its successor);

records of Euroclear and Clearstream, Luxembourg means the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of such customers' interest in the Notes;

Redenomination Date means (in the case of interest-bearing Ordinary Notes) any date for payment of interest under such Notes;

Reference Rate means LIBOR, EURIBOR, NIBOR, CIBOR, CITA, EONIA, HIBOR, SIBOR, STIBOR, TIBOR or Compounded Daily SONIA as specified in the applicable Final Terms;

Register means the register of covered bonds of the Issuer required to be maintained pursuant to the Act and the Regulations;

Regulation S means Regulation S under the Securities Act;

Regulation S Global Note means a Registered Global Note representing Ordinary Notes sold in offshore transactions to persons who are not U.S. persons in reliance on Regulation S;

Relevant Date means the date on which a payment first becomes due, except that, if the full amount of the monies payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such monies having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 12 above;

Relevant Notes means all Ordinary Notes where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Currency which is equivalent to at least euro 100,000 and which are admitted to trading on a regulated market in the European Economic Area;

Rule 144A means Rule 144A under the Securities Act;

Rule 144A Global Note means a Registered Global Note representing Ordinary Notes sold to QIBs in reliance on Rule 144A;

Rule 144A Notes means Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

Securities Act means the United States Securities Act of 1933, as amended;

SIBOR means the Singapore inter-bank offered rate;

STIBOR means the Stockholm inter-bank offered rate;

Swap Agreement means each Interest Rate Swap Agreement and each Currency Swap Agreement;

Swap Providers means each Currency Swap Provider and each Interest Rate Swap Provider;

Swaps means any Currency Swap and/or any Interest Rate Swap;

TIBOR means the Tokyo inter-bank offered rate; and

Treaty means the Treaty on the functioning of the European Union, as amended.

TERMS AND CONDITIONS OF THE VPS NOTES

*The following are the Terms and Conditions of the VPS Notes (**VPS Conditions**). VPS Notes will not be evidenced by any physical note or document of title other than a statement of account made by Euronext VPS. Ownership of VPS Notes will be recorded and transfer effected only through the book-entry system and register maintained by Euronext VPS.*

Reference should be made to "Form of the Notes" for a description of the content of the Final Terms which will specify which of such terms are to apply in relation to the relevant VPS Notes.

The VPS Conditions are governed by English law save as to Conditions 2(a), 8, 9, 10 and 11 of such VPS Conditions, which are governed by Norwegian law. No assurance can be given as to the impact of any possible judicial decision or change to English law, Norwegian law or administrative practice in England or Norway after the date of this Base Prospectus and any such change could materially and adversely impact the value of any Notes affected by it.

The VPS Notes are covered bonds (*obligasjoner med fortrinnsrett*) issued by SpareBank 1 Boligkreditt AS (with the parallel trade name SpareBank 1 Covered Bonds Company) (the **Issuer**) in accordance with Chapter 11, Subsection II of the Norwegian Act on Financial Undertakings and Financial Groups of 10 April 2015 No 17 (*lov 10. april 2015 nr. 17 om finansforetak og finanskonsern (finansforetaksloven*) (the **Act**) and Chapter 11, Subsection I of the Regulations of 9 December 2016 no. 1502 on Financial Undertakings and Financial Groups (f*orskrift 9. desember 2016 nr. 1502 om finansforetak og finanskonsern (finansforetaksforskriften)*) (the **Regulations**).

Each VPS Note will be one of a Series (as defined below) of notes issued by the Issuer under the Programme and each VPS Note will be issued in accordance with and subject to an agreement (such agreement as modified and/or supplemented and/or restated from time to time, the **VPS Agency Agreement**) dated 1 November 2019 between the Issuer and SpareBank 1 Markets AS (the **VPS Agent**).

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

The VPS Notes will have the benefit of the trust agreement (such trust agreement as modified and/or supplemented and/or restated from time to time, the **VPS Trustee Agreement**) dated 6 June 2017 and made between the Issuer and Nordic Trustee AS (the **VPS Trustee**, which expression shall include any successor as VPS Trustee).

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

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

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

As used herein, **Tranche** means VPS Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of VPS Notes together with any further Tranche or Tranches of VPS Notes which (i) are expressed to be consolidated and form a single series, and (ii) have the same terms

and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the VPS Agency Agreement and the VPS Trustee Agreement are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent, the Registrar, the other Paying Agents and the Transfer Agents (such Agents and the Registrar being together referred to as the **Agents**) and at the registered office for the time being of the VPS Trustee at Kronprinsesse Märthas plass 1, 0160 Oslo, Norway.

The VPS Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the VPS Trustee Agreement and the Final Terms which are applicable to them. The statements in these VPS Conditions include summaries of, and are subject to, the detailed provisions of the VPS Agency Agreement and the VPS Trustee Agreement.

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

1. FORM, DENOMINATION AND TITLE

The VPS Notes are in uncertificated book-entry form in the denomination of NOK 2,000,000 and/or such other currency and Specified Denomination(s) as shown in Part A of the relevant Final Terms provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a Prospectus under the Prospectus Regulation, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant VPS Notes) and will be registered with a separate securities identification code in Euronext VPS.

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

VPS Notes may not be exchanged for any other form of note, namely Bearer Notes or Registered Notes, issued by the Issuer, and vice versa.

This VPS Note may be a Fixed Rate Note or a Floating Rate Note, depending upon the Interest Basis shown in the applicable Final Terms.

This VPS Note may be a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms.

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

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

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

2. STATUS OF THE VPS NOTES AND OVERCOLLATERALISATION

(a) Status of the VPS Notes

Each Tranche of VPS Notes will constitute unconditional and unsubordinated obligations of the Issuer and rank pari passu among themselves and with all other outstanding unsubordinated obligations of the Issuer that have been provided equivalent priority of claim to the Cover Pool in accordance with the terms of the Act and the Regulations.

(b) Overcollateralisation

For so long as the Notes are outstanding, the value (as calculated in accordance with the Act and the Regulations) of the Cover Pool (as defined below) entered into the Register (as defined below) with respect to the Notes as well as any other covered bonds issued by the Issuer and derivative contracts having recourse to such Cover Pool shall at all times be a minimum of 102 per cent. of the outstanding principal amount of the Notes and any other covered bonds issued by the Issuer having recourse to such Cover Pool (taking into account the effect of the relevant derivative contracts) (**Overcollateralisation**).

To the extent a higher level of minimum overcollateralisation is stipulated to apply by any applicable Norwegian legislation from time to time, such a level of overcollateralisation shall be the minimum level of Overcollateralisation required to be maintained by the Issuer pursuant to this Condition 2(b).

There is no obligation for the Issuer to maintain any particular rating in respect of the VPS Notes throughout the term of the Notes or select a higher Overcollateralisation percentage in order to maintain a rating. In particular, if any of the credit ratings assigned to the Notes are reduced, removed, suspended or placed on credit watch, the Issuer shall not be obliged to select a higher Overcollateralisation percentage. For the avoidance of doubt, recourse to the Cover Pool, and any additional overcollateralisation in the Cover Pool, is available for inter alios all Noteholders (including holders of existing Notes and new Notes) and counterparties to any relevant derivative contracts.

3. INTEREST

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

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

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

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum

by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

In these VPS Conditions:

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 3:

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

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

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

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

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

(ii) if "**30/360**" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) Interest on Floating Rate Notes

(i) Interest Payment Dates

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

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

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

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

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur, or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(1) in any case where Specified Periods are specified in accordance with Condition 3(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis*, or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day, and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or

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

(3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

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

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

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

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

(ii) Rate of Interest

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

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

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

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

(3) the relevant Reset Date is as specified in the applicable Final Terms.

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

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

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject to Condition 3(d) below, be either:

(1) the offered quotation; or

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

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

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the relevant financial centre specified in the applicable Final Terms plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the relevant financial centre specified in the applicable Final Terms plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

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

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

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

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

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

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

Day Count Fraction means, in respect of the calculation of an amount of interest for any Interest Period:

(A) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366, and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(B) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(C) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(D) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(E) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(F) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(G) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(v) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter in length than the relevant Interest Period, and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer in length than the relevant Interest Period provided, however, that if there is no rate available for a

period of time next shorter in length or, as the case may be, next longer in length, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(vi) Determination or Calculation by the VPS Trustee

If for any reason at any relevant time the Calculation Agent defaults in its obligation to determine the Rate of Interest, the VPS Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 3(b), but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the VPS Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

(vii) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3(b) by the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on all parties and (in the absence as aforesaid) no liability shall attach to the Calculation Agent or the VPS Trustee (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Accrual of interest

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

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

(ii) five days after the date on which the full amount of the monies payable in respect of such VPS Note has been received by the VPS Agent and notice to that effect has been given to the VPS Noteholders in accordance with Condition 9 below.

(d) Benchmark Discontinuation

This Condition 3(d) applies only if "*Benchmark Replacement*" is specified to be "Applicable" in the applicable Final Terms.

If a Benchmark Event occurs in relation to an Original Reference Rate at any time when the VPS Conditions of any VPS Notes provide for any remaining Rate of Interest (or any component part thereof) to be determined by reference to such Original Reference Rate, then the following provisions apply:

(i) *Independent Adviser*

The Issuer shall use reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing that an Alternative Rate (in accordance with Condition 3(d)(ii)(B)) and, in either

case, an Adjustment Spread, if any (in accordance with Condition 3(d)(iii) and any Benchmark Amendments (in accordance with Condition 3(d)(iv)).

An Independent Adviser appointed pursuant to this Condition 3(d) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Calculation Agent, any other party responsible for determining the Rate of Interest specified in the applicable Final Terms, or the Noteholders or Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 3(d).

(ii) *Successor or Alternative Rate*

If the Issuer, following consultation with such Independent Adviser, determines in good faith that:

(A) there is a Successor Rate, then such Successor Rate, as adjusted by the applicable Adjustment Spread determined pursuant to Condition 3(d)(iii) shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 3(d)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate, as adjusted by the applicable Adjustment Spread determined pursuant to Condition 3(d)(iii), shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 3(d)).

(iii) *Adjustment Spread*

If a Successor Rate or Alternative Rate is determined in accordance with the foregoing provisions and if the Issuer, following consultation with the Independent Adviser, determines in good faith (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with this Condition 3(d) and the Issuer, following consultation with the Independent Adviser determines in good faith (A) that amendments to the VPS Conditions of the VPS Notes and/or the VPS Agency Agreement (including, without limitation, amendments to the definitions of Day Count Fraction, Business Days, Reset Determination Date, or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread (such amendments, the **Benchmark Amendments**) and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 3(d)(v), without any requirement for the consent or approval of Noteholders or Couponholders, vary the VPS Conditions of the VPS Notes, the VPS Agency Agreement and/or the VPS Trustee Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the VPS Trustee of a certificate signed by two authorised signatories of the Issuer pursuant to Condition 3(d)(v), the VPS Trustee shall (at the Issuer's expense), without any requirement for the consent or approval of the Noteholders or Couponholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Agency Agreement) and the VPS Trustee shall not be liable to any party for any consequences thereof, provided that the VPS Trustee shall not be obliged so to concur if in the sole opinion of the VPS Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend rights and/or the protective provisions afforded to the VPS Trustee in the VPS Conditions of the VPS Notes or the VPS Agency Agreement (including, for the avoidance of doubt, any supplemental deed or agreement) in any way.

In connection with any such variation in accordance with this Condition 3(d), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) *Notices, etc.*

The Issuer shall notify the VPS Trustee, the party responsible for determining the Rate of Interest (as specified in the applicable Final Terms) and, in accordance with Condition 12, the Noteholders, promptly of any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 3(d). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the VPS Trustee of the same, the Issuer shall deliver to the VPS Trustee a certificate signed by two authorised signatories:

(A) confirming (x) that a Benchmark Event has occurred, (y) the Successor Rate or, as the case may be, the Alternative Rate and (z) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 3(d);

(B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread; and

(C) certifying that (x) the Issuer has duly consulted with an Independent Adviser with respect to each of the matters above or, if that is not the case, (y) explaining, in reasonable detail, why the Issuer has not done so.

The VPS Trustee shall be entitled to rely on such certificate (without inquiry and without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and (in either case) the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and (in either case) the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the VPS Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the VPS Trustee, the party responsible for determining the Rate of Interest (as specified in the applicable Final Terms), the VPS Agent and the Noteholders and Couponholders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the Issuer's obligations under the provisions of this Condition 3(d), the Original Reference Rate and the fallback provisions provided for in Conditions 3(b) will

continue to apply unless and until the party responsible for determining the Rate of Interest (as specified in the applicable Final Terms) has been notified of the Successor Rate or the Alternative Rate (as the case may be), and of any Adjustment Spread and/or Benchmark Amendments.

(vii) *Fallbacks*

If, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest on the immediately following Interest Determination Date, no Successor Rate or Alternative Rate (as applicable) or (in either case) applicable Adjustment Spread is determined and notified to the Principal Paying Agent or any other party specified in the applicable Final Terms as being responsible for calculating the Rate of Interest (as applicable), in each case pursuant to this Condition 3(d), prior to such Interest Determination Date, the original benchmark or screen rate (as applicable) will continue to apply for the purposes of determining such Rate of Interest on such Interest Determination Date, with the effect that the fallback provisions provided elsewhere in these VPS Conditions will continue to apply to such determination.

In such circumstances, the Issuer will be entitled (but not obliged), at any time thereafter, to elect to re-apply the provisions of this Condition 3(d), *mutatis mutandis*, on one or more occasions until a Successor Rate or Alternative Rate (and, if applicable, any associated Adjustment Spread and/or Benchmark Amendments) has been determined and notified in accordance with this Condition 3(d) (and, until such determination and notification (if any), the fallback provisions provided elsewhere in these VPS Conditions will continue to apply).

(viii) *Definitions*

In this Condition 3(d):

Adjustment Spread means either (i) a spread (which may be positive or negative), or (ii) a formula or methodology for calculating a spread, in either case which is to be applied to the relevant Successor Rate or Alternative Rate (as applicable) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body;

(B) in the case of an Alternative Rate (or in the case of a Successor Rate where (A) above does not apply), the Issuer following consultation with the Independent Adviser and acting in good faith determines is recognised or acknowledged as being in customary market usage in the international debt capital market for transactions which reference the Original Reference Rate, where such rate has been replaced by the Alternative Rate (or, as the case may be, the Successor Rate); or

(C) if no such recommendation or option has been made (or made available), or the Issuer determines there is no such spread, formula or methodology in customary market usage, the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith, determines to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Noteholders or Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be);;

Alternative Rate means an alternative benchmark or screen rate which the Issuer determines in accordance with this Condition 3(d) has replaced the Original Reference Rate in customary

market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Notes;

Benchmark Event means, with respect to an Original Reference Rate:

(A) the Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or administered;

(B) the later of (i) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (ii) the date falling six months prior to the date specified in (B)(i);

(C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued;

(D) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (ii) the date falling six months prior to the date specified in (D)(i);

(E) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (ii) the date falling six months prior to the date referred to in (E)(i); or

(A) it is or will prior to the next Interest Determination Date become unlawful for the Issuer, the party responsible for determining the Rate of Interest (as specified in the applicable Final Terms), or any Paying Agent to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable); or

(F) the making of a public statement by the supervisor of the administrator of such Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used;

Independent Adviser means an independent financial institution of international repute or an independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense under Condition 3(d)(i) and approved in writing by the VPS Trustee.

Original Reference Rate means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) on the Notes (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term "Original Reference Rate" shall be deemed to include any such Successor Rate or Alternative Rate);

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

(C) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

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

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

(e) Calculation Agent

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

4. PAYMENTS

(a) Method of payment

Subject as provided below:

(i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency; and

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

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto (whether by operation of law or agreements of the Issuer or its Agents) and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 6 below. Reference to specified currency will include any successor currency under applicable law.

(b) Payments in respect of VPS Notes

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

Notice of any such change or of any change of any specified office shall promptly be given to the VPS Noteholders in accordance with Condition 9 below.

(c) Payment Day

If the date for payment of any amount in respect of any VPS Note is not a Payment Day, the holder thereof shall not be entitled to payment of the relevant payment due until the next following Payment Day and shall not be entitled to any interest or other payment in respect of any such delay. For these purposes, **Payment Day** means any day which (subject to Condition 7 below) is:

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

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

(iii) a day on which such payment is then permitted under United States law without involving adverse tax consequences to the Issuer.

(d) Interpretation of principal and interest

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

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

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

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

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

(e) Partial Payment

If on the Maturity Date of a Series of VPS Notes where an Extended Final Maturity Date is specified in the applicable Final Terms the Issuer has insufficient monies to pay the Final Redemption Amount on that Series of VPS Notes and any other amounts due and payable by the Issuer in respect of Notes

on such date, then the Issuer shall apply available monies, after having made payment of all other amounts due and payable by the Issuer in respect of Notes on such date, to redeem the relevant Series of VPS Notes in part at par together with accrued interest pro rata and *pari passu* with any other Series of VPS Notes by which an Extended Final Maturity Date is specified in the Final Terms. If more than one Series of Notes has the same Maturity Date and the relevant Series each has an Extended Final Maturity Date specified in the applicable Final Terms then available monies will be applied by the Issuer to partially redeem each such series of Notes on a pro rata basis.

(f) Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the VPS Noteholders but after prior consultation with the VPS Trustee and Euronext VPS and at least 30 days' prior notice to the VPS Noteholders in accordance with Condition 9 below, elect that, with effect from the Redenomination Date specified in the notice, the VPS Notes shall be redenominated in euro.

The election will have effect as follows:

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

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

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

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

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

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

5. REDEMPTION AND PURCHASE

(a) Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each VPS Note will be redeemed by the Issuer at its Final Redemption Amount (which shall be at least equal to the Nominal Amount of each Note) specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

If an Extended Final Maturity Date is specified as applicable in the Final Terms for a Series of VPS Notes and the Issuer has failed to pay the Final Redemption Amount on the Maturity Date specified in the Final Terms, then (subject as provided below) payment of the unpaid amount by the Issuer shall be deferred until the Extended Final Maturity Date, provided that any amount representing all or part of the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Final Maturity Date.

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

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

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

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given not less than 15 nor more than 30 days' notice to the VPS Noteholders in accordance with Condition 9 below (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the VPS Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of VPS Notes, the VPS Notes to be redeemed (**Redeemed VPS Notes**) will be selected in accordance with the rules and procedures of Euronext VPS in the relation to such VPS Notes, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**).

(c) Redemption for tax reasons

The VPS Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the VPS Note is not a Floating Rate Note) or on any Interest Payment Date (if the VPS Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the VPS Trustee and, in accordance with Condition 9, the VPS Noteholders (which notice shall be irrevocable), if:

(i) on the occasion of the next payment due under the VPS Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 as a result of any

change in, or amendment to, the laws or regulations of Norway or any authority therein having power to tax or any political subdivision thereof, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the VPS Notes; and

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

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

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

Notes redeemed pursuant to this Condition 5(c) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

If Investor Put is specified in the applicable Final Terms, upon the holder of any VPS Note giving to the Issuer in accordance with Condition 9 below not less than 15 nor more than 30 days' notice, the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such VPS Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

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

Any Put Notice given by a holder of any VPS Note pursuant to this paragraph shall be irrevocable.

(e) Early Redemption Amounts

For the purpose of paragraphs (a) and (c) above, each VPS Note will be redeemed at the Early Redemption Amount calculated as follows:

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

(ii) in the case of a VPS Note with a Final Redemption Amount which is or may be less or greater than the Issue Price of the First Tranche of the Series, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount.

(f) Purchases

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

(g) Cancellation

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

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

6. TAXATION

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

(i) presented for payment in Norway; or

(ii) the holder of which is liable for such taxes, duties, assessments or governmental charges in respect of such VPS Note by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such VPS Note; or

(iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4(c)).

As used herein,

Tax Jurisdiction means the Kingdom of Norway or any political subdivision or any authority thereof or therein having power to tax; and

Relevant Date means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the VPS Noteholders on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the VPS Noteholders in accordance with Condition 9.

Notwithstanding any other provision of the VPS Conditions, any amounts to be paid on the VPS Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (the **Code**), as amended, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement) (a **FATCA Withholding Tax**). Neither the Issuer, nor any other person will be required to pay any additional amounts on account of any FATCA Withholding Tax.

7. PRESCRIPTION

The VPS Notes will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 15 below) therefor.

8. TRANSFER AND EXCHANGE OF VPS NOTES

(a) Transfers of interests in VPS Notes

Settlement of sale and purchase transactions in respect of VPS Notes will take place two Oslo Business Days after the date of the relevant transaction. VPS Notes may be transferred between accountholders at Euronext VPS in accordance with the procedures and regulations, for the time being, of Euronext VPS. A transfer of VPS Notes which is held in Euronext VPS through Euroclear or Clearstream, Luxembourg is only possible by using an account operator linked to Euronext VPS.

(b) Registration of transfer upon partial redemption

In the event of a partial redemption of VPS Notes under Condition 5 above, the Issuer shall not be required to register the transfer of any VPS Note, or part of a VPS Note, called for partial redemption.

(c) Costs of registration and administration of the Register

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

9. NOTICES

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

10. MEETINGS OF VPS NOTEHOLDERS AND MODIFICATION

(a) Provisions with respect to Holders of VPS Notes

The VPS Trustee Agreement contains provisions for convening meetings of the VPS Noteholders to consider any matter affecting their interests, including sanctioning by a majority of votes (as more fully set out in the VPS Trustee Agreement) the modification of the VPS Notes or any of the provisions of the VPS Trustee Agreement (or, in certain cases, sanctioning by a majority of two-thirds of votes). Such a meeting may be convened by the VPS Trustee at the request of the Issuer, Oslo Børs, or by VPS Noteholders holding not less than 10 per cent. of the outstanding VPS Notes.

The quorum at a meeting for passing a resolution is one or more persons holding at least 50 per cent. of the outstanding VPS Notes or at any adjourned meeting one or more persons being or representing VPS Noteholders whatever the nominal amount of the VPS Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the VPS Notes or the VPS Trustee Agreement (including modifying the date of maturity of the VPS Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the VPS Notes or altering the currency of payment of the VPS Notes), the quorum shall be one or more persons holding or representing not less than two-thirds in aggregate nominal

amount of the outstanding VPS Notes, or at any adjourned such meeting one or more persons holding or representing not less than one-third in aggregate nominal amount of the VPS Notes for the time being outstanding. A resolution passed at any meeting of the VPS Noteholders shall be binding on all the VPS Noteholders, whether or not they are present at such meeting.

(b) Modification

The VPS Trustee Agreement provides that:

(i) in order to make the following amendments, a majority of at least two-thirds of the votes cast in respect of Voting VPS Notes is required:

(A) modification of the Maturity Date of the VPS Notes specified in the applicable Final Terms, or reduction or cancellation of the nominal amount payable upon maturity;

(B) reduction or calculation of the amount payable, or modification of the payment date in respect of any interest in relation to the VPS Notes or variation of the method of calculating the rate of interest in respect of the VPS Notes;

(C) reduction of any Minimum Interest Rate and/or Maximum Interest Rate specified in the applicable Final Terms;

(D) modification of the currency in which payments under the VPS Notes are to be made;

(E) modification of the majority requirement to pass a resolution in respect of the matters listed in this paragraph (i);

(F) any alteration of Clause 4.1(e) of the VPS Trustee Agreement (which sets out the matters for which a majority of two-thirds of votes is required);

(G) the transfer of rights and obligations under the VPS Conditions and the VPS Trustee Agreement to another Issuer; and/or

(H) a change of VPS Trustee;

save as set out in Condition 10(b)(i) above, the VPS Trustee, without providing prior written notice to, or consultation with, the VPS Noteholders may make decisions binding on all VPS Noteholders relating to the VPS Conditions and the VPS Trustee Agreement provided that such decision is either (x) not detrimental to the rights and benefits of the affected VPS Noteholders in any material respect, (y) made solely for rectifying obvious errors and mistakes, or (z) required to be made pursuant to law, court order or other administrative decision. The VPS Trustee shall as soon as possible notify the VPS Noteholders of any proposal to make such amendments, setting out the date from which the amendment will be effective, unless such notice obviously is unnecessary.

11. VPS TRUSTEE

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

12. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the VPS Noteholders to create and issue further notes having terms and conditions the same as the VPS Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which

interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding VPS Notes.

13. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

14. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(a) Governing law

The VPS Notes and any non-contractual obligations arising out of or in connection with the VPS Notes are governed by, and shall be construed in accordance with, English law, save as to Conditions 2(a), 8, 9, 10 and 11 above which are governed by and shall be construed in accordance with Norwegian law. The VPS Trustee Agreement and VPS Agency Agreement are governed by and shall be construed in accordance with Norwegian law.

VPS Notes must comply with the Norwegian Act of 15 March 2019 no. 6 on Central Securities Depositories (the **CSD Act**), which implements Regulation (EU) No. 909/2014 (**CSDR**) into Norwegian law, and, to the extent applicable, the Norwegian Act on Registration of Financial Instruments of 5 July 2002 No. 64, as amended from time to time, and the holders of VPS Notes will be entitled to the rights and are subject to the obligations and liabilities which arise under this Act and any related regulations and legislation.

(b) Submission to jurisdiction

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

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

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

Nothing contained in this Condition 14 shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

(c) Appointment of Process Agent

The Issuer appoints DNB Bank ASA, London Branch at its registered office at 8th Floor, The Walbrook Building, 25 Walbrook, London, EC4N 8AF, England as its agent for service of process in England, and undertakes that, in the event of DNB Bank ASA, London Branch ceasing so to act or

ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

15. DEFINITIONS

In these VPS Conditions the following words shall have the following meanings:

Agency Agreement means an agency agreement dated 30 August 2007 between the Issuer and the agents named therein, as amended and/or supplemented and/or restated from time to time;

Calculation Agency Agreement in relation to any Series of VPS Notes requiring a calculation agent (as specified in the applicable Final Terms) means an agreement in or substantially in the form of Schedule 1 to the Agency Agreement;

Calculation Agent means, in relation to the VPS Notes of any Series requiring a calculation agent (as specified in the applicable Final Terms), (i) the person appointed as calculation agent in relation to the VPS Notes by the Issuer pursuant to the provisions of a Calculation Agency Agreement (or any other agreement) and shall include any successor calculation agent appointed in respect of the VPS Notes, or (ii) the Principal Paying Agent if specified as such in the applicable Final Terms;

Calculation Amount means, in relation to any Series of VPS Notes, the amount specified in the applicable Final Terms to calculate Fixed Coupon Amount(s), Broken Amount(s), the relevant Final Redemption Amount and the relevant Early Redemption Amount (as applicable);

CIBOR means the Copenhagen inter-bank offered rate;

CITA means the Copenhagen t/n Interest Average;

Cover Pool means all the Issuer's assets that from time to time form part of a Cover Pool created in accordance with and subject to Section 11-8 of the Act and to the Regulations;

Currency Swap means each currency swap which enables the Issuer to hedge currency risks arising from (a) Notes which are issued in currencies other than NOK, and (b) assets (other than loans) which are registered to the Cover Pool and are denominated in currencies other than NOK;

Currency Swap Agreement means the ISDA Master Agreement, schedule and confirmation(s) (as amended and supplemented from time to time) relating to the Currency Swap(s) entered into from time to time between the Issuer and each Currency Swap Provider;

Currency Swap Provider means any third party counterparty in its capacity as currency swap provider under a Currency Swap Agreement;

Distribution Compliance Period means the period that ends 40 days after the completion of the distribution of the relevant Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

EONIA means the Euro Overnight Index Average;

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

EURIBOR means the Euro-zone inter-bank offered rate;

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

Exchange means, for the purpose of these VPS Conditions, the Oslo Stock Exchange (Oslo Børs);

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

Fixed Rate Note means a VPS Note on which interest is calculated at a fixed rate payable in arrear on one or more Interest Payment Dates in each year as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Final Terms;

Floating Rate Note means a VPS Note on which interest is calculated at a floating rate, payable in arrear on one or more Interest Payment Dates in each year as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Final Terms;

HIBOR means the Hong Kong inter-bank offered rate;

Interest Commencement Date means, in the case of interest-bearing VPS Notes, the date specified in the applicable Final Terms from and including which the VPS Notes bear interest, which may or may not be the Issue Date;

Interest Rate Swap means each single currency interest rate swap which enables the Issuer to hedge the Issuer's interest rate risks in NOK and/or other currencies to the extent that they have not been hedged by a Currency Swap;

Interest Rate Swap Agreement means the ISDA Master Agreement, schedule and confirmation(s) (as amended and supplemented from time to time) relating to the Interest Rate Swap(s) entered into from time to time between the Issuer and each Interest Rate Swap Provider;

Interest Rate Swap Provider means any third-party counterparty in its capacity as interest rate swap provider under an Interest Rate Swap Agreement;

Issue Date means, in respect of any VPS Note, the date of issue and purchase of the VPS Note;

LIBOR means the London inter-bank offered rate;

Moody's means Moody's Investors Service Limited (or its successor);

NIBOR means the Norwegian inter-bank offered rate;

Oslo Business Days means those days on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Oslo;

outstanding means, in relation to the VPS Notes of any Series, all the VPS Notes issued other than:

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

(b) those VPS Notes in respect of which the date for redemption in accordance with the VPS Conditions has occurred and the redemption monies (including all interest (if any) accrued to the date for redemption and any interest (if any) payable under the VPS Conditions after that date) have been duly paid to, or to the order of, the VPS Agent in the manner provided in these VPS Conditions and the VPS Agency Agreement (and where appropriate notice to that effect has been given to the VPS Noteholders in accordance with the VPS Conditions) and remain available for payment of the relevant VPS Notes;

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

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

provided that for the purpose of:

(i) attending and voting at any meeting of the VPS Noteholders of the Series; and

(ii) determining how many and which VPS Notes of the Series are for the time being outstanding for the purposes of Condition 3 and the noteholder meetings provisions set out in the VPS Trustee Agreement,

those VPS Notes (if any) which are for the time being held by or for the benefit of the Issuer or any Subsidiary of the Issuer shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

Rating Agency means Moody's Investors Service Limited (or its successor);

records of Euronext VPS means the records that Euronext VPS holds for its customers which reflect the amount of such customers' interests in the VPS Notes;

Redenomination Date means (in the case of interest-bearing VPS Notes) any date for payment of interest under the VPS Notes;

Reference Banks means, in the case of a determination of a Reference Rate, the principal office of four major banks in the relevant financial centre specified in the applicable Final Terms, in each case selected by the Calculation Agent or as specified in the applicable Final Terms;

Reference Rate means LIBOR, EURIBOR, NIBOR, CIBOR, CITA, EONIA, HIBOR, SIBOR, STIBOR or TIBOR as specified in the applicable Final Terms;

Register means the register of covered bonds of the Issuer required to be maintained pursuant to the Act and the Regulations;

Relevant Date means the date on which a payment first becomes due, except that, if the full amount of the monies payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such monies having been so received, notice to that effect is duly given to the VPS Noteholders in accordance with Condition 9 above;

Relevant Notes means all VPS Notes where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Currency which is equivalent to at least €100,000 and which are admitted to trading on a regulated market in the European Economic Area;

Specified Time means 11.00 a.m. local time in the relevant financial centre specified in the applicable Final Terms;

SIBOR means the Singapore inter-bank offered rate;

STIBOR means the Stockholm inter-bank offered rate;

Subsidiary means in relation to any person (the **first person**) at any particular time, any other person (the **second person**):

(a) whose affairs and policies the first person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second person or otherwise; or

(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person;

Swap Agreement means each Interest Rate Swap Agreement and each Currency Swap Agreement;

Swap Providers means each Currency Swap Provider and each Interest Rate Swap Provider;

Swaps means any Currency Swap and/or any Interest Rate Swap;

TIBOR means the Tokyo inter-bank offered rate; and

Treaty means the Treaty on the functioning of the European Union, as amended.

OVERVIEW OF THE SWAP AGREEMENTS

Currency Swap Agreements

The Issuer will enter into Currency Swaps from time to time with Currency Swap Providers by executing ISDA Master Agreement(s) (including schedules, confirmations and, in each case, a credit support annex) (each such agreement, a **Currency Swap Agreement** and each of the transactions thereunder, a **Currency Swap**), in order to hedge currency risks arising between (a) Notes issued in currencies other than NOK, and (b) assets forming part of the Cover Pool but denominated in NOK, subject always to the requirements as referred to in "*Overview of the Norwegian Legislation Regarding Covered Bonds (obligasjoner med fortrinnsrett)*" above. Where the Issuer enters into Currency Swaps with the same counterparty, these may be entered into under the same ISDA Master Agreement.

Ratings downgrade

Under each of the Currency Swap Agreements, in the event that the relevant rating(s) of a Currency Swap Provider are downgraded by a rating agency below the rating(s) specified in the relevant Currency Swap Agreement (in accordance with the requirements of the rating agencies) for such Currency Swap Provider, the relevant Currency Swap Provider will, in accordance with the relevant Currency Swap Agreement, be required to take certain remedial measures which may include providing additional collateral for its obligations under the relevant Currency Swap, arranging for its obligations under the relevant Currency Swap to be transferred to an entity with the rating(s) required by the relevant rating agency as specified in the relevant Currency Swap Agreement (in accordance with the requirements of the relevant rating agency), procuring another entity with the rating(s) required by the relevant rating agency as specified in the relevant Currency Swap Agreement (in accordance with the requirements of the relevant rating agency) to become a co-obligor or guarantor, as applicable, in respect of its obligations under the relevant Currency Swap Agreement or taking some other action as it may agree with the relevant rating agency.

Termination events

The Currency Swap Agreements will or may be terminated under certain circumstances, including the following:

- at the option of one party to the relevant Currency Swap Agreement, if there is a failure by the other party to pay any amounts due under that Currency Swap Agreement and any applicable grace period has expired;
- at the option of the Issuer, upon the occurrence of an insolvency of the relevant Currency Swap Provider or its guarantor, or the merger of the relevant Currency Swap Provider without an assumption of its obligations under the relevant Currency Swap Agreement, or if a material misrepresentation is made by the relevant Currency Swap Provider under the Currency Swap Agreement, or if the relevant Currency Swap Provider defaults under an over-the-counter derivatives transaction under another agreement between the Issuer and such Currency Swap Provider or if a breach of a provision of the relevant Currency Swap Agreement by the Currency Swap Provider is not remedied within the applicable grace period;
- if a change in law results in the obligations of one party becoming illegal or if a force majeure event occurs;
- if withholding taxes are imposed on payments by the Issuer or by the relevant Currency Swap Provider under the relevant Currency Swap Agreement due to a change in law; and
- if the relevant Currency Swap Provider or its guarantor, as applicable, is downgraded and fails to comply with the requirements of the ratings downgrade provisions contained in the relevant Currency Swap Agreement and described above under "*Ratings downgrade*".

A non-payment event described in the first point above will only occur in relation to the Issuer if it has sufficient cash constituting substitute assets to make payments due to the Currency Swap Provider but it does not make those payments. In all other circumstances, if the amount paid by the Issuer to the Currency Swap Provider is less than would ordinarily be paid, this will not give rise to a termination right, but rather the obligation of the Currency Swap Provider to pay an amount back to the Issuer will be reduced by a corresponding amount (both such payments, the **Reduced Payments**) and the obligation of both parties to pay the difference between the Reduced Payments and the amounts that would ordinarily have been paid will be deferred.

In addition, the bankruptcy administrator may terminate the Currency Swaps in whole or in part in accordance with the Norwegian legislation.

Upon the occurrence of a swap early termination event, the Issuer or the relevant Currency Swap Provider may be liable to make a termination payment to the other. The amount of any termination payment will be based on a good faith determination of total losses and costs (or gains) as to the cost of entering into a swap with terms and conditions that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties (which may be determined following consideration of quotations sought from leading dealers, relevant market data and information from internal sources), and will include any unpaid amounts that became due and payable prior to termination. Any such termination payment could be substantial and may affect the funds available to pay amounts due to the Noteholders.

Noteholders will not receive extra amounts (over and above the interest and principal payable on the Notes) as a result of the Issuer receiving a termination payment from a Currency Swap Provider.

Transfer

Each Currency Swap Provider may, subject to certain conditions specified in the relevant Currency Swap Agreement, transfer its obligations under any Currency Swap Agreement to another entity.

Taxation

The Currency Swap Provider may be obliged to gross up payments made by it to the Issuer if withholding taxes are imposed on payments made under a Currency Swap. However, if, due to a change in law, the Currency Swap Provider is required to gross up a payment under a Currency Swap or to receive a payment under a Currency Swap from which an amount has been deducted or withheld, the Currency Swap Provider may terminate the relevant Currency Swap.

The Currency Swap Agreements will be governed by English law.

The Currency Swap Provider will rank *pari passu* with the Noteholders in respect of their claims against the Issuer in respect of assets registered to the Cover Pool.

Interest Rate Swap Agreements

The Issuer may also, from time to time, enter into additional interest rate swaps with Interest Rate Swap Providers by executing an ISDA Master Agreement (including schedules, confirmations and, in each case, a credit support annex) (each such agreement, an **Interest Rate Swap Agreement** and each of the transactions thereunder, an **Interest Rate Swap**), in order to hedge the Issuer's interest rate risks in NOK and/or other currencies to the extent that these have not already been hedged by the Currency Swap, subject always to the requirements as referred to in "*Overview of the Norwegian Legislation Regarding Covered Bonds (obligasjoner med fortrinnsrett)*" above. Where the Issuer enters into Interest Rate Swaps with the same counterparty, these may be entered into under the same ISDA Master Agreement.

Ratings downgrade

Under each of the Interest Rate Swap Agreements, in the event that the relevant rating(s) of an Interest Rate Swap Provider are downgraded by a rating agency below the rating(s) specified in the relevant Interest Rate Swap Agreement (in accordance with the requirements of the rating agencies) for such Interest Rate Swap Provider, the relevant Interest Rate Swap Provider will, in accordance with the relevant Interest Rate Swap Agreement, be required to take certain remedial measures which may include providing additional collateral for its obligations under the relevant Interest Rate Swap, arranging for its obligations under the relevant Interest Rate Swap to be transferred to an entity with the rating(s) required by the relevant rating agency as specified in the relevant Interest Rate Swap Agreement (in accordance with the requirements of the relevant rating agency), procuring another entity with rating(s) as specified in the relevant Interest Rate Swap Agreement (in accordance with the requirements of the relevant rating agency) to become a co-obligor or guarantor, as applicable, in respect of its obligations under the relevant Interest Rate Swap Agreement or taking some other action as it may agree with the relevant rating agency.

Termination events

The Interest Rate Swap Agreements will or may be terminated under certain circumstances, including the following:

- at the option of one party to the relevant Interest Rate Swap Agreement, if there is a failure by the other party to pay any amounts due under that Interest Rate Swap Agreement and any applicable grace period has expired;

- at the option of the Issuer, upon the occurrence of an insolvency of the relevant Interest Rate Swap Provider or its guarantor, or the merger of the relevant Interest Rate Swap Provider without an assumption of its obligations under the relevant Interest Rate Swap Agreement, or if a material misrepresentation is made by the relevant Interest Rate Swap Provider under the Interest Rate Swap Agreement, or if the relevant Interest Rate Swap Provider defaults under an over-the-counter derivatives transaction under another agreement between the Issuer and such Interest Rate Swap Provider or if a breach of a provision of the relevant Interest Rate Swap Agreement by the Interest Rate Swap Provider is not remedied within the applicable grace period;

- if a change in law results in the obligations of one party becoming illegal or if a force majeure event occurs;

- if withholding taxes are imposed on payments by the Issuer or by the relevant Interest Rate Swap Provider under the relevant Interest Rate Swap Agreement due to a change in law; and

- if the relevant Interest Rate Swap Provider, or its guarantor, as applicable, is downgraded and fails to comply with the requirements of the ratings downgrade provisions contained in the relevant Interest Rate Swap Agreement and described above under "*Ratings downgrade*".

In addition, the bankruptcy administrator may terminate the Interest Rate Swaps in whole or in part in accordance with the Norwegian legislation.

Upon the occurrence of a swap early termination event, the Issuer or the relevant Interest Rate Swap Provider may be liable to make a termination payment to the other. The amount of any termination payment will be based on a good faith determination of total losses and costs (or gains) as to the cost of entering into a swap with terms and conditions that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties (which may be determined following consideration of quotations sought from leading dealers, relevant market data and information from internal sources), and will include any unpaid amounts that became due and payable prior to termination. Any such termination payment could be substantial and may affect the funds available to pay amounts due to the Noteholders.

Noteholders will not receive extra amounts (over and above the interest and principal payable on the Notes) as a result of the Issuer receiving a termination payment from an Interest Rate Swap Provider.

Transfer

Each Interest Rate Swap Provider may, subject to certain conditions specified in the relevant Interest Rate Swap Agreement, transfer its obligations under any Interest Rate Swap to another entity.

Taxation

The Interest Rate Swap Provider may be obliged to gross up payments made by it to the Issuer if withholding taxes are imposed on payments made under an Interest Rate Swap. However, if, due to a change in law, the Interest Rate Swap Provider is required to gross up a payment under an Interest Rate Swap or to receive a payment under an Interest Rate Swap from which an amount has been deducted or withheld, the Interest Rate Swap Provider may terminate the relevant Interest Rate Swaps.

The Interest Rate Swap Agreements will be governed by English law.

The Interest Rate Swap Providers will rank *pari passu* with the Noteholders in respect of their claims against the Issuer in respect of assets registered to the Cover Pool.

Eligibility Criteria for Swap Providers

The Issuer will only enter into Swaps with entities which are "*qualified counterparties*" for the purposes of the Act.

TAXATION

The following is a general description of certain Norwegian, participating Member States (as defined below) and United States tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Norway, those participating Member States (as defined below) and United States of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This overview is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Norwegian Taxation

The statements herein regarding taxation are based on the laws in force in Norway as of the date of this Base Prospectus and are subject to any changes in law occurring after such date. Such changes could be made on a retrospective basis. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes under the Programme. Investors are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of such Notes.

Norwegian Taxation – non-residents

Introduction

The tax consequences described below apply to Noteholders who are not tax resident in Norway. In the following paragraphs, it is assumed that the Notes are held in the form of bearer bonds or debentures (*mengdegjeldsbrev*).

Taxation on Interest

Interest paid to a non-resident holder of Notes will not be subject to Norwegian income tax. Such holder of Notes may, however, be subject to taxation if the holding of Notes is effectively connected with a business carried on by the holder of Notes in Norway.

Such tax liability may be modified through an applicable tax treaty.

Effective from 1 July 2021, Norway has introduced withholding tax on certain interest payments from Norway. The Issuer does not expect the withholding obligation to apply to interest payments on Notes issued by the Issuer, due to the Issuer's constitution as a credit institution wholly owned by Norwegian savings banks.

Taxation of Capital Gains

A non-resident holder of Notes is not taxed in Norway on gains derived from the sale, disposal or redemption of the Notes. Such holder of Notes may, however, be subject to taxation if the holding of Notes is effectively connected with a business carried on by the holder of Notes in Norway.

Such tax liability may be modified through an applicable tax treaty.

Wealth Tax

Norway does not levy any property tax or similar taxes on the Notes.

An individual non-resident holder of Notes is not subject to wealth tax, unless the holding of Notes is effectively connected with a business carried on by the holder of Notes in Norway.

Such tax liability may be modified through an applicable tax treaty.

Transfer Tax

There is currently no Norwegian transfer tax on the transfer of Notes.

Norwegian Taxation – Norwegian residents

Introduction

The tax consequences described below apply to Noteholders who are tax resident in Norway (**Norwegian Noteholders**).

Again, it is assumed that the Notes are held in the form of bearer bonds or debentures (*mengdegjeldsbrev*).

Taxation of interest

For Norwegian Noteholders, interest on bonds (such as the Notes) is taxable as "*ordinary income*" subject to a flat rate of 22 per cent. This applies irrespective of whether the Norwegian Noteholders are individuals or corporations. For financial service companies subject to the Norwegian financial tax (e.g. banks, insurance companies, investment companies etc.) the tax rate for "ordinary income" is 25 per cent. For Norwegian taxpayers with a statutory obligation to keep accounting records, interest is taxed on an accruals basis (i.e. regardless of when the return is actually paid). For other Norwegian taxpayers accrued interest is, as a general rule, taxed when the interest is actually paid.

Taxation upon disposal or redemption of the Notes

Redemption at the relevant Maturity Date of the Notes, as well as prior disposal of the Notes, is treated as a realisation of such Notes and will trigger a capital gain or loss for Norwegian Noteholders under Norwegian tax law. Capital gains will be taxable as "*ordinary income*" subject to the flat rate of 22 per cent. (25 per cent. for financial service companies). Losses will be deductible from a Norwegian Noteholder's "*ordinary income*" which is taxed at the same rate.

Any capital gain or loss is computed as the difference between the amount received by the Norwegian Noteholder on realisation and the cost price of the Notes. The cost price is equal to the price for which the Norwegian Noteholder acquired the Notes. Costs incurred in connection with the acquisition and realisation of the Notes may be deducted from a Norwegian Noteholder's taxable income in the year of the realisation.

Net wealth taxation

The value of the Notes held by a Norwegian Noteholder at the end of each income year will be included in the computation of his or her taxable net wealth for municipal and state net wealth tax purposes. Under Norwegian tax law, listed notes are valued at their quoted value on 1 January in the relevant assessment year. The marginal rate of net wealth tax is 0.85 per cent. for net worth above a minimum threshold of NOK 1,500,000.

Limited liability companies and certain similar entities are exempt from net wealth taxation.

Transfer taxes etc. VAT

No transfer taxes, stamp duty or similar taxes are currently imposed in Norway on the purchase, disposal or redemption of securities such as the Notes. Furthermore, there will be no VAT payable in Norway on the transfer of the Notes.

Inheritance and gift tax

With effect as of the fiscal year 2014, Norway does not impose any inheritance or gift tax.

Proposed Financial Transactions Tax for participating Member States

On 14 February 2013, the European Commission published the Commission's proposal for a Directive for a common financial transactions tax (**FTT**) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

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

However, the FTT proposal remains subject to negotiation between 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 the Notes are advised to seek their own professional advice in relation to the FTT.

Certain U.S. Federal Income Tax Considerations

The following is an overview of certain U.S. federal income tax considerations relevant to U.S. Holders (as defined below) acquiring, holding and disposing of Notes. This overview addresses only the U.S. federal income tax considerations for initial purchasers of Notes at original issuance at their issue price (as defined below) that will hold the Notes as capital assets (generally, property held for investment). This overview is based on the U.S. Internal Revenue Code of 1986, as amended (the **Code**), final, temporary and proposed U.S. Treasury regulations, administrative and judicial interpretations, all as of the date hereof and all of which are subject to change, possibly with retroactive effect.

This overview does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and the relevant Final Terms may contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note as appropriate. This overview does not discuss all aspects of U.S. federal income taxation that may be relevant to investors in light of their particular circumstances, such as investors subject to special tax rules (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, or currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organisations; (vii) partnerships, pass-through entities, or persons that hold Notes through pass-through entities; (viii) investors that hold Notes as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes; (ix) U.S. Holders that have a functional currency other than the U.S. dollar, and (x) U.S. expatriates and former long-term residents of the United States), all of whom may be subject to tax rules that differ significantly from those summarised below. This overview does not address U.S. federal estate, gift, Medicare tax on net investment income or alternative minimum tax considerations, special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account on an applicable financial statement, or non-U.S., state or local tax considerations. This discussion applies only to holders of Registered Notes. Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under U.S. federal income tax laws, including the limitations provided in Sections 165(j) and 1287 of the Code.

For the purposes of this overview, a "**U.S. Holder**" is a beneficial owner of Notes that is for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation created in, or organised under the laws of, the United States or any state thereof, including the District of Columbia,

(iii) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or (iv) a trust the administration of which is subject to the primary supervision of a U.S. court and which has one or more United States persons who have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities treated as partnerships for U.S. federal income tax purposes should consult their tax adviser concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This overview should be read in conjunction with any discussion of U.S. federal income tax consequences in the applicable Final Terms. To the extent there is any inconsistency in the discussion of U.S. tax consequences to holders between this Base Prospectus and the applicable Final Terms, holders should rely on the tax consequences described in the applicable Final Terms instead of this Base Prospectus. The following disclosure applies only to Notes that are properly treated as debt for U.S. federal income tax purposes.

Payments of Interest

General

Interest on a Note, whether payable in U.S. dollars or a currency other than U.S. dollars (a **foreign currency**), other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "*Original Issue Discount – General*"), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, in accordance with the holder's method of accounting for tax purposes. Interest paid by the Issuer on the Notes and original issue discount (**OID**), if any, accrued with respect to the Notes (as described below under "*Original Issue Discount*") will generally constitute income from sources outside the United States.

Foreign Currency Denominated Interest

If a qualified stated interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash-basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual-basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, with respect to an accrual period that spans two taxable years of a U.S. Holder, the part of the period within each taxable year). Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within each taxable year. Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period or, in the case of a partial accrual period, the spot rate on the last day of the taxable year, an electing accrual-basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of its actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the U.S. Internal Revenue Service (the **IRS**).

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or other disposition of a Note) denominated in, or determined by reference to, a foreign currency, the accrual-basis U.S. Holder will recognise U.S.-source exchange gain or loss (taxable as U.S.-source ordinary income or loss) equal to the difference, if any, between the amount received (translated into U.S. dollars at the

spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Original Issue Discount

General

The following is an overview of the principal U.S. federal income tax consequences of the ownership of Notes issued with OID. Except as noted to the limited extent below, the following overview does not discuss Notes that are characterised as contingent payment debt instruments for U.S. federal income tax purposes. In the event that the Issuer issues contingent payment debt instruments, the applicable Final Terms will describe certain U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less (a **Short-Term Note**), will be treated as issued with OID (a **Discount Note**) if the excess of the Note's "stated redemption price at maturity" over its issue price is equal to or more than a *de minimis* amount (0.25 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity). A Note that provides for the payment of amounts other than qualified stated interest before maturity (an **instalment obligation**) will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is equal to or greater than 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the "**issue price**" of a Note under the applicable Final Terms will be the first price at which a substantial amount of such Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The "**stated redemption price at maturity**" of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest". A "**qualified stated interest**" payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate, applied to the outstanding principal amount of the Note. Solely for the purpose of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note. If a Note has *de minimis* OID, a U.S. Holder must include the *de minimis* amount in income as stated principal payments are made on the Note, unless the holder makes the election described below under "*Election to Treat All Interest as Original Issue Discount*". A U.S. Holder can determine the includible amount with respect to each such payment by multiplying the total amount of the Note's *de minimis* OID by a fraction equal to the amount of the principal payment made divided by the stated principal amount of the Note.

U.S. Holders of Discount Notes must generally include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and will generally have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note (**accrued OID**). The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Discount Note as long as (i) no accrual period is longer than one year, and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Discount Note allocable to the accrual period. The "**adjusted issue price**" of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount

of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Variable Rate Debt Instruments

Notes that provide for interest at variable rates will generally bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under U.S. Treasury regulations governing the accrual of OID. A Note will qualify as a "**variable rate debt instrument**" if (a) its issue price does not exceed the total noncontingent principal payments due under the Note by more than a specified *de minimis* amount; (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A "**qualified floating rate**" is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Note (e.g. two or more qualified floating rates with values within 25 basis points of each other as determined on the Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e. a cap) or a minimum numerical limitation (i.e. a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note.

An "**objective rate**" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g. one or more qualified floating rates or the yield of actively traded personal property). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Note's term. A "**qualified inverse floating rate**" is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period, and if the variable rate on the Note's issue date is intended to approximate the fixed rate (e.g. the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A "**current value**" of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a variable rate debt instrument provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof, any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a variable rate debt instrument generally will not be treated as having been issued with OID unless the Note is issued at a "true" discount (i.e. at a price below the Note's stated principal amount) equal to or in excess of a specified *de minimis* amount as described above under "*Original Issue Discount – General"*. OID on a variable rate debt instrument arising from "true" discount is allocated to an accrual period using the constant-yield method described above by assuming that the variable

rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Note.

For variable rate debt instruments that do not provide for stated interest at either a single qualified floating rate or a single objective rate, the Note will be converted into an "equivalent" fixed rate debt instrument for the purposes of determining the amount and accrual of OID and qualified stated interest on such Note. The Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Note. In the case of a Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Note as of the Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Note is converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Note is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Note will account for the OID and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Note during the accrual period.

Extendable Obligations

The following discussion will apply to any Note that is subject to an Extended Final Maturity Date (an **Extendable Obligation**). The rules governing the calculation of OID are not entirely clear for Notes that provide the Issuer with the option to extend the Maturity Date with interest payable at more than one interest rate during the life of the Notes. The Issuer believes that the discussion below properly describes the application of the OID rules to an Extendable Obligation. However, there is no assurance that the IRS will agree with this treatment. **Each U.S. Holder should consult its own tax adviser about the proper application of the OID rules to an Extendable Obligation.**

In the case of Extendable Obligations that provide for a "qualified floating rate" (as described above under "*Variable Rate Debt Instruments*") through to the Maturity Date, using the rates applicable on the Issue Date, if the interest rate through to the Maturity Date is less than the interest rate from the Maturity Date through the Extended Final Maturity Date, the Issuer will be presumed to redeem the Notes at the Maturity Date and the Notes should be treated as "variable rate debt instruments" that provide for stated interest at a single qualified floating rate (as described above under "*Variable Rate Debt Instruments*"). If, using the rates applicable on the Issue Date, the interest rate through the Maturity Date is greater than the interest rate from the Maturity Date through to the Extended Final Maturity Date, the Issuer will be presumed to extend the Notes at the Maturity Date and the Notes should be treated as "variable rate debt instruments" that do not provide for stated interest at either a single qualified floating rate or a single objective rate (as described above under "*Variable Rate Debt Instruments*").

In the case of Extendable Obligations that provide for a fixed rate through the Maturity Date followed by a qualified floating rate through the Extended Final Maturity Date, the Notes must be converted into an

"equivalent" fixed rate debt instrument (as described above under "*Variable Rate Debt Instruments*"). If, using the rates applicable on the Issue Date, the interest rate on the "equivalent" fixed rate debt instrument is less than the interest rate from the Maturity Date through to the Extended Final Maturity Date, the Issuer will be presumed to redeem the Notes at the Maturity Date and the general rules pertaining to OID should apply. If, using the rates applicable on the Issue Date, the interest rate on the "equivalent" fixed rate debt instrument is greater than the interest rate from the Maturity Date through to the Extended Final Maturity Date, the Issuer will be presumed to extend the Notes at the Maturity Date and the Notes should be treated as "*variable rate debt instruments*" that do not provide for stated interest at either a single qualified floating rate or a single objective rate (as described above under "*Original Issue Discount – Variable Rate Debt Instruments*").

Acquisition Premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being **acquisition premium**) and that does not make the election described below under "*Election to Treat All Interest as Original Issue Discount*", is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

Market Discount

A Note, other than a Short-Term Note, will generally be treated as purchased at a market discount (a **Market Discount Note**) if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's "revised issue price", exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an instalment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "de minimis market discount" and such Note is not subject to the rules discussed in the following paragraphs. For this purpose, the "**revised issue price**" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Any gain recognised on the sale or other disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) generally will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year for which the election is made. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days during the taxable year on which the Market Discount Note was held by the U.S. Holder.

Market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Note with respect to which it is made and is irrevocable.

Further Issuances

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

the outstanding Notes. The Issuer may offer additional notes with OID for U.S. federal income tax purposes as part of a further issue. Purchasers of notes after the date of any further issue may not be able to differentiate between notes sold as part of the further issue and previously issued Notes. After such further issue of additional notes with OID, purchasers of Notes may be required to accrue OID (or greater amounts of OID than they would have otherwise accrued) with respect to their Notes. This may affect the price of outstanding Notes following a further issuance.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under "*Original Issue Discount – General*" with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount, as adjusted by any amortisable bond premium (described below under "*Notes Purchased at a Premium*") or acquisition premium. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. However, if the Note is a Market Discount Note, the U.S. Holder will be deemed to have made the election discussed above under "Market Discount" to include market discount in income currently over the life of all debt instruments having market discount that are acquired on or after the first day of the first taxable year to which the election applies. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Notes Providing for Contingent Payments

Certain Notes that provide for contingent interest payments may be treated as "contingent payment debt instruments" for U.S. federal income tax purposes. Under applicable U.S. Treasury Regulations, holders of contingent payment debt instruments are generally required to accrue interest income on a constant-yield basis in respect of such instruments at a yield determined at the time of their issuance, and may be required to adjust such accruals when any contingent payments are made. A detailed description of the tax considerations relevant to U.S. Holders of any contingent payment debt instruments will be provided in the applicable Final Terms.

Short-Term Notes

In general, an individual or other cash-basis U.S. Holder of a Short-Term Note is not required to accrue OID (calculated as set out below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual-basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or other disposition of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or other disposition. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Foreign Currency Notes

OID for any accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual-basis U.S. Holder, as described above under "*Payments of Interest*".

Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or other disposition of a Note), a U.S. Holder will generally recognise exchange gain or loss, which will be ordinary gain or loss measured by the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Market Discount on a Note that is denominated in, or determined by reference to, a foreign currency will be accrued by a U.S. Holder in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder will generally recognise U.S.-source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does elect to include market discount in income currently will recognise, upon the sale or other disposition of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate in effect on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or, for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as "amortisable bond premium", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to that year. In the case of a Note that is denominated in, or determined by reference to, a foreign currency, bond premium (including acquisition premium) will be computed in units of foreign currency, and any such bond premium that is taken into account currently will reduce interest income (or OID) in units of the foreign currency. On the date bond premium offsets interest income (or OID), a U.S. Holder will generally recognise U.S.-source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Notes were acquired by the U.S. Holder. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "*Election to Treat All Interest as Original Issue Discount*" above. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a market loss when the Note matures.

Benchmark Replacement

The treatment of a Benchmark Replacement for U.S. federal income tax purposes is not entirely clear. It is possible that a Benchmark Replacement will be treated as a deemed exchange of old notes for new notes. In that event, it is unclear whether such deemed exchange would be taxable to a U.S. Holder. If it was taxable, a U.S. Holder may be required to recognize gain or loss with respect to its affected Notes. This gain or loss would be equal to the difference between the issue price of the deemed new notes, which if such class of notes has a principal amount in excess of $100 million, may be the fair market value rather than the principal amount of the notes, and the U.S. Holder's tax basis in the deemed old notes.

Recently released proposed Treasury regulations describe circumstances under which a Benchmark Replacement (or related adjustments to the interest rate on the Notes) would not be treated as a deemed exchange and would not affect the calculation of OID, provided certain conditions are met. It cannot be determined at this time whether the final Treasury regulations on this issue will contain the same standards as the proposed Treasury regulations.

Sale or Other Disposition of Notes

A U.S. Holder's tax basis in a Note will generally be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note. A U.S. Holder's tax basis in a Note denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Notes.

A U.S. Holder will generally recognise gain or loss on the sale or other disposition of a Note equal to the difference between the amount realised on the sale or other disposition and the tax basis of the Note. The amount realised on a sale or other disposition for an amount in foreign currency generally will be the U.S. dollar value of this amount on the settlement date, in the case of a cash basis U.S. Holder, or the trade date in the case of an accrual basis U.S. Holder, of such sale or other disposition. On the settlement date, an accrual basis U.S. Holder generally will recognise U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the exchange rates in effect on the trade date and the settlement date. However, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, accrual-basis U.S. Holders may elect to determine the U.S. dollar value of the amount realised on the sale or other disposition of the Notes based on the exchange rate in effect on the settlement date, and no exchange gain or loss will be recognised on such date. Such an election by an accrual-basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. Except to the extent described above under "*Market Discount*" or "*Short-Term Notes*" or attributable to accrued but unpaid interest or changes in exchange rates, gain or loss recognised on the sale or other disposition of a Note will be capital gain or loss and will generally be treated as from U.S. sources. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rate applicable to capital gains is currently lower than the maximum marginal rate applicable to ordinary income if the Notes are held for more than one year. The deductibility of capital losses is subject to significant limitations.

Gain or loss recognised by a U.S. Holder on the sale or other disposition of a Note that is attributable to changes in exchange rates will be treated as U.S.-source ordinary income or loss. However, exchange gain or loss is taken into account only to the extent of total gain or loss realised on the transaction.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or other disposition of a Note will have a tax basis equal to its U.S. dollar value at the time the interest is received or at the time of the sale or other disposition. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or an exchange for U.S. dollars) will be U.S.-source ordinary income or loss.

Backup Withholding and Information Reporting

In general, payments of principal, interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable U.S. Treasury Regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise fails to comply with the applicable backup withholding requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Backup withholding is not an additional tax. Any amounts withheld from a payment to a U.S. Holder under the backup withholding rules will be allowed as a credit against the U.S. Holder's U.S. Federal income tax liability, and may entitle the U.S. Holder to a refund, provided the U.S. Holder timely files the appropriate claim with the IRS.

Foreign Financial Asset Reporting

Certain U.S. Holders may be subject to reporting requirements on the holding of certain "specified foreign financial assets", including debt of foreign entities, if the aggregate value of all of these assets exceeds certain U.S. dollar thresholds. The Notes may constitute "specified foreign financial assets" subject to these requirements unless the Notes are held in an account at a financial institution (in which case the account may be reportable if maintained at a non-U.S. financial institution). U.S. Holders should consult their tax advisers regarding the application of these reporting requirements to their ownership of the Notes.

Disclosure Requirements

U.S. Treasury Regulations meant to require the reporting of certain tax shelter transactions (**Reportable Transactions**) could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the U.S. Treasury Regulations, certain transactions with respect to the Notes may be characterised as Reportable Transactions including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a Note denominated in a foreign currency. Persons considering the purchase of such Notes should consult with their tax advisers to determine the tax return obligations, if any, with respect to an investment in such Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Norway) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes that are not treated as equity for U.S. federal income tax purposes and that have a fixed term that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding, unless materially modified after such date. However, if additional Notes (as described under "*Terms and Conditions of the Ordinary Notes—Further Issues*" and "*Terms and Conditions of the VPS Notes—Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

ERISA Considerations

The Notes should be eligible for purchase by employee benefit plans and other plans subject to the U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), and/or the provisions of Section 4975 of the Code and by governmental, church and non-U.S. plans that are subject to state, local, other federal

law of the United States or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (**Similar Law**), subject to consideration of the issues described in this section. ERISA imposes certain requirements on employee benefit plans (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, **ERISA Plans**) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed under "*Risk Factors*".

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, the **Plans**)) and certain persons (referred to as **parties in interest or disqualified persons**) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person, including a plan fiduciary, who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The Issuer or any other party to the transactions may be parties in interest or disqualified persons with respect to many Plans. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the Notes is acquired or held by a Plan with respect to which the Issuer or any other party to such transactions is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any Notes and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to transactions between a person that is a party in interest (other than a fiduciary or an affiliate that has or exercises discretionary authority or control or renders investment advice with respect to assets involved in the transaction) solely by reason of providing services to the plan, provided that there is adequate consideration for the transaction), Prohibited Transaction Class Exemption (**PTCE**) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). Prospective investors should consult with their advisers regarding the prohibited transaction rules and these exceptions. There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any Notes.

Governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code, may nevertheless be subject to Similar Law. Fiduciaries of any such plans should consult with their counsel before purchasing the Notes to determine the need for, if necessary, and the availability of, any exemptive relief under any Similar Law.

Each purchaser and subsequent transferee of any Note (or interest therein) will be deemed by such purchase or acquisition of any such Note to have represented and warranted, on each day from the date on which the purchaser or transferee acquires such Note (or interest therein) through to and including the date on which the purchaser or transferee disposes of such Note (or interest therein), either that (a) it is not a Plan or an entity whose underlying assets include the assets of any Plan or a governmental, church or non-U.S. plan which is subject to any Similar Law, or (b) its acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of such a governmental, church or non-U.S. plan, a violation of any Similar Law) for which an exemption is not available.

In addition, the U.S. Department of Labor has promulgated a regulation, 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (the **Plan Asset Regulation**) describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA, Section 406 of ERISA and Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests in an equity interest of an entity that is neither a publicly-offered security nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless one of the exceptions to such treatment described in the Plan Asset Regulation applies. Under the Plan Asset Regulation, a security which is debt in form may be considered an equity interest if it has substantial equity features. If the Issuer were deemed under the Plan Asset Regulation to hold plan assets by reason of a Plan's investment in any of the Notes, such plan assets would include an undivided interest in the assets held by the Issuer and transactions by the Issuer would be subject to the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code. While there is little pertinent authority in this area and no assurance can be given, the Issuer believes that the Notes should not be treated as equity interests for the purposes of the Plan Asset Regulation.

Each Plan fiduciary who is responsible for making the investment decisions as to whether to purchase or commit to purchase and to hold any of the Notes should determine whether, under the documents and instruments governing the Plan, an investment in such Notes is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan proposing to invest in such Notes (including any governmental, church or non-U.S. plan) should consult with its counsel to confirm that such investment will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA and the Code (or, in the case of a governmental, church or non-U.S. plan, any Similar Law).The sale of any Notes to a Plan is in no respect a representation by the Issuer or any other party to the transactions that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Any further ERISA considerations with respect to Notes may be found in the relevant Final Terms.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in a programme agreement (such agreement, as amended and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 23 May 2011 (as amended and restated from time to time) agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*", "*Terms and Conditions of the Ordinary Notes"* and "*Terms and Conditions of the VPS Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

The Dealers are entitled to be released and discharged from their obligations in relation to any agreement to issue and purchase Notes under the Programme Agreement in certain circumstances prior to payment to the Issuer.

One or more Dealers may purchase Notes, as principal, from the Issuer from time to time for resale to investors and other purchasers at varying prices relating to prevailing market prices at the time of resale as determined by any Dealer, or, if so specified in the applicable Final Terms, for resale at a fixed offering price.

A Dealer may sell Notes it has purchased from the Issuer as principal to certain other dealers less a concession equal to all or any portion of the discount received in connection with such purchase. The Dealer may allow, and such dealers may re-allow, a discount to certain other dealers. After the initial offering of Notes, the offering price (in the case of Notes to be resold at a fixed offering price), the concession and the re-allowance may be changed.

The Issuer may withdraw, cancel or modify the offering contemplated hereby without notice and may reject offers to purchase Notes in whole or in part.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilising manager(s) (or persons acting on behalf of any stabilising manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the stabilising manager(s) (or persons acting on behalf of a stabilising manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant stabilising manager(s) (or persons acting on behalf of any stabilising manager(s)) in accordance with applicable laws and rules.

These transactions may consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Notes. If the Dealer creates or the Dealers create, as the case may be, a short position in the Notes, that is, if it sells or they sell Notes in an aggregate principal amount exceeding that set out in the applicable Final Terms, such Dealer(s) may reduce that short position by purchasing Notes in the open market. In general, the purchase of Notes for the purpose of stabilisation or to reduce a short position could cause the price of the Notes to be higher than it might be in the absence of such purchases.

Neither the Issuer nor any of the Dealers make any representation or prediction as to the direction or magnitude of any effect that the transactions described in the immediately preceding paragraph may have on the price of Notes. In addition, neither the Issuer nor any of the Dealers makes any representation that the Dealers will engage in any such transactions or that such transactions, once commenced, will not be discontinued without notice.

Under the Programme Agreement, the Issuer has agreed to indemnify the Dealers against some liabilities (including liabilities under the Securities Act) or to contribute to payments the Dealers may be required to make in respect thereof in connection with the establishment and any future updates of the Programme and the

issue of Notes under the Programme. The Issuer has also agreed to reimburse the Dealers for some other expenses in connection with the establishment of and any future updates to the Programme and the issue of Notes under the Programme.

The Dealers may, from time to time, purchase and sell Notes in the secondary market, but they are not obligated to do so, and there can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, the Dealers may make a market in the Notes.

The Dealers and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Issuer, and the Dealers have not provided any legal, accounting, regulatory or tax advice with respect to the offering contemplated hereby and the Issuer has consulted its own legal, accounting, regulatory and tax advisers to the extent it has deemed appropriate. Certain of the Dealers and their respective affiliates have, directly or indirectly, performed investment and commercial banking or financial advisory services for the Issuer for which they have received customary fees and commissions, and they expect to provide these services to the Issuer and its affiliates in the future, for which they also expect to receive customary fees and commissions.

Transfer and Selling Restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(i) that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware and each beneficial owner of such Note has been advised that any sale to it is being made in reliance on Rule 144A, or (b) it is outside the United States and is not a U.S. person and it not purchasing (or holding) the Notes for the account or benefit of a U.S. person;

(ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or the securities laws or "blue sky" laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set out in paragraph (iii) below;

(iii) that, unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available), or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws;

(iv) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;

(v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes and that Notes initially offered to persons who are not U.S. persons in offshore transactions in reliance on Regulation S will be represented by one or more Regulation S Global Notes;

(vi) that, on each day from the date on which the purchaser or transferee acquires such Note (or interest therein) through to and including the date on which the purchaser or transferee disposes of such Note (or interest therein), either (a) it is not a Plan or an entity whose underlying assets include the assets of any Plan or a governmental, church or non-U.S. plan which is subject to any Similar Law of the United States or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or (b) its acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a such governmental, church or non-U.S. plan, a violation of any Similar Law) for which an exemption is not available;

(vii) that the Rule 144A Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THE NOTES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION OF THE NOTES REPRESENTED BY THIS CERTIFICATE OR OF ANY BENEFICIAL INTEREST OR PARTICIPATION THEREIN, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE NOTES REPRESENTED HEREBY EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THE NOTES (THE **AGENCY AGREEMENT**) AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES NOTES, OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THE NOTES REPRESENTED BY THIS CERTIFICATE GLOBAL NOTE ARE TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. ANY PURPORTED TRANSFER OF THE NOTES REPRESENTED HEREBY THAT DOES NOT COMPLY WITH THE FOREGOING REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

THE NOTES REPRESENTED BY THIS CERTIFICATE AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY SUCH NOTES

TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THE NOTES REPRESENTED BY THIS CERTIFICATE SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THE NOTES REPRESENTED HEREBY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON)

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A;

BY ITS PURCHASE AND HOLDING OF THE NOTES REPRESENTED BY THIS CERTIFICATE (OR ANY INTEREST THEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED, ON EACH DAY FROM THE DATE ON WHICH THE PURCHASER OR HOLDER ACQUIRES THE NOTES REPRESENTED BY THIS CERTIFICATE (OR INTEREST THEREIN) THROUGH TO AND INCLUDING THE DATE ON WHICH THE PURCHASER OR TRANSFEREE DISPOSES OF THE NOTES REPRESENTED BY THIS CERTIFICATE (OR INTEREST THEREIN),THAT EITHER (A) IT IS NOT (I) AN "*EMPLOYEE BENEFIT PLAN*" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**), THAT IS SUBJECT TO TITLE I OF ERISA, (II) A "*PLAN*" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE CODE, OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THE NOTES REPRESENTED BY THIS CERTIFICATE (OR ANY INTEREST THEREIN) WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION) FOR WHICH AN EXEMPTION IS NOT AVAILABLE."; and

(viii) if it is outside the United States and is not a U.S. person, and is not holding the Notes for the account or benefit of a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the completion of the distribution of the Tranche of Notes of which such Notes are a part, as determined and certified by the relevant Dealer(s), in the case of a non-syndicated issue, or the relevant lead manager, in the case of a syndicated issue), it will do so only (a)(i) to a person who is not a U.S. person in an offshore transaction in compliance with Rule 903 or 904 under the Securities Act, or (ii) to a QIB in compliance with Rule 144A, and (b) in accordance with all applicable U.S. state securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THE NOTES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF SUCH NOTES AND PURSUANT TO AN EXEMPTION FROM OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS UNDER THE

SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART, SALES MAY NOT BE MADE IN THE UNITED STATES OR TO U.S. PERSONS UNLESS MADE (I) PURSUANT TO RULE 903 OR 904 OR REGULATION S UNDER THE SECURITIES ACT OR (II) TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT. ANY PURPORTED TRANSFER OF THE NOTES REPRESENTED HEREBY THAT DOES NOT COMPLY WITH THE FOREGOING REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

BY ITS PURCHASE AND HOLDING OF THE NOTES REPRESENTED BY THIS CERTIFICATE (OR ANY INTEREST THEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED, ON EACH DAY FROM THE DATE ON WHICH THE PURCHASER OR HOLDER ACQUIRES THE NOTES REPRESENTED BY THIS CERTIFICATE (OR INTEREST THEREIN) THROUGH TO AND INCLUDING THE DATE ON WHICH THE PURCHASER OR TRANSFEREE DISPOSES OF THE NOTES REPRESENTED BY THIS CERTIFICATE (OR INTEREST THEREIN) THAT EITHER (A) IT IS NOT (I) AN "*EMPLOYEE BENEFIT PLAN*" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (II) A "*PLAN*" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE CODE, OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THE NOTES REPRESENTED BY THIS CERTIFICATE (OR ANY INTEREST THEREIN) WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION) FOR WHICH AN EXEMPTION IS NOT AVAILABLE"; and

(ix) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Rule 144A Notes in the United States to any one purchaser will be for less than U.S.$100,000 (or the approximate equivalent in another Specified Currency) principal amount and no Rule 144A Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$100,000 (or the approximate equivalent in another Specified Currency) principal amount of Rule 144A Notes.

To the extent that the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Rule 144A Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Selling Restrictions

United States

Regulation S, Category 2, TEFRA D Rules apply, unless TEFRA C Rules are specified as applicable in the applicable Final Terms or unless TEFRA Rules are not applicable. Sales to QIBs in reliance upon Rule 144A under the Securities Act, who agree to purchase for their own account and not with a view to distribution will be permitted, if so specified in the applicable Final Terms.

The Notes have not been and will not be registered under the Securities Act or the securities laws or "blue sky" laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from, or in transactions not subject to, the registration requirements of the Securities Act and any applicable local, state or federal securities law. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code and U.S. Treasury regulations thereunder.

In connection with any Notes which are offered or sold in offshore transactions in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (**Regulation S Notes**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Notes (i) as part of their distribution at any time, or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons, except in either case in accordance with Regulation S under the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U. S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Programme Agreement provides that selected Dealers, through their selling agents which are registered broker-dealers in the United States, may resell Notes in the United States to QIBs pursuant to Rule 144A under the Securities Act and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A.

Each Dealer appointed under the Programme Agreement will be required to represent and agree in respect of transactions under Rule 144A that it has not (and will not), nor has (nor will) any person acting on its behalf, (a) made offers or sales of any security, or solicited offers to buy, or otherwise negotiated in respect of any security under circumstances that would require the registration of the Notes under the Securities Act, or (b) engaged in any form of general solicitation or general advertising (within the meaning of Rule 502(c) under the Securities Act) in connection with any offer or sale of Notes in the United States.

To permit compliance with Rule 144A in connection with resales or other transfers of the Notes, so long as the Notes are "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated

by such holder the information required to be delivered under Rule 144A(d)(4) of the Securities Act if, at the time of such request, any of the Notes remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended or superseded, **MiFID II**); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the **Prospectus Regulation**); and

(b) the expression "offer" includes 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.

In relation to each Member State of the European Economic Area, 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 made and will not make an offer of Notes to the public in that Member State, except that it may make an offer of Notes to the public in that Member State:

(A) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) 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 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in paragraphs (A) to (C) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the term **Notes** means all Notes and the expression **an offer of Notes to the public** in relation to any Notes in any 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, and the expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

United Kingdom

Prohibition of sales to UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

(iv) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(v) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(vi) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an **offer** includes 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.

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 made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

(A) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom 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 section 86 of the FSMA,

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 section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression **an offer of Notes to the public** in relation to any Notes 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; and

- the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

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

(i) in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business, and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as 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 FSMA by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended: the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it 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 of Japan (as defined under Item 5, Paragraph 1, article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Norway

Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree that, unless the Issuer has confirmed in writing to each Dealer that the Preliminary Base Prospectus and the Base Prospectus have been filed with the FSAN, it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Norway or to residents of Norway except:

(a) in respect of an offer of Notes addressed to investors subject to a minimum purchase of Notes for a total consideration of not less than €100,000 per investor;

(b) to "*professional investors*" as defined in Section 10-6 in the Norwegian Securities Trading Act of 29 June 2007 no. 875;

(c) to fewer than 150 natural or legal persons (other than "*professional investors*" as defined in Section 10-6 in the Norwegian Securities Trading Act of 29 June 2007 no. 875), subject to obtaining the prior consent of the relevant Dealer or Dealers for any such offer; and

(d) in any other circumstances provided that no such offer of Notes shall result in a requirement for the registration, or the publication by the Issuer or the Dealer or Dealers of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

The Notes shall be registered with the Norwegian Central Securities Depository or another securities registry which is properly authorised or recognised by the FSAN as being entitled to register such bonds pursuant to Regulation (EU) No. 909/2014, unless (i) the Notes are denominated in NOK and offered or sold outside of Norway to non-Norwegian tax residents only, or (ii) the Notes are denominated in a currency other than NOK and offered or sold outside of Norway.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer or the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "*banking organisation*" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "*clearing corporation*" within the meaning of the New York Uniform Commercial Code and a "*clearing agency*" registered pursuant to Section 17A of the Exchange Act. DTC holds and provides asset servicing for securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerised book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (**DTCC**). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system (**DTC Notes**) must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each Note (**Beneficial Owner**) is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other nominee as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or the Principal Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such participant and not of DTC or its nominee, the Principal Paying Agent or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorised representative of DTC) is the responsibility of the Issuer or Principal Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, DTC will exchange the DTC Notes for Registered Definitive Notes, which it will distribute to its participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set out under "*Subscription and Sale and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Beneficial Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' accounts.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or an Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (**Custodian**) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC

will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective Direct Participant or Indirect Participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Euronext VPS

Verdipapirsentralen ASA is a Norwegian public limited liability company which is licensed to register financial instruments in Norway in accordance with the Act of 5 July 2002 no. 64 on the Registration of Financial Instruments (the **Securities Register Act**). The Securities Register Act requires that, among other things, all notes and bonds issued in Norway shall be registered in Euronext VPS (the **VPS Securities**), except notes and bonds (i) issued by Norwegian issuers outside Norway and denominated in Norwegian kroner with subscription limited to non-Norwegian tax residents only, or in a currency other than Norwegian kroner, or (ii) issued by foreign issuers in a currency other than Norwegian kroner.

From 1 January 2020, the VPS Act has been repealed and replaced by the CSD Act, which implements Regulation (EU) No. 909/2014 into Norwegian law. However, transitional rules have been passed to allow Euronext VPS to operate under the old rules in the VPS Act until such time when VPS has been authorised as a CSD under the CSD Act/CSDR.

Euronext VPS is a paperless securities registry and registration of ownership, transfer and other rights to financial instruments are evidenced by book entries in the registry. Any issuer of VPS Securities will be required to have an account (issuer's account) where all the VPS Securities are registered in the name of the holder and each holder is required to have her/his own account (investor's account) showing such person's holding of VPS Securities at any time. Both the issuer and the VPS Noteholder will, for the purposes of registration in Euronext VPS, have to appoint an account operator which will normally be a Norwegian bank or Norwegian investment firm.

It is possible for Note holders to register a holding of VPS Securities through a nominee fulfilling certain con conditions for acting as a nominee, such as legal status and regulatory oversight in its home state.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 9 June 2007. The update of the Programme has been duly authorised by a resolution of the Board of Directors dated 12 June 2018 and is valid until such authorisation is revoked.

Approval of the Base Prospectus, Admission to Trading and Listing of Notes

The listing of the Ordinary Notes on the official list of Euronext Dublin will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of the Notes which is to be admitted to the Official List and to trading on the Euronext Dublin Regulated Market will be admitted separately as and when issued, subject only to the issue of a Temporary Global Note, a Permanent Global Note, a Regulation S Global Note or a Rule 144A Global Note initially representing the Notes of such Tranche. Application has been made to Euronext Dublin for Notes issued under the Programme during the period of twelve months from the date of this Base Prospectus to be admitted to the Official List and trading on its regulated market. The approval of the Programme in respect of the Notes was granted on or about 20 April 2021.

Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available for inspection for the life of this Base Prospectus from www.spabol.no:

(a) the constitutional documents (with an English translation thereof) of the Issuer;

(b) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Definitive Notes and the Coupons and the Talons;

(c) a copy of this Base Prospectus;

(d) any future prospectuses, information memoranda and supplements including Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

Investors should consult the Issuer should they require a copy of the ISDA Definitions.

Clearing Systems

The Bearer Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the Issuer may make an application for any Registered Notes to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and Common Code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system (including Euronext VPS) the appropriate information will be specified in the applicable Final Terms. Euroclear; Clearstream, Luxembourg; DTC; and Euronext VPS are the entities in charge of keeping the records.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, *société anonyme*, 42 Avenue JF Kennedy, L-

1855 Luxembourg; the address of the DTC is 55 Water Street, 22nd Floor, New York, NY 10041-0099 (USA); and the address of Euronext VPS is Fred. Olsens gate 1, 0152 Oslo, Norway.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Yield

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Significant or Material Adverse Change

There has been no material adverse change in the prospects of the Issuer since 31 December 2020 and there has been no significant change in the financial performance or financial position of the Issuer since 31 December 2020.

Litigation

The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

Independent Auditor

The financial statements of the Issuer as of and for the years ended 31 December 2020, 2019 and 2018 and the information presented in the Board of Directors report concerning the financial statements and the going concern assumption, and the proposal in the financial statements for the allocation of profit, both incorporated in this Base Prospectus by reference, and management's fulfilment of its duty to produce a proper and clearly set out registration and documentation of accounting information as of 31 December 2020, 2019 and 2018 have been audited by (in respect of the year ended 31 December 2018) Deloitte AS and (in respect of the year ended 31 December 2019 and 2020) PricewaterhouseCoopers AS, independent auditors, as stated in their reports incorporated herein by reference. Deloitte AS and PricewaterhouseCoopers are members of Den norske revisorforening (the Norwegian Institute of Public Accountants), which is the professional body for registered public accountants and state authorised public accountants in Norway.

Dealers Transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect the future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect

of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Legal Matters

Certain matters as to English Law and U.S. Law in respect of the Notes and the Programme will be opined upon for the Dealers by Allen & Overy LLP (as Dealer's counsel). Advokatfirmaet BAHR AS will opine upon certain matters of Norwegian law for the Issuer and the Dealers.

Irish Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes issued under the Programme and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the regulated market of Euronext Dublin for the purposes of the Prospectus Regulation.

Language of this Base Prospectus

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

INDEX OF DEFINED TERMS

THE ISSUER

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N-7005 Trondheim
Norway

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Storgata 65
N-9008 Tromsø
Norway

BN Bank ASA
Søndre gate 10
N-7005 Trondheim
Norway

SpareBank 1 BV
Anton Jenssens gate 2
N-3101 Tønsberg
Norway

Sparebanken Telemark
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