



**SPAREBANK 1 BOLIGKREDITT AS**

*(incorporated with limited liability in Norway)*

**€35,000,000,000**

**Euro Medium Term Covered Note Programme**

This supplement (the "**Supplement**") to the Prospectus dated 26 April 2022 (the "**Base Prospectus**"), constitutes a supplement for the purposes of Article 23 of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and is prepared in connection with the €35 billion Euro Medium Term Covered Note Programme (the "**Programme**") established by SpareBank 1 Boligkreditt AS (the "**Issuer**"). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with the Base Prospectus and any other supplements to the Base Prospectus issued by the Issuer.

This Supplement has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Regulation. The Central Bank only approves this Supplement as meeting the standards 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 Covered Bonds that are subject of this Supplement. Investors should make their own assessment as to the suitability of investing in the Covered Bonds.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Issuer the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Purpose of this Supplement**

The purpose of this Supplement is to:

- (a) update certain sections of the Base Prospectus for the changes necessitated by the implementation of the Directive (EU) 2019/2162 (the **Covered Bond Directive**) and Regulation (EU) 2019/2160 implementing certain amendments to Art. 129 of Regulation (EU) 575/2013 (**CRR**) (collectively, the **EU Covered Bond Rules**) into Norwegian law;
- (b) update certain parts of the section of the Base Prospectus headed "*Applicable Final Terms*";
- (c) update certain parts of the section of the Base Prospectus headed "*Terms and Conditions of the Ordinary Notes*";
- (d) update certain parts of the section of the Base Prospectus headed "*Terms and Conditions of the VPS Notes*"; and
- (e) update certain other parts of the Base Prospectus,

which are set out below.

(a) The changes necessitated by the implementation of the EU Covered Bond Rules into Norwegian law are as follows:

(i) The first paragraph on the first page shall be deleted and replaced with the following:

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

(ii) The sub-section entitled “*Redemption*” in the section headed “*General Description of the Programme*” commencing on page 6 of the Base Prospectus shall be deleted in its entirety and replaced with the following:

“Redemption: The relevant Maturity Dates and Statutory 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.”

(iii) The sub-section entitled “*Extendable Obligation*” in the section headed “*General Description of the Programme*” commencing on page 6 of the Base Prospectus shall be retitled to “*Statutory Extended Final Maturity*” and the wording in this sub-section shall be deleted in its entirety and replaced with the following:

“Statutory Extended Final Maturity: The applicable Final Terms may provide that Statutory Extended Final Maturity applies.

If Statutory Extended Final Maturity applies and the Issuer has both:

(a) received approval from the FSAN to extend the maturity of the relevant Notes by 12 months (a **Statutory Maturity Extension Approval**) as a result of

(i) either

(A) there being, in the opinion of the FSAN, both (1) reason to assume that the Issuer will be placed under resolution in the near future and (2) no reasonable prospect that any other action would prevent the Issuer from failing, or

(B) the Norwegian Ministry of Finance (the **Ministry of Finance**) having resolved to place the Issuer under resolution or public administration proceedings; and

- (ii) there being, in the opinion of the FSAN, a reasonable prospect that the Issuer's obligations in respect of the Notes and (where applicable) the Coupons will be met within 12 months, and
- (b) failed to pay the amount due on the Maturity Date (the **Final Redemption Amount**) of the applicable Series of Notes (as set out in the applicable Final Terms) in full on their Maturity Date,

then the Issuer's obligation to pay any unpaid part of such Final Redemption Amount will be automatically deferred until the Statutory 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 Final Redemption Amount (or any part of it) 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 Statutory Extended Final 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 Statutory Extended Final Maturity Date (or any earlier Interest Payment Date on which the Notes are redeemed in full).

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."

- (iv) The first sentence in the sub-section entitled "*Status of the Notes*" in the section headed "*General Description of the Programme*" commencing on page 7 of the Base Prospectus shall be deleted and replaced with the following:

"The Notes are covered bonds eligible for the label "European Covered Bond (Premium) (*obligasjoner med fortrinnsrett (premium)*) 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*).”

- (v) The third sentence in the sub-section entitled “*Overcollateralisation*” in the section headed “*General Description of the Programme*” commencing on page 8 of the Base Prospectus shall be deleted and replaced with the following:

“At the date of this Base Prospectus, pursuant to the Regulations the Issuer is required to ensure a minimum Overcollateralisation in the Cover Pool of 5 per cent. at all times.”

- (vi) The third sentence in the seventh bullet-point of the sub-section entitled “*Diagrammatic Overview and Description of the Programme – Structure Overview – Overcollateralisation*” in the section headed “*General Description of the Programme*” commencing on page 12 of the Base Prospectus shall be deleted and replaced with the following:

“As at the date of this Base Prospectus, pursuant to the Regulations the Issuer is required to ensure a minimum Overcollateralisation in the Cover Pool of 5 per cent. at all times.”

- (vii) All of the references to the “*substitute assets*” in the Base Prospectus shall be replaced with the “*substitution assets*”.

- (viii) The following parts of the section of the Base Prospectus headed “*Risk Factors*” are updated

- (A) The entire risk factor entitled “*The Issuer may not be able to refinance its borrowings on commercially reasonable terms or at all*” in the section entitled “*Risks relating to the Issuer*” commencing on page 13 of the Base Prospectus shall be deleted and replaced with the following:

*“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.

In particular, recent instability in the Ukraine region has resulted in considerable political uncertainty. This instability and uncertainty, as well as financial sanctions being imposed on Russia by (amongst others) the US, the EU and the UK, has (amongst other things) caused increased volatility in financial markets and may cause the market to be more difficult to access at times.

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 and ultimately adversely impact the Issuer's ability to make timely payment on the Notes.

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 Statutory Extended Final Maturity is specified as applicable in the Final Terms for such Notes and the Issuer has received a Statutory Maturity Extension Approval."

- (B) The entire risk factor entitled "*Default on mortgage loans may lead to the Issuer being unable to satisfy its obligations under the Notes*" in the section entitled "*Risks relating to the Issuer*" commencing on page 14 of the Base Prospectus shall be deleted and replaced with the following:

*"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 in 2020 and the measures taken by national governments to contain it caused a decline in Norway's GDP and an increase in the national unemployment rate on average for 2020 and 2021. During the first quarter of 2022, however, all restrictions introduced by the Norwegian government to contain the pandemic, except a few minor ones to protect especially vulnerable groups, have been rescinded. The vaccination rate of the Norwegian population is high, with GDP output at year-end 2021 being above the level at year-end 2019 and unemployment rates having fallen below the level before the pandemic outbreak. There is, however, still a risk that new variants of COVID-19 may surface that do not respond to the current vaccines, causing new and long lasting 'lock-downs' which may again affect

Norwegian borrowers' income and hence their ability to meet their payment obligations on their mortgages.

The Norwegian economy is a small and open economy easily affected by global macroeconomic events and developments. A number of recent political events, in particular Russia's invasion of Ukraine in February 2022, has resulted in considerable geopolitical uncertainty and has caused increased volatility in financial markets. Energy prices have soared during 2022, which in combination with global supply challenges for several categories of goods contributed to unusually high inflation both in Norway and abroad. In order to combat excessive inflation, central banks have increased their policy interest rates and are expected to further increase such rates in the near future. On 23 June 2022, the Norwegian Central Bank increased its current policy rate by 0.50 per cent., from 0.75 to 1.25 per cent., and also flagged a potential increase to 1.50 per cent. in August 2022. Norwegian banks have followed suit and recently increased interest rates on their floating rate mortgage loans, including mortgages in the Issuer's cover pool.

If the relevant interest rates rise and/or borrowers suffer a decline in income (whether in absolute terms or relative to their expenses), borrowers may be unable to meet their payment obligations on their mortgages. In particular, a continuous increase of the Norwegian policy rate combined with high inflation, may cause difficulties for borrowers to meet their payment obligations on their mortgages, and consequently adversely affect the Issuer's capability to service the Notes and comply with regulatory requirements.

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 overcollateralization requirements.

Any failure to recover the full amounts due under mortgage loans included in the Issuer's cover pool 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."

- (C) The second sentence in the second paragraph of the risk factor entitled "*The Issuer is dependent on the Originators' competitive market position and the demand for their products*" in the section entitled "*Risks relating to the Issuer*" commencing on page 15 of the Base Prospectus shall be deleted and replaced with the following:

"A general downturn in the Norwegian economy (for example due to COVID-19, high inflation and global supply chain issues), regulatory changes affecting the residential

mortgage market and/or interest rate rises may result in a decrease in the demand for residential property and, by extension, residential mortgages.”

- (D) The entire risk factor entitled “*Failure by the Issuer to pay the Final Redemption Amount upon maturity may lead to deferral of the Maturity Date*” in the section entitled “*Risks relating to the structure of a particular issue of Notes*” commencing on page 18 of the Base Prospectus shall be deleted and replaced with the following:

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

If Statutory Extended Final Maturity is specified as applicable in the Final Terms for any Series of Notes and the Issuer has both (i) received a Statutory Maturity Extension Approval and (ii) failed to pay the Final Redemption Amount of the applicable Series of Notes in full on their Maturity Date specified in the applicable Final Terms, then the Issuer’s obligation to pay any part of the Final Redemption Amount not paid by the Issuer on the scheduled Maturity Date will be automatically deferred until the Statutory Extended Final Maturity Date specified in the applicable Final Terms, provided that any amount representing the Final Redemption Amount (or any part of it) 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 Statutory Extended Final Maturity Date.

The Covered Bond Directive requires that the exercise of any extendable maturity triggers in covered bonds must be subject to objective triggers specified in national law, and not be at the discretion of the Credit Institution issuing the covered bonds. The FSAN may grant a Statutory Maturity Extension Approval if (i) either (A) there is, in the opinion of the FSAN, both (1) reason to assume that the Issuer will be placed under resolution in the near future and (2) no reasonable prospect that any other action would prevent the Issuer from failing, or (B) the Ministry of Finance has resolved to place the Issuer under resolution or public administration proceedings, and (ii) there is, in the opinion of the FSAN, a reasonable prospect that the Issuer’s obligations in respect of the relevant Notes and (if applicable) Coupons will be met within 12 months. Furthermore, a Statutory Maturity Extension Approval may only be granted if such maturity extension does not affect the Noteholders’ order of priority in respect of the Cover Pool.

In the event that the objective triggers for a Statutory Maturity Extension Approval are met, a subsequent declaration on the Issuer’s bankruptcy or resolution would not affect the Statutory Extended Final Maturity.

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 Statutory Extended Final Maturity Date will, if applicable, fall 12 months 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 Statutory Extended Final Maturity Date. In these circumstances, failure by the Issuer to make payment in respect of the Final Redemption Amount in full on

the Maturity Date shall not constitute a default in payment by the Issuer provided the Issuer has received a Statutory Maturity Extension Approval. However, failure by the Issuer to pay (i) the relevant Final Redemption Amount or the balance thereof on the Statutory Extended Final Maturity Date and/or (ii) any interest accrued on the relevant Notes on each applicable Interest Payment Date falling after the Maturity Date up to (and including) the Statutory 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 Statutory 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.”

- (E) The entire risk factor entitled “*The Cover Pool consists of limited assets*” in the section entitled “*Risks relating to Notes generally*” commencing on page 20 of the Base Prospectus shall be deleted and replaced with the following:

*“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 substitution 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 (as of 8 July 2022, the maximum value is 80 per cent. of the prudent market value in the case of Residential Mortgages). 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. 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 and ultimately not being able to repay principal and interest due on the Notes.”

- (F) The entire risk factor entitled “*Overcollateralisation*” in the section entitled “*Risks relating to Notes generally*” commencing on page 21 of the Base Prospectus shall be deleted and replaced with the following:

*“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. As of 8 July 2022, the Regulations stipulate that the



Issuer must ensure a minimum Overcollateralisation in the Cover Pool of 5 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.

When calculating Overcollateralisation according to Norwegian legal requirements, the portion of the loans exceeding the 80 per cent. limit (for Residential Mortgages) and the 60 per cent. limit (for Other Property Mortgages) should not be included in the calculation. If there are indications that the value of a mortgaged property in relation to which the associated mortgage loan has been included in the Cover Pool has declined materially relative to general market prices, the Issuer has to ensure a review of the valuation of that property by a valuer who possesses the necessary qualifications, ability and experience to execute a valuation and who is independent from the credit decision process. Consequently, if the value of a mortgaged property declines significantly after the Mortgage Loan has been included in the Cover Pool, the Issuer may no longer be able to count the value of the relevant Mortgage Loan at the time of its inclusion in the Cover Pool towards the 5 per cent. Overcollateralisation requirement (as to which see further detail in the section headed "*Overview of the Norwegian Legislation Regarding Covered Bonds (obligasjoner med fortrinnsrett)*"), even if the Mortgage Loan is fully performing. A breach of the Overcollateralisation requirement may lead the FSAN to take actions against the Issuer and may prevent the Issuer from refinancing outstanding Notes at maturity by issuing additional Notes."

- (G) The last sentence of the first paragraph of the risk factor entitled "*Failure by the Issuer to meet applicable matching and overcollateralisation rules may affect the value and liquidity of the Notes*" in the section entitled "*Risks relating to Notes generally*" commencing on page 21 of the Base Prospectus shall be deleted and replaced with the following:

"As of 8 July 2022, Section 11-7 of the Regulations requires the value of the assets in the Issuer's Cover Pool to constitute a minimum of 105 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)*"."

- (H) The paragraphs two, three, four and five of the section entitled "*Regulatory Developments*" commencing on page 23 of the Base Prospectus shall be deleted and replaced with the following:

“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 provided 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 Basel III from 1 January 2013. In December 2017, the Basel Committee published proposed amendments to the Basel III framework (such changes being commonly referred to as Basel IV), and the BCBS members originally agreed to implement Basel IV from 1 January 2022, subject to transitional and phase-in arrangements for certain requirements up to January 2027. In response to the COVID-19 crisis, the Basel Committee decided to postpone the implementation by one year to 1 January 2023. On 27 October 2021, the European Commission proposed to implement Basel IV with effect of 1 January 2025 with transitional arrangements applying over a further five-year period. As implementation of Basel IV requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of covered bonds (e.g. as LCR eligible assets or not), 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 17 December 2021, the Ministry of Finance published a legislative proposal on the implementation of Directive (EU) 2019/2162 (the **Covered Bond Directive**) and Regulation (EU) 2019/2160 implementing certain amendments to Art. 129 of Regulation (EU) 575/2013 (**CRR**) (collectively the **EU Covered Bond Rules**) into Norwegian law. Supplementary regulations to complete the Norwegian implementation were passed on 22 June 2022, and the new legislation took effect on 8 July 2022. Implementation of the new EU Covered Bonds Rules has imposed certain new requirements on the Issuer, such as a new liquidity buffer requirement of 180 days and objective requirements for exercise of extendable maturity (aka ‘soft bullet’) rights by the Issuer.

The Notes are expected to be fully compliant with the CRR and therefore 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 or other regulatory changes not currently known to the Issuer will impact the treatment of the Notes for investors.”

- (ix) The following shall be added as a third paragraph of the section headed “Description of the Issuer's business” commencing on page 40 of the Base Prospectus

“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. Credit Institutions that want to issue covered bonds that are not covered by an existing licence shall send an application for approval of a new covered bond programme to the FSAN. On 28 June 2022, the Issuer applied to the FSAN for approval to issue covered bonds labelled “European Covered Bond (Premium)” (in Norwegian: *obligasjoner med fortrinnsrett (premium)*). On 20 July 2022, the application was

approved. For further details, please see “Overview of the Norwegian Legislation Regarding Covered Bonds (*obligasjoner med fortrinnsrett*)” below.”

- (x) The last paragraph of the section entitled “*Collateral Valuation*” in the section headed “*Mortgage origination, eligibility and servicing*” commencing on page 48 of the Base Prospectus shall be deleted and replaced with the following:

“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, as of 8 July 2022, requires a minimum overcollateralisation in the Cover Pool of 5 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.”

- (xi) The entire section headed “*Cover Pool Review Process*” commencing on page 55 of the Base Prospectus shall be deleted and replaced with the following:

“The Cover Pool is monitored by an independent Cover Pool Monitor (as defined below) appointed by the Issuer. Neither external nor internal auditor of the Credit Institution can act as Cover Pool Monitor. However, transitional provisions have been introduced which allow a Credit Institution to keep its external auditor as Cover Pool Monitor until 31 December 2022.

The Cover Pool Monitor reviews a sample of the Issuer's Mortgage Loans as part of its role and is required to monitor the relevant Cover Pool and the Register (as defined below) and shall, at least every three months, review compliance with the Act's provisions relating to the Register, including those which govern the composition and the balance of the Cover Pool. The Cover Pool Monitor has also 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 on an annual basis. In connection with any such exercise, the Cover Pool Monitor 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 Cover Pool Monitor 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 Cover Pool Monitor 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 comply with applicable LTV requirements at the time of their transfer to the Issuer).

The Cover Pool Monitor shall report to the Board of Directors and the FSAN on an annual basis, however, if the Cover Pool Monitor has reasonable grounds to believe that the Cover

Pool is not compliant with applicable provisions, it shall report its findings to the Board of Directors and the FSAN as soon as possible.

The role of the Cover Pool Monitor is otherwise described in this Base Prospectus in "*Overview of the Norwegian Legislation Regarding Covered Bonds (obligasjoner med fortrinnsrett) – Cover Pool Monitor*". To the extent that any report from the Cover Pool Monitor 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."

- (xii) All of the references to the "*Extended Final Maturity Date*" shall be replaced with the "*Statutory Extended Final Maturity Date*" in section 2 (*Shareholder Note Purchase Agreement - Termination*) of the section headed "*Description of the Shareholders' Agreement and the Shareholder Note Purchase Agreement*" commencing on page 56 of the Base Prospectus
- (xiii) The entire section of the Base Prospectus headed "*Overview of the Norwegian Legislation Regarding Covered Bonds (obligasjoner med fortrinnsrett)*" shall be deleted and replaced with the following:

#### **“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**). The Legislation has been updated to comply with the EU Covered Bond Rules and the relevant changes entered into force on 8 July 2022. The EU Covered Bond Rules have been implemented into the Agreement on the European Economic Area (the **EEA Agreement**) as of 12 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 and are required to obtain permission from the FSAN to issue covered bonds under specific covered bond programmes. Furthermore, Credit Institutions must notify the FSAN no less than 30 days in advance of (i) their first (inaugural) issuance of covered bonds and (ii) their first issuance of covered bonds under a new covered bond programme.

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. On 28 June 2022, the Issuer applied to the FSAN for permission to establish a new covered bond programme to issue covered bonds under the label "European Covered Bond (Premium) (Nw.: *obligasjoner med fortrinnsrett (premium)*)", and such application was approved on 20 July 2022. On 28 June, the Issuer also notified the FSAN of its intention to issue covered bonds under the label "European Covered Bond (Premium)" under that programme.

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 dematerialised book-entry form by registration in the Norwegian Central Securities Depository, *Verdipapirsentralen ASA* (trading as Euronext Securities Oslo) (**Euronext VPS**) or another central securities depository which is properly authorised or recognised by the FSAN as being entitled to register such bonds pursuant to the CSD Act/Regulation (EU) No. 909/2014 (CSDR), 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 substitution assets shall be held in separate accounts for each Cover Pool. Each Register relating to a Cover Pool must at all times contain detailed up-to-date 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. Registration of such information 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 no. 2 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 856,100) 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 Legislation, the Cover Pool for covered bonds eligible for the label “European Covered Bond (Premium)” (such as the Notes) may only consist of assets which fulfil the requirements set forth in Article 129 of the CRR, 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 substitution assets.

The Mortgages may include residential mortgages or mortgages over other title documents relating to residence (together with the former, **Residential Mortgages**), mortgages over vacation property (which under the Legislation, as a general rule, shall be treated as Residential Mortgages, as well as mortgages over other real property (**Other Property Mortgages** and, together with Residential Mortgages, **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 the European Economic Area (**EEA**).

Public Sector Loans must be either guaranteed or issued by governmental bodies which must meet certain requirements under Article 129 of the CRR.

The main portion of the Cover Pool shall be represented by a certain type of primary cover asset (**Primary Asset**), i.e., the Cover Pool shall primarily consist of one certain category of receivables, e.g., Residential Mortgages, Other Property Mortgages or Public Sector Loans, deemed as eligible for inclusion in the Cover Pool and furthermore, substitution assets shall consist of (i) the cover pool liquidity buffer and (ii) other assets eligible for inclusion in the Cover Pool which are not Primary Assets or eligible derivatives contracts.

### **Loan to value ratios (and other restrictions)**

Pursuant to Article 129 of the CRR (as implemented in Norway through the Regulations), when calculating the value of the Cover Pool assets consisting of loans secured by Mortgages, the following loan to value requirements apply:

1. Loans secured by Residential Mortgages shall not exceed 80 per cent. of the value of the relevant property, however, for mortgages over vacation properties the loan shall not exceed 60 per cent. of the value of the relevant vacation property; and
2. Loans secured by Other Property Mortgages shall not exceed 60 per cent. of the value of the relevant 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 calculation of the value of the Cover Pool, consequently, the portion exceeding the relevant ratio may not count towards the 5 per cent. Overcollateralisation requirement (as further described below).

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**

At the date of this Base Prospectus, the Legislation requires that the value of the Cover Pool at all times must exceed by at least 5 per cent. of the aggregate value of covered bonds issued by the Credit Institution (taking into account the effects of relevant derivative contracts). The Ministry of Finance is entitled under the Act to pass regulations stipulating the minimum Overcollateralisation.

The calculation of the value of the Cover Pool assets consisting of loans secured by real estate or other registered assets 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 included in the Cover Pool shall be set by calculating the prudent market value of such assets as further detailed in the Regulations.

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.

### **Liquidity requirements**

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, counterparties under relevant derivative agreements and projected costs related to operating and winding-up of the covered bond programme. The Credit Institution must also establish a cover pool liquidity buffer which shall cover the net outflows over the next 180 days of the relevant covered bond programme. Calculation of the liquidity buffer requirement for covered bonds allowing for maturity extensions may be based on the extended maturity date.

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**). The liquidity buffer requirements set forth in the Act and the LCR Regulation are co-ordinated to avoid covered bond issuers to hold duplicate liquidity buffers, as assets included in the cover pool liquidity buffer may be counted towards the LCR Regulation liquidity requirement.

### **Cover Pool Monitor**

An independent auditor dedicated to monitor the cover pool (**Cover Pool Monitor**) shall be appointed by the Credit Institution issuing covered bonds, and the Credit Institution shall notify the FSNA of who it has appointed. The Cover Pool Monitor is required to, amongst other things, monitor the Register, and shall, at least every three months, review compliance with the Act's provisions relating to the Register, such as requirements related to (i) the composition of the Cover Pool, (ii) overcollateralisation, (iii) liquidity, (iv) registration of information in the Register and (v) investor information.

The Credit Institution is required to give the Cover Pool Monitor all relevant information pertaining to its business. The Cover Pool Monitor must be granted access to the Register, and may also request additional information. The Cover Pool Monitor shall determine if the requirements of the Act are complied with. Furthermore, the Cover Pool Monitor shall report its observations and assessments to the FSAN on a regular basis.

A Credit Institution's external auditor cannot act as Cover Pool Monitor. However, transitional provisions have been passed which allow a Credit Institution to appoint its external auditor to act as Cover Pool Monitor until 31 December 2022.

### **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 entails that the institution's former governing bodies are replaced by an administration board (the **Board**) which assumes control over the institution. The Board will halt the operations and activities of the institutions, and liquidate the institution and distribute its assets to the creditors in accordance with ordinary bankruptcy rules and subject to the provisions on preferential rights to the Cover Pool.

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.

### **Maturity extensions**

Pursuant to the Legislation, a Credit Institution is permitted to include conditions in the terms of a covered bond stating that repayment can be postponed in certain circumstances. A Credit Institution will only be allowed to extend the maturity of covered bonds if it has received approval from the FSNA to extend the maturity of covered bonds as a result of (i) either (A) there being, in the opinion of the FSNA, both (1) reason to assume that the Credit Institution will be placed under resolution in the near future and (2) no reasonable prospect that any other action would prevent the Credit Institution from failing or (B) the Ministry of Finance having resolved to place the Credit Institution under resolution or public administration proceedings and (ii) there being, in the opinion of the FSNA, a reasonable prospect that the Credit Institution obligations will be met within 12 months, provided that in each case such maturity extension is only allowed if it does not affect the order of priority of the covered bond investors.”

(b) The following parts of the section of the Base Prospectus headed “*Applicable Final Terms*” are updated

(i) The item 9 in the section headed “*Applicable Final Terms*” commencing on page 84 of the Base Prospectus shall be deleted and replaced with the following:

“(a) Statutory Extended Final Maturity [Applicable]/[Not Applicable]

(b) Statutory Extended Final Maturity Date: [[*Fixed Rate – specify date/Floating Rate – Interest Payment Date falling in or nearest to [specify month and year]; in each case falling 12 months after the Maturity Date*]]/[Not Applicable]”

(ii) The item 16.(vi) entitled “*Reference Rate and relevant financial centre*” in the section headed “*Applicable Final Terms*” commencing on page 84 of the Base Prospectus shall be deleted and replaced with the following:

“Reference Rate and relevant financial centre: Reference Rate: [●] month [currency] [EURIBOR]/[NIBOR]/[CIBOR]/[CITA]/[STIBOR]/[Compounded Daily SONIA]/[SARON Compounded]

Relevant financial centre: [London]/[Brussels]/[Oslo]/[Copenhagen]/ [Zurich]”

(c) The following parts of the section of the Base Prospectus headed “*Terms and Conditions of the Ordinary Notes*” are updated

(i) The first paragraph of Condition 2(b) (*Overcollateralisation*) commencing on page 97 of the Base Prospectus shall be deleted and replaced with the following:

“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 105 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**).”

- (ii) The following new Condition is added at 3(d) after the Condition 3(c) (*Accrual of Interest*) commencing on page 113 of the Base Prospectus and the Conditions are re-numbered accordingly

“(d) *Interest Rate and Payments from the Maturity Date in the event of extension of maturity of a Series of Ordinary Notes*

- (i) If Statutory Extended Final Maturity is specified as applicable in the Final Terms for a Series of Ordinary Notes and the Issuer has both (i) received approval from the FSAN to extend the maturity of the Ordinary Notes by 12 months (a **Statutory Maturity Extension Approval**) and (ii) failed to pay the Final Redemption Amount in full on the Maturity Date specified in the applicable Final Terms, each Ordinary Note shall bear interest in accordance with this Condition 3(d)(i) on its outstanding nominal amount from (and including) the Maturity Date to (but excluding) the earlier of the Interest Payment Date upon which the Ordinary Notes are redeemed in full and the Statutory Extended Final Maturity Date, subject to Condition 3(c). In such circumstances, the Rate of Interest for any Interest Period falling after the Maturity Date, and the amount of interest payable on each Interest Payment Date in respect of such Interest Period, shall be determined by the Principal Paying Agent (or such other party responsible for calculating the Rate of Interest, as specified in the applicable Final Terms) in accordance with (i) if the applicable Final Terms specify that "Fixed Rate Note Provisions" are applicable for the period from (but excluding) the Maturity Date to (and including) the Statutory Extended Final Maturity Date, Condition 3(a) *mutatis mutandis* or (ii) if the applicable Final Terms specify that "Floating Rate Note Provisions" are applicable for the period from (but excluding) the Maturity Date to (and including) the Statutory Extended Final Maturity Date, Condition 3(b) *mutatis mutandis*, as applicable, and (in each case) the applicable Final Terms.
- (ii) This Condition 3(d) shall only apply to a Series of Ordinary Notes if (i) Statutory Extended Final Maturity is specified as applicable in the applicable Final Terms, and (ii) the Issuer has both (A) received a Statutory Maturity Extension Approval in respect of such Notes and (B) failed to pay the Final Redemption Amount in full on the Maturity Date, and in such circumstances the maturity of such Ordinary Notes will be automatically extended to the Statutory Extended Maturity Date in accordance with Condition 5(a).”
- (iii) The Condition 4(h) (Partial Payment) commencing on page 120 of the Base Prospectus shall be deleted in its entirety and the Conditions are re-numbered accordingly
- (iv) The entire Condition 5(a) (Redemption at maturity) shall be deleted and replaced with the following:

“(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 Ordinary Note) specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms, subject as provided in the next paragraph.

If a Statutory Extended Final Maturity Date is specified in the Final Terms for a Series of Ordinary Notes and the Issuer has both (i) received a Statutory Maturity Extension Approval and (ii) failed to pay the Final Redemption Amount in full on the Maturity Date specified in the Final Terms, then (subject as provided below) the Issuer's obligation to pay any part of the Final Redemption Amount not paid by the Issuer on the Maturity Date shall be deferred until the Statutory 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 Statutory 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.

If, where Statutory Extended Final Maturity is specified as being applicable in the applicable Final Terms, a Statutory Maturity Extension Approval is received, the Issuer shall give notice of such approval to the Ordinary Noteholders no later than on the Maturity Date (provided, however, that any failure by the Issuer to give such notice shall not in any event affect the validity or effectiveness of the extension of maturity or give any Noteholder or Couponholder any right to receive any payment of interest, principal or otherwise with respect to the relevant Notes other than as provided for in these Conditions).

Where the applicable Final Terms for a relevant Series of Ordinary Notes provides that Statutory Extended Final Maturity is applicable and the Issuer has received a Statutory Maturity Extension Approval, a failure by the Issuer to pay the Final Redemption Amount in full on the Maturity Date shall not constitute a default in payment."

- (v) The definition of "EONIA" and a reference to it in the definition of "Reference Rate" shall be deleted from Condition 17 (*Definitions*) commencing on page 131 of the Base Prospectus
- (vi) The definition of "*Extended Final Maturity Date*" included in Condition 17 (*Definitions*) commencing on page 131 of the Base Prospectus shall be re-titled to "*Statutory Extended Final Maturity Date*" and shall be moved after a definition of "*SONIA*".
- (vii) The following definition shall be inserted after a definition of "*Statutory Extended Final Maturity Date*" in Condition 17 (*Definitions*) commencing on page 131 of the Base Prospectus:

**"Statutory Maturity Extension Approval** has the meaning given to in Condition 3(d)(i);"

- (d) The following parts of the section of the Base Prospectus headed "*Terms and Conditions of the VPS Notes*" are updated

- (i) The first paragraph of Condition 2(b) (*Overcollateralisation*) commencing on page 135 of the Base Prospectus shall be deleted and replaced with the following:

"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 105 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**).”

- (ii) The following new Condition is added at 3(d) after the Condition 3(c) (*Accrual of Interest*) commencing on page 142 of the Base Prospectus and the Conditions are re-numbered accordingly

*“Interest Rate and Payments from the Maturity Date in the event of extension of maturity of a Series of VPS Notes*

- (i) If Statutory Extended Final Maturity is specified as applicable in the Final Terms for a Series of VPS Notes and the Issuer has both (i) received approval from the FSAN to extend the maturity of the VPS Notes by 12 months (a **Statutory Maturity Extension Approval**) and (ii) failed to pay the Final Redemption Amount in full on the Maturity Date specified in the applicable Final Terms, each VPS Note shall bear interest in accordance with this Condition 3(d) on its outstanding nominal amount from (and including) the Maturity Date to (but excluding) the earlier of the Interest Payment Date upon which the Ordinary Notes are redeemed in full and the Statutory Extended Final Maturity Date, subject to Condition 3(c). In such circumstances, the Rate of Interest for any Interest Period falling after the Maturity Date, and the amount of interest payable on each Interest Payment Date in respect of such Interest Period, shall be determined by the Calculation Agent in accordance with (i) if the applicable Final Terms specify that "Fixed Rate Note Provisions" are applicable for the period from (but excluding) the Maturity Date to (and including) the Statutory Extended Final Maturity Date, Condition 3(a) *mutatis mutandis* or (ii) if the applicable Final Terms specify that "Floating Rate Note Provisions" are applicable for the period from (but excluding) the Maturity Date to (and including) the Statutory Extended Final Maturity Date, Condition 3(b) *mutatis mutandis*, as applicable, and (in each case) the applicable Final Terms.
- (ii) This Condition 3(d) shall only apply to a Series of VPS Notes if (i) Statutory Extended Final Maturity is specified as applicable in the applicable Final Terms, and (ii) the Issuer has both (A) received a Statutory Maturity Extension Approval in respect of such Notes and (B) failed to pay the Final Redemption Amount in full on the Maturity Date, and in such circumstances the maturity of such VPS Notes will be automatically extended to the Statutory Extended Maturity Date in accordance with Condition 5(a).”
- (iii) The Condition 4(e) (Partial Payment) commencing on page 148 of the Base Prospectus shall be deleted in its entirety and the Conditions are re-numbered accordingly
- (iv) The entire Condition 5(a) (Redemption at maturity) shall be deleted and replaced with the following:

*“(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 VPS Note) specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms, subject as provided in the next paragraph.

If a Statutory Extended Final Maturity Date is specified in the Final Terms for a Series of VPS Notes and the Issuer has both (i) received a Statutory Maturity Extension Approval and (ii) failed to pay the Final Redemption Amount in full on the Maturity Date specified in the Final Terms, then (subject as provided below) the Issuer's obligation to pay any part of the Final Redemption Amount not paid by the Issuer on the Maturity Date shall be deferred until the Statutory 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 Statutory 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 shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party under the Notes.

If, where Statutory Extended Final Maturity is specified as being applicable in the applicable Final Terms, a Statutory Maturity Extension Approval is received, the Issuer shall give notice of such approval to the VPS Noteholders no later than on the Maturity Date (provided, however, that any failure by the Issuer to give such notice shall not in any event affect the validity or effectiveness of the extension of maturity or give any VPS Noteholder any right to receive any payment of interest, principal or otherwise with respect to the relevant VPS Notes other than as provided for in these Conditions).

Where the applicable Final Terms for a relevant Series of VPS Notes provides that a Statutory Extended Final Maturity is applicable and the Issuer has received a Statutory Maturity Extension Approval, a failure by the Issuer to pay the Final Redemption Amount in full on the Maturity Date shall not constitute a default in payment.”

- (v) The definition of “EONIA” and a reference to it in the definition of “Reference Rate” shall be deleted from Condition 15 (*Definitions*) commencing on page 156 of the Base Prospectus
- (vi) The definition of “*Extended Final Maturity Date*” included in Condition 15 (*Definitions*) commencing on page 156 of the Base Prospectus shall be re-titled to “*Statutory Extended Final Maturity Date*” and shall be moved after a definition of “*Specified Time*”.
- (vii) The following definition shall be inserted after a definition of “*Statutory Extended Final Maturity Date*” in Condition 15 (*Definitions*) commencing on page 156 of the Base Prospectus:

“**Statutory Maturity Extension Approval** has the meaning given to in Condition 3(d)(i);”

- (e) The following parts of the Base Prospectus are updated
  - (i) All of the references in the Base Prospectus to Citibank, N.A. as a **Calculation Agent** shall be deleted and replaced with the references to Citibank, N.A., London Branch
  - (ii) All of the references in the Base Prospectus to Citibank, N.A. as a **Transfer Agent** shall be deleted and replaced with the references to Citibank, N.A., London Branch
  - (iii) Paragraph 1 on page (ii) of the Prospectus shall be deleted in its entirety and replaced with the following:

“Amounts payable on Floating Rate Notes will be calculated by reference to one of EURIBOR, NIBOR, CIBOR, CITA, STIBOR, SARON or SONIA as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrators of EURIBOR, CIBOR, NIBOR, and SARON 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, (i) the administrator of SONIA (Bank of England) is not included in the ESMA's register of administrators under Article 36 as the Bank of England, pursuant to the Benchmarks Regulation Article 2, is exempted from its scope and by extension the authorisation requirement therein and (ii) the Swedish Financial Benchmark Facility AB (as administrator of STIBOR) applied for authorisation in accordance with the Benchmarks Regulation Article 24 on 27 December 2021 and STIBOR may continue to be used during the authorisation process unless and until such authorisation is refused.”

- (iv) The last paragraph of the sub-section entitled “*The Norwegian Government Pension Fund Global*” in the section headed “*The Norwegian economy, housing and Mortgage Loan markets*” commencing on page 62 of the Base Prospectus shall be deleted in its entirety and replaced with the following:

“As of 31 December 2021, the market value of the Fund was approximately NOK 12,340 billion (approximately €1235 billion and U.S. \$1,400 billion at spot exchange rates on December 31, 2021), 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 357 per cent. of GDP (mainland Norway) at year-end 2021.”

- (v) The entire sub-section entitled “*National currency*” in the section headed “*The Norwegian economy, housing and Mortgage Loan markets*” commencing on page 62 of the Base Prospectus shall be deleted and replaced with the following:

“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 (*in Norwegian: foliorente*), at which commercial and savings banks can place funds, up to a volume limit, at the central bank. The negative effects of the COVID-19 pandemic tapered off and the Norwegian economy recovered to an extent, although ongoing disruptions to supply chains and increased commodity prices have resulted in increased concerns regarding rates of inflation. As a result, the one-day deposit rate was increased by 0.50 per cent. in June 2022 from 0.75 per cent., bringing the current rate to 1.25 per cent..”

- (vi) The seventh paragraph of the sub-section entitled “*Credit Growth*” in the section headed “*The Norwegian economy, housing and Mortgage Loan markets*” commencing on page 62 of the Base Prospectus shall be deleted in its entirety and replaced with the following:

“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 reversed in March 2020 with the Covid-19 pandemic, with historic deep cuts in the policy rate to zero. Since September 2021, the policy rate has been increased four times to 1.25 per cent as of June 2022.”

- (vii) The Condition 3(b)(ii)(A) included in the section headed “*Terms and Conditions of the Ordinary Notes*” commencing on page 94 of the Base Prospectus shall be deleted in its entirety and replaced with the following:

“(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:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) 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.

Notwithstanding anything in the ISDA Definitions to the contrary, the Principal Paying Agent or Citibank, N.A., London Branch (in its capacity as Calculation Agent, if so appointed) will have no obligation to exercise any discretion (including, but not limited to, determinations of alternative or substitute benchmarks, successor reference rates, screen pages, interest adjustment factors/fractions or spreads, market disruptions, benchmark amendment conforming changes or selection and polling of reference banks) and, to the extent the ISDA Definitions requires the Principal Paying Agent or Citibank, N.A., London Branch (in its capacity as Calculation Agent, if so appointed) to exercise any such discretions and/or make such determinations and/or take such actions, such references shall be construed as the Issuer (or its financial adviser or alternate agent appointed by the Issuer) exercising such discretions and/or determinations and/or taking such actions and not the Calculation Agent.

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

## **General**

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements referred to in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

This Supplement can be viewed online at <https://spabol.sparebank1.no/programme-documents?hsLang=en> and will be published on the website of the Irish Stock Exchange plc trading as Euronext Dublin. No other part of the Issuer's website forms a part of, or is incorporated into, this Supplement. Any documents themselves incorporated by reference in the documents incorporated by reference in this Supplement shall not form part of this Supplement.

The date of this Supplement is 3 August 2022.