



**SPAREBANK 1 BOLIGKREDITT AS**  
(incorporated with limited liability in Norway)

**€35,000,000,000**

**Euro Medium Term Covered Note (Premium) Programme**

Under this €35 billion Euro Medium Term Covered Note (Premium) Programme (the **Programme**) SpareBank 1 Boligkredit AS (the **Issuer**) may from time to time issue covered notes (premium) (*obligasjoner med fortrinnsrett (premium)*) (**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 Depository, Verdipapirsentralen ASA, (trading as Euronext Securities Oslo) (**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](http://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**), in compliance with applicable securities laws.

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*").

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 in the UK 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 and have not been withdrawn. 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 EURIBOR, NIBOR, CIBOR, CITA, STIBOR, SARON, €STR or SONIA as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrators of EURIBOR, CIBOR, NIBOR, STIBOR, €STR 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, 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.

**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 26 March 2024.

**ARRANGER**

**HSBC**

**DEALERS**

**BARCLAYS  
COMMERZBANK  
DEUTSCHE BANK  
NATIXIS**

**BNP PARIBAS  
CREDIT AGRICOLE CIB  
HSBC**

**CITIGROUP  
DANSKE BANK  
ING  
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.

An investment in the Notes involves a reliance on the creditworthiness of the Issuer only and not that of any Shareholder Banks or 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, the Shareholder Banks, the Arranger or any of the Dealers 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. 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 for the account or benefit of 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.

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

**Notes issued as Green Notes** (as defined in the "*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*" risk factor below) – None of the Arranger, the Dealers, the Principal Paying Agent, the Transfer Agent, the Registrar nor any of their respective affiliates accepts any responsibility for any assessment of any Notes issued as Green Notes or makes any representation or warranty or gives any assurance as to whether such Notes will meet any investor expectations or requirements regarding such "green" or "sustainable" or similar labels. None of the Arranger, the Dealers, the Principal Paying Agent, the Transfer Agent, the Registrar nor any of their respective affiliates have undertaken, nor are they responsible for, any assessment of the Green Mortgage Loans (as defined in the "*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*" risk factor below), any verification of whether the Green Mortgage Loans meet any eligibility criteria set out in the Issuer's green notes framework (as may be defined in the applicable Final Terms) nor are they responsible for the use of proceeds (or amounts equal thereto) for any Notes issued as Green Notes, nor the impact or monitoring of such use of proceeds or the allocation of the proceeds to particular eligible projects and assets. The Issuer's green notes framework, together with a second party opinion relating to the framework, can be found on the Issuer's website at: <https://spabol.sparebank1.no/green-bonds> but, for the avoidance of doubt, will not be incorporated by reference into this Base Prospectus. None of the Arranger, Dealers, the Principal Paying Agent, the Transfer Agent, the Registrar nor any of their respective affiliates make any representation as to the suitability or content of such materials.

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*".

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 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 in the UK 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 in the UK 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 in the UK by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law in the UK 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 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 II 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 II 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"*.

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.

## **IMPORTANT NOTICE**

**NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.**

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 federal securities laws.

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.

To be eligible to view the Base Prospectus or make an investment decision with respect to the Notes described herein, investors must be non-U.S. persons purchasing in offshore transactions (as defined in Regulation S) 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 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.

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.



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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 "*Description of the Issuer's Business*" and "*Management of the Issuer*" below.

Issuer Legal Entity Identifier (LEI): 549300M6HRHPF3NQB83

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 (as defined in "*Description of Obligations of the Shareholder Banks, the Shareholders' Agreement*" below), each of the Shareholders (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. The names of the current Shareholder Banks are set out below.

A Shareholder Bank may resign from the Shareholders' Agreement or have its shareholder status terminated, in each case in accordance with the terms of the Shareholders' Agreement.

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 Notes generally*" below.

For further details of the Shareholders' Agreement see "*Description of Obligations of the Shareholder Banks, the Shareholders' Agreement*" below.

Shareholder Banks (listed in order of shareholding size):

SpareBank 1 SMN

SpareBank 1 Østlandet  
SpareBank 1 Nord-Norge  
SpareBank 1 Sørøst-Norge  
BN Bank ASA  
SpareBank 1 Østfold Akershus  
SpareBank 1 Ringerike Hadeland  
SpareBank 1 Nordmøre  
SpareBank 1 Helgeland  
SpareBank 1 Gudbrandsdal  
SpareBank 1 Hallingdal Valdres  
SpareBank 1 Lom og Skjåk

Originators:

The Shareholder 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:

Euro Medium Term Covered Note Programme

Arranger:

HSBC Bank plc

Dealers:

Barclays Bank Ireland PLC  
BNP Paribas  
Citigroup Global Markets Europe AG  
Commerzbank Aktiengesellschaft  
Crédit Agricole Corporate and Investment Bank  
Danske Bank A/S  
Deutsche Bank Aktiengesellschaft  
HSBC Bank plc  
HSBC Continental Europe  
ING Bank N.V.

Natixis  
UniCredit Bank GmbH

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*"), 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*".

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:**

Citibank Europe PLC, Germany Branch

**Principal Paying Agent and Paying Agent:**

Citibank, N.A., London Branch

**Transfer Agent:**

Citibank, N.A., London branch

**Calculation Agent:**

Citibank, N.A., London branch

**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(h) of the Ordinary Notes and Condition 4(e) 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:	<p>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 "<i>Form of the Notes</i>".</p> <p>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.</p> <p>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.</p> <p>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 Depositories 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 Depositories.</p> <p>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.</p> <p>Registered Global Notes will be exchangeable for Registered Definitive Notes in the limited circumstances set out in the "<i>Form of the Notes</i>" below.</p> <p>Bearer Global Notes will be exchangeable for Bearer Definitive Notes in the limited circumstances set out in the "<i>Form of the Notes</i>" below.</p>
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 and indicated in the applicable Final Terms.

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(e) for further information.

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.

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.

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).

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).

**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 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**). The Notes and any other covered bonds (premium) 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. At the date of this Base Prospectus, the Regulations require the Issuer to ensure a minimum Overcollateralisation in the Cover Pool of 5 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 – Risks 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:

This Base Prospectus has been approved as a base prospectus by the Central Bank of Ireland, as competent authority under 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.

Application has also been made to Euronext Dublin for Ordinary 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 and to trading on the Euronext Dublin Regulated Market. 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, any regulations passed under the CSD Act and the rules and procedures of Euronext VPS, in each case as amended or replaced from time to time. The holders of VPS Notes will be entitled to the rights and subject to the obligations and liabilities which arise under the CSD Act and any related regulations and liabilities.

**Clearing Systems:**

Euroclear, Clearstream, Luxembourg 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*".

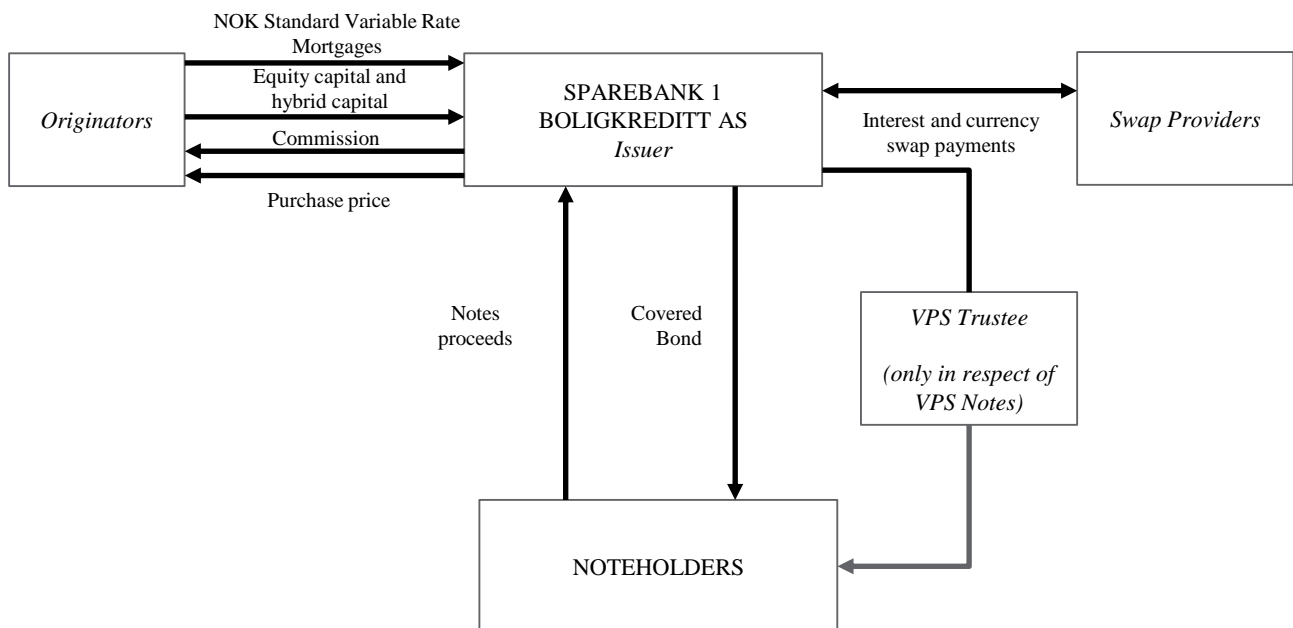
United States Selling Restrictions:

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 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.

## 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 substitution assets which mainly consist of Norwegian government T-Bills, government bonds and/or covered bonds from the Nordic countries and Germany. The substitution 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 accrued interest not yet paid) 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. As at the date of this Base Prospectus, the Regulations require the Issuer to ensure a minimum Overcollateralisation in the Cover Pool of 5 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 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.

Market turmoil caused by economic or policy factors, including (amongst other things) persistent high inflation, slowing economic growth, wars and armed conflicts, the prospect of interest rate changes from central banks, monetary policy, the effects of contagious diseases with human-to-human airborne or contact propagation effects (such as the coronavirus (Covid-19) pandemic or its new strains) and reduced vaccine efficacy to those, as well as political elections' results in various countries may cause increased volatility in financial markets and may make it more difficult (or more expensive) for the Issuer to access the market when required. This could adversely impact the Issuer's ability to pay amounts due under the 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 investor confidence in (and the competitive position of) the Issuer, potentially trigger obligations under certain 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.

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.

*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, particularly among residential mortgage borrowers, 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. During 2022 and 2023, mortgage interest rates have increased substantially compared to previous levels, which has led to a significantly higher financial burden, and a material reduction of disposable income, for residential mortgage borrowers with floating interest rates, especially for those who have taken on high levels of debt.

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.

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.

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. A decline in residential real estate prices may also affect the Borrower's ability to generate new loans and replenish the cover pool if transactional activity substantially declines. A substantial decline may make market access more difficult as it could be perceived that borrowers are also more likely to default and



that because the loan to value metric for the cover pool rises in a substantial decline scenario, loss given default may also be assessed to be materially higher, adversely affecting the Issuer's market access.

*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 for 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, 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. A decrease in the demand for the Originators' mortgage loans may 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 remains substantially compliant 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 by selling assets in the Cover Pool, issuing new Notes or 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 size 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 and not replaced, 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.

#### *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 its 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.

#### *Failure to comply 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 to comply with data protection and privacy laws*

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 consider the detailed information set out in this Base Prospectus and reach their own views prior to making any investment decision.

### **Risks 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*

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.

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.

*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.

No assurance is given by the Issuer, the Arranger or the Dealers nor any of their respective affiliates 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). Neither the Principal Paying Agent, the Transfer Agent, the Registrar, the Arranger, any Dealer nor any of their respective affiliates shall be responsible for the ongoing monitoring of the use of proceeds in respect of any such Green Notes. Prospective investors should consult with their legal and other advisers before making an investment in any such Green Notes and must determine for themselves the relevance of the information set out in this Base Prospectus and the applicable Final Terms for the purpose of any investment in such Green Notes together with any other investigation such investor deems necessary.

It should be noted that the definition (legal, regulatory or otherwise) of, or market consensus as to what constitutes or may be classified as, a "green", "sustainable", "social" or equivalently-labelled project or investment that may finance such project is evolving. No assurance can be given that a clear definition, consensus or label will develop over time or that, if it does, any Green Notes will comply with such definition, market consensus or label. In addition, no assurance can be given by the Issuer, the Principal Paying Agent, the Transfer Agent, the Registrar, the Arranger, any Dealer or any other person to investors that any Green Notes will comply with any future standards or requirements regarding any "green", "social", "environmental", "sustainable" or other equivalently-labelled performance objectives, including Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the so called **EU Taxonomy Regulation** including the supplemental delegated regulations related thereto) or Regulation (EU) 2020/852 as it forms part of domestic law in the UK by virtue of the EUWA), and, accordingly, the status of any Notes as being "green", "social", "sustainable" (or equivalent) could be withdrawn at any time.

No assurance or representation is given by the Issuer, the Arranger, any Dealer or any other person as to the suitability or reliability for any purpose whatsoever of any opinion, report 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, report or certification is not, nor shall it be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion, report 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, report or certification is only current as of the date that opinion, report or certification was initially issued and the criteria and/or considerations that underlie such opinion, report or certification provider may change at any time. Prospective investors must determine for themselves the relevance of any such opinion, report or certification and/or the information contained therein and/or the provider of such opinion, report or certification for the purpose of any investment in such Green Notes. Currently, the providers of such opinions, reports and certifications are not subject to any specific regulatory or other regime or oversight. Investors in such Green Notes shall have no recourse against the Issuer, the Arranger, the Dealers or the provider of any such opinion, report or certification for the contents of any such opinion, report or certification.

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, the Arranger, the Dealers 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. No representation or assurance is given or made by the Issuer, the Arranger, the Dealers 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 (or an amount equivalent to such 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 such proceeds will be totally or partially disbursed for such Green Mortgage Loans. Nor can there be any assurance that such Green Mortgage Loans will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an event of default or enforcement event under the Green Notes or otherwise result in the Green Notes being redeemed prior to their maturity date.

Any such event or failure to apply the proceeds of any issue of Notes for any Green Mortgage Loans as mentioned in the previous paragraph and/or withdrawal of any opinion, report or certification as described above, or any such opinion, report or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion, report 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.

#### **Risks 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 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). According to the Issuer's current credit policy, only Mortgage Loans below 75 per cent. of prudent market value may be accepted into the Cover Pool. This may be increased to 80 per cent. if the Issuer's credit policy is amended. No such amendments have been suggested at the time of this Base Prospectus. 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.

### *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 the date of this Base Prospectus, 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. Valuation of residential property may alternatively be provided by Eiendomsverdi AS, in which case the property value is determined by use of an automated valuation model (AVM). If the value of a mortgaged property declines significantly after the Mortgage Loan has been included in the Cover Pool, this could result in (greater) parts of the Mortgage Loan exceeding the applicable maximum loan-to-value threshold, in which case a lower amount of the Mortgage Loan than at the time of its inclusion in the Cover Pool would be able to count towards the 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.

### *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). As of the date of this Base Prospectus, 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)*".

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) by agreement between the parties thereto, without the consent of the Noteholders and without regard to the interests of Noteholders.

*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 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**). On 27 October 2021, the European Commission proposed to implement Basel IV with effect from 1 January 2025 with transitional arrangements applying until July 2032. On 27 September 2023, the UK's Prudential Regulation Authority announced its intention to implement the Basel IV standards with effect from 1 July 2025 with transitional arrangements applying until 1 January 2030. 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, 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 Article 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 Article 129 of 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 and/or the VPS Notes for investors. 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 the VPS Notes. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

*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 EURIBOR, NIBOR, CIBOR, CITA, STIBOR, SARON, €STR and SONIA) 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 in the UK 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.

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. On 11 May 2021, the euro risk-free rate working group published its

recommendations on EURIBOR fallback trigger events and fallback rates. On 4 December 2023, the group issued its final statement, announcing completion of its mandate.

Separately, in 2019, a Norwegian working group on alternative reference rates in NOK started its work with exploring an alternative reference rate and consequences of a discontinuation of NIBOR. It recommended a modified NOWA (Norwegian Overnight Weighted Average) as the alternative reference rate for NIBOR, which from 1 January 2020 has been administered by the Central Bank of Norway, Norges Bank. The working group continued its work through 2020 by establishing two subgroups comprising a group for market standards and fallback solutions and a group for exploring the establishment of an Overnight Index Swap (OIS) market in NOK. In December 2021, the subgroup on market standards and fallback solutions published a guide on using NOWA in financial contracts and as a fallback solution.

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 or other relevant reference rate and/or any page on which an Original Reference Rate or other relevant 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 the application of an adjustment spread (which could be positive, negative or zero), and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the new benchmark, all as determined by the Issuer (acting in good faith and in consultation with an Independent Adviser) and as more fully described at Condition 3(d). It is possible that the use of a Successor Rate or Alternative Rate, including any adjustment spread may 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. There is also a risk that the relevant fallback provisions may not operate as expected or intended at the relevant time.

Furthermore, in certain circumstances, 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.

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, €STR and SARON 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, €STR or SARON, the Rate of Interest will be determined on the basis of Compounded Daily SONIA or SARON Compounded (as defined in the Terms and Conditions of the Notes).

In each case such rate will differ from European inter-bank offered rate (**EURIBOR**) in a number of material respects, including (without limitation) that a compounded daily rate or weighted average rate is a backwards-looking, risk-free overnight rate. As such, investors should be aware that EURIBOR, SONIA, €STR and SARON 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 or SARON Compounded as a reference rate for Eurobonds 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, €STR or SARON Compounded. The use of €STR 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 €STR. Accordingly, prospective investors in any Notes referencing €STR should be aware that the market continues to develop in relation to €STR as a reference rate in the capital markets and its adoption as an alternative to inter-bank offered rates. For example, in the context of backwards-looking risk free 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' €STR rates (which seek to measure the market's forward expectation of an average €STR over a designated term).

Investors should be aware that the market continues to develop in relation to SONIA, €STR and SARON as a reference rate in the capital markets. In particular, market participants and relevant working groups are currently assessing the differences between compounded rates and weighted average rates and observation methodologies for SONIA (including so-called 'shift', 'lag', and 'lock-out' methodologies), 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 market or a significant part thereof may adopt an application of SONIA, €STR or SARON that differs significantly from that set out in the Terms and Conditions of the Notes as applicable to Notes referencing a SONIA, €STR or SARON rate that are issued under this Base Prospectus. Furthermore, the Issuer may in future issue Notes referencing SONIA, €STR or SARON that differ materially in terms of interest determination when compared with any previous SONIA, €STR or SARON referenced Notes issued by it under the Programme. The nascent development of Compounded Daily SONIA, €STR or SARON Compounded as an interest reference rate for the Eurobond markets, as well as continued development of SONIA, €STR or SARON 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, €STR or SARON referenced Notes issued under the Programme from time to time.

Furthermore, the Rate of Interest on Notes which reference SONIA, €STR or SARON is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors 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, if Notes referencing Compounded Daily SONIA, €STR or SARON Compounded 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, €STR or SARON reference rates in the Eurobond markets may differ materially compared with the application and adoption of SONIA, €STR or SARON in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA, €STR or SARON 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 any such rate.

To the extent the SONIA, €STR or SARON reference rate is not published, 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, €STR or SARON reference rate had been so published in its current form. In addition, use of the may result in the effective application of a fixed rate of interest to the Notes.

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

*Noteholders are facing an exchange rate risk*

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.

## 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.

All references in this document to **U.S. dollars** and **U.S.\$** and **\$** are to United States dollars and all references to **NOK** are to Norwegian kroner. In addition, all references to **Sterling**, **GBP** and **£** refer to pounds sterling and to **euro** and **€** refer to euro.

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. The Issuer believes that the statistics 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. None of the Arranger, the Dealers 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; 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.

## **STABILISATION**

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the Stabilisation Manager(s)) (or persons acting on behalf of any Stabilisation 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 Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation 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 30 August 2007 (pages 40-63 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/924544>;
  - (b) Base Prospectus dated 14 August 2008 (pages 46-73 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/1058841>;
  - (c) Base Prospectus dated 27 August 2009 (pages 47-74 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/1134382>;
  - (d) Base Prospectus dated 18 October 2010 (pages 149-173 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/1208754>;
  - (e) Base Prospectus dated 23 May 2011 (pages 172-198 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/1285886>;
  - (f) Base Prospectus dated 26 June 2012 (pages 157-183 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/1401321>;
  - (g) Base Prospectus dated 16 April 2013 (pages 158-184 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/1757476>;
  - (h) Base Prospectus dated 15 April 2014 (pages 161-188 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/1995381>;
  - (i) Base Prospectus dated 23 April 2015 (pages 166-193 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/2418088>;
  - (j) Base Prospectus dated 10 June 2016 (pages 163-190 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/2854725>;
  - (k) Base Prospectus dated 6 June 2017 (pages 164-191 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/100075705>;
  - (l) Base Prospectus dated 6 June 2018 (pages 167-194 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/100570572>;
  - (m) Base Prospectus dated 10 April 2019 (pages 159-192 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/101000535>;
  - (n) 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](https://ise-prodnr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/legacy/Base+Prospectus_824caac8-8ddb-4cf7-a4dd-5d8e60d786b2.PDF);

- (o) Base Prospectus dated 20 April 2021 (pages 150-183 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](https://ise-prodnr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/legacy/Base+Prospectus_824caac8-8ddb-4cf7-a4dd-5d8e60d786b2.PDF);
  - (p) Base Prospectus dated 26 April 2022 (pages 94-132 inclusive) (which can be viewed online at <https://ise-prodnr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/202204/f94c22e1-ad57-4c37-8380-84147ff193a0.PDF>); and
  - (q) Base Prospectus dated 8 May 2023 (pages 80-122 inclusive) (which can be viewed online at <https://7409757.fs1.hubspotusercontent-na1.net/hubfs/7409757/UKO2-%232006299323-v1%20Sparebank%20CB%20Update%202023%20-%20Base%20Prospectus%20FINAL.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://www.luxse.com/pdf-viewer/924544>;
    - (b) Base Prospectus dated 14 August 2008 (pages 74-94 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/1058841>;
    - (c) Base Prospectus dated 27 August 2009 (pages 75-95 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/1134382>;
    - (d) Base Prospectus dated 18 October 2010 (pages 174-191 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/1208754>;
    - (e) Base Prospectus dated 23 May 2011 (pages 199-218 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/1285886>;
    - (f) Base Prospectus dated 26 June 2012 (pages 184-203 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/1401321>;
    - (g) Base Prospectus dated 16 April 2013 (pages 185-204 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/1757476>;
    - (h) Base Prospectus dated 15 April 2014 (pages 189-209 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/1995381>;
    - (i) Base Prospectus dated 23 April 2015 (pages 194-214 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/2418088>;
    - (j) Base Prospectus dated 10 June 2016 (pages 191-212 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/2854725>;
    - (k) Base Prospectus dated 6 June 2017 (pages 192-213 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/100075705>;
    - (l) Base Prospectus dated 6 June 2018 (pages 195-216 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/100570572>;

- (m) Base Prospectus dated 10 April 2019 (pages 193-219 inclusive) (which can be viewed online at <https://www.luxse.com/pdf-viewer/101000535>;
- (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](https://ise-prodnr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/legacy/Base+Prospectus_824caac8-8ddb-4cf7-a4dd-5d8e60d786b2.PDF);
- (o) Base Prospectus dated 20 April 2021 (pages 184-210 inclusive) (which can be viewed online at [https://f.hubspotusercontent00.net/hubfs/7409757/SpaBol%20-%202021%20CB%20Base%20Prospectus%20\(FINAL\).pdf](https://f.hubspotusercontent00.net/hubfs/7409757/SpaBol%20-%202021%20CB%20Base%20Prospectus%20(FINAL).pdf));
- (p) Base Prospectus dated 26 April 2022 (pages 133-159 inclusive) (which can be viewed online at: <https://7409757.fs1.hubspotusercontent-na1.net/hubfs/7409757/April%202022%20Base%20Prospectus.pdf>); and
- (q) Base Prospectus dated 8 May 2023 (pages 123-149 inclusive) (which can be viewed online at: <https://7409757.fs1.hubspotusercontent-na1.net/hubfs/7409757/UKO2-%232006299323-v1%20Sparebank%20CB%20Update%202023%20-%20Base%20Prospectus%20FINAL.pdf><https://7409757.fs1.hubspotusercontent-na1.net/hubfs/7409757/April 2022 Base Prospectus.pdf>).

- The audited annual financial statements for the Issuer for the year ended 31 December 2023 and approved by the Board of Directors on 15 March 2024, **set out in SpareBank 1 Boligkreditt AS – 2023 Annual Report** (the **2023 Annual Report**) (which can be viewed online at <https://spabol.sparebank1.no/hubfs/docs/Spabol%20Annual%20Rapport%202023%20-%20EN.pdf?hsLang=en>), including the information set out at the following pages:

Income Statement.....	Page 28
Balance Sheet.....	Page 31
Statement of Changes in Equity.....	Page 32
Cash Flow Statement.....	Page 33
Notes to the Accounts.....	Pages 36-73
Auditor's Report.....	Pages 75-77

- The audited financial statements for the Issuer for the year ended 31 December 2022 and approved by the Board of Directors on 22 March 2023, **set out in SpareBank 1 Boligkreditt AS – 2022 Annual Report** (the **2022 Annual Report**) (which can be viewed online at <https://7409757.fs1.hubspotusercontent-na1.net/hubfs/7409757/docs/Spabol%20Annual%20Rapport%202022.pdf>), including the information set out at the following pages:

Income Statement.....	Page 28
Balance Sheet.....	Page 30
Statement of Changes in Equity.....	Page 31
Cash Flow Statement.....	Page 32
Auditor's Report.....	Pages 35-37
Notes to the Accounts.....	Pages 38-76

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, prepare a supplement to this Base Prospectus or publish a new base prospectus for use in connection with any subsequent issue of Notes.

## USE OF PROCEEDS

The net proceeds from each issue of Notes will, unless otherwise specified in the relevant Final Terms, be applied/allocated by the Issuer as follows:

- (a) where "General Business Purposes" is specified in the relevant Final Terms, for its general business purposes; or
- (b) where "Green Notes" is specified in the relevant Final Terms, to finance or re-finance, in whole or in part, Green Loans pursuant to a framework relating to investments in Green Loans or the issuance of Green Notes which at such time has been published by the Issuer and made available on the Issuer's website at: <https://spabol.sparebank1.no/green-bonds> and which is in effect at the time of issuance of the Green Notes (the **Issuer's Green Bond Framework**).

"**Green Loans**" are loans and investments within the Eligible Green Loan categories set out in the Issuer's Green Bond Framework. At the time of this Base Prospectus, there is a single Eligible Green Loan category which covers loans, credits and investments to finance and refinance residential buildings in Norway.

Any websites included in the Base Prospectus are for information purposes only and do not form part of the Base Prospectus unless that information is specifically incorporated by reference into the Base Prospectus.

## 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, 4006 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) subject to the exposure limits set out in Article 129 of the CRR (as implemented in Norway through the Regulations) 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 sector and covered bonds for 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.

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.

### 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. While the Issuer is not itself part of the SpareBank 1 Alliance, it benefits to a large extent from its mutual arrangements with the Shareholder Banks, including by way of procurement agreements, running of IT infrastructure and best practice processes.

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

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

Shareholder	Shareholding in Issuer
SpareBank 1 SMN	23,72 %
SpareBank 1 Østlandet	23,45 %
SpareBank 1 Nord-Norge	16,21 %
SpareBank 1 Sørøst-Norge	10,30 %
BN Bank ASA	6,76 %
SpareBank 1 Østfold Akershus	4,66 %
SpareBank 1 Ringerike Hadeland	4,46 %
SpareBank 1 Nordmøre	3,36 %
SpareBank 1 Helgeland	3,12 %
SpareBank 1 Gudbrandsdal	1,59 %
SpareBank 1 Hallingdal Valdres	1,43 %

SpareBank 1 Lom og Skjåk  
**Total**

0,94 %  
**100%**

On 26 April 2023 Sparebanken Sogn og Fjordane announced an agreement to become a part of the SpareBank 1 Alliance. Sparebanken Sogn og Fjordane has a wholly owned covered bond issuing subsidiary, Bustadkreditt Sogn og Fjordane AS, with total assets of NOK 28 billion as of 31 December 2022. The formal incorporation of Sparebanken Sogn og Fjordane into the SpareBank 1 Alliance is subject to approval by the Norwegian FSA, with such approval expected to be received in 2024. As at the time of this Base Prospectus there has been no decision made on integration of the activities of Bustadkreditt Sogn og Fjordane with the activities of the Issuer.

SpareBank 1 Sørøst-Norge announced 26 October 2023 that it will merge with SpareBank 1 SR-Bank ASA. SpareBank 1 SR-Bank ASA have its own covered bond issuing subsidiary, SR-Boligkreditt. It is expected that SpareBank 1 Sørøst-Norge over the next coming years will reduce its transferred volume of mortgages to the Issuer gradually, in line with issued covered bonds maturing.

*SpareBank 1 Østlandet announced on 2 January 2024 that it will merge with Totens Sparebank. Totens Sparebanken has a total balance as of 30.09.23 of about 22 billion NOK, including about 4 billion in its 100% owned covered bond entity Totens Boligkreditt. Totens Sparebank has an additional 4 billion NOK transferred to Eika Boligkreditt. In comparison SpareBank 1 Østlandet as pr 31.12.23 had total assets of 176 billion NOK, excluding more than 60 billion NOK transferred mainly to the Issuer, and a smaller amount (between 1 and 2 billion NOK) to SpareBank 1 Næringskreditt.*

*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 Obligations of the Shareholder Banks, the Shareholders' Agreement – Shareholders' 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.

The business purchases a significant amount of its support functions from SpareBank 1 SMN, such as accounting, human resources and finance related back-office functions. IT related functions, procurement services and data warehouse facilities (amongst other things) are purchased from SpareBank 1 Utvikling DA, an entity set up by the SpareBank 1 Alliance to benefit all SpareBank 1 banks (and entities owned by them).

#### *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 is available on the Issuer's website under the area of "*Cover Pool Statistics*": <https://spabol.sparebank1.no/coverpool?hsLang=en>. This reporting, which includes further details on issued covered bonds, is updated quarterly and is also available in the format of the Covered Bond Label's Harmonized Transparency Template (HTT). The Issuer is a member of the Covered Bond Label, an initiative by the European Mortgage Federation which increase transparency in the covered bond market. 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 2023 are set out in the 2023 Annual Report. The audited financial statements for the Issuer for the year ended 31 December 2022 are set out in the 2022 Annual Report. See also "*Documents Incorporated by Reference*".

### *Ratings*

As of the date of this Base Prospectus, the Issuer has been assigned an AA3 issuer rating by Moody's. The issued covered bonds all have the Aaa rating from the same rating agency.



## 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:

<b>Name</b>	<b>Position</b>
Arve Austestad	Managing Director
Steven Simonsen	Director, Chief Legal Officer
Petter Gravås	Director, Risk and Operations
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:

<b>Name</b>	<b>Position</b>
Bengt Olsen (Chair)	CFO, SpareBank 1 Nord-Norge
Geir-Egil Bolstad (Deputy Chair)	CFO, SpareBank 1 Østlandet
Merete N. Kristiansen	CEO, Akvaplan-niva AS
Heidi C Aas Larsen	Partner, Tenden Advokatfirma
Trond Søråas	CFO, SpareBank 1 SMN
Allan Troelsen	CEO, SpareBank 1 Nordmøre
Steinar Enge	CFO, BN Bank

all of whom are Board members.

- Nelly Maske, Kari Gisnå, Lasse Hagerupsen and Bjørn Rune Rindal 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.

### ***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.

### ***Cover Pool Monitor***

An independent auditor dedicated to monitor the cover pool (**Cover Pool Monitor**) has been appointed by the Issuer, and the Issuer has notified the FSAN of their appointment.

The Cover Pool Monitor appointed is Deloitte AS and they are 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.

## MORTGAGE ORIGATION, 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 TietoEvry. 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. At the time of this Base Prospectus, fixed rate Mortgage Loans may not be transferred to the Issuer for inclusion in the Cover Pool. Such fixed rate Mortgage Loans can – at a later date - become Eligible Loans, if the credit policy of the Issuer is adjusted to include fixed rate Mortgage Loans.

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, 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.

## 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.

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. Following mortgages submitted in physical form for registration in the Norwegian Mapping Authority's land registry, the transfer of the mortgage to the Issuer is duly perfected upon the customer being notified of the transfer. Accordingly, there is no requirement that the Issuer be registered as new mortgagee in the Norwegian Mapping Authority's land registry to obtain legal perfection. For mortgages electronically submitted for registration in the Norwegian Mapping Authority's land registry, the transferred mortgages will also be registered in the Issuer's name in the land registry to satisfy Norwegian perfection requirements. The consent of the customer is not required for the transfer of Mortgage Loans.

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 (TietoEvry ASA). TietoEvry 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, TietoEvry ASA. TietoEvry 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 in respect of transferred Mortgage Loans are managed on behalf of the Issuer by the relevant Originator in accordance with procedures that meet the requirements set out under Norwegian law. The arrears procedure is in accordance with the servicing banks' own procedures.

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 2020, (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 893,900) 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, according to its credit policy, 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.

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 Cover Pool Monitor (as defined below) appointed by the Issuer. Neither external nor internal auditor of the Issuer can act as Cover Pool Monitor.

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).

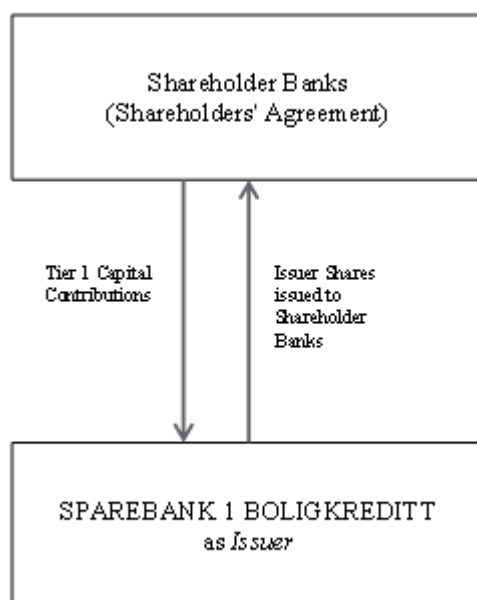
The Cover Pool Monitor shall report to the Board of Directors and the FSAN on an annual basis, however, if the Cover Pool Monitor has reasonable grounds to believe that the Cover Pool is not compliant with applicable provisions, it shall report its findings to the Board of Directors and the FSAN as soon 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.

## DESCRIPTION OF OBLIGATIONS OF THE SHAREHOLDER BANKS, THE SHAREHOLDERS' AGREEMENT

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

### 1. Overview of the obligations of the Shareholder Banks under the Shareholders' Agreement



The Shareholders' Agreement (described in further detail below) require each Shareholder Bank 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 "*Description of Obligations of the Shareholder Banks, the Shareholders' Agreement – Shareholders' Agreement*"). 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.

*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 "*Description of the Issuer's Business*", "*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.

### 2. 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 (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 (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 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 shall, so far as it relates to that Shareholder Bank, also terminate with effect on the same date, subject to and in accordance with its 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'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) the 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 Banks by the Issuer (including the approval of such purchase).
- The relationship between the Issuer and the Shareholder Banks 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 Notes generally*" above.



## 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)" (*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 893,900) 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)" (*obligasjoner med fortrinnsrett (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 FSAN 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 internal or external auditor cannot act as Cover Pool Monitor.

### **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 FSAN to extend the maturity of covered bonds as a result of (i) either (A) there being, in the opinion of the FSAN, 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 FSAN, a reasonable prospect that the Credit Institution's 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.

## 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.

The Notes will be issued outside the United States in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S under the Securities Act (**Regulation S**).

### **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 SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**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.

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 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 the 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 clearing system is available, (ii) 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 (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 Global Notes and Bearer Definitive Notes will be issued pursuant to the Agency Agreement.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes), receipts and interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"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 will initially be represented by a global note in registered form (a **Registered Global Note**).

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, 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 (ii) 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.

### **Transfer of Interests**

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 Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

### **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 Norwegian Central Securities Depositories Act of 15 March 2019 no. 6 (the CSD Act), which implements Regulation (EU) no. 909/2014 (**CSDR**) into Norwegian law, any regulations passed under the CSD Act and the rules and procedures of Euronext VPS, in each case as amended or replaced 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 which are different from the common code and ISIN 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 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 intraday 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**

**Euro Medium Term Covered Note (Premium) 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 26 March 2024 [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 2019/20 April 2020/20 April 2021/ 26 April 2022 / 8 May 2023] 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)]/ [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 dated 26 March 2024 [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: 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

	Series with the Series specified above:	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)]
		<i>[N.B. Notes must have a minimum denomination of €100,000 (or equivalent in another currency)]</i>
	(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.	(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]
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 [●] [and [●], respectively]]  
Notes obtained:]

#### 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 arrears on each Interest Payment Date]
- (ii) Interest Payment Date(s): [●] in each year from (and including) [●] up to and including the [Final Maturity Date]/[Statutory Extended Final Maturity 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 [Specify]

be determined if different from the Conditions:

- (v) Party responsible for calculating the Rate of Interest and Interest Amount: [Principal Paying Agent]/[ ] (the "**Calculation Agent**")
- (vi) Screen Rate Determination:
- Reference Rate and relevant financial centre: Reference Rate: [●] month [currency] [EURIBOR]/[NIBOR]/[CIBOR]/[CITA]/[STIBOR]/[Compounded Daily SONIA]/[SARON Compounded]/[Compounded Daily €STR]  
  
Relevant financial centre:  
[London]/[Brussels]/[Oslo]/[Copenhagen]/[Stockholm]/[Zurich]
  - Term Rate [Applicable/Not Applicable]
  - Overnight Rate [Applicable/Not Applicable]
  - Index Determination: [Applicable/Not Applicable]
  - Relevant Number: [[5 / [ ]] [London Banking Days]/[Not Applicable]]  
  
*(If "Index Determination" is "Not Applicable", delete "Relevant Number" and complete the remaining bullets below)*  
  
*(If "Index Determination" is "Applicable", insert number of days (expected to be five or greater) as the Relevant Number, and the remaining bullets below will each be "Not Applicable")*
  - Day Count Fraction: [360/365/[ ]] / [Not Applicable]
  - Observation Method: [Lag/Lock-out/Observation Shift/Not Applicable]
  - Lag Period: [5 / [ ]] [London Banking Days] [Not Applicable]
  - Observation Shift Period: [5 / [ ]] [London Banking Days] [Not Applicable]  
  
*(NB: A minimum of 5 relevant business/banking days should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent)*
  - Interest Determination Date (s): [ ] [TARGET/[ ]] Business Days [in [ ]] prior to the [ ] day in each Interest Period/each Interest Payment Date][The [first/[ ]] [London Banking Day]/[TARGET Business Day] / [The [first/[ ]] [ ] Banking Day falling after the last day of the relevant Observation Period (where "[City] **Banking Day**"

means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in [City]][ ]

(For EURIBOR: Second day on which the T2 System is open prior to the start of each Interest Period)

– Relevant Screen Page: [●]

(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

- (vii) 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*)]
- (viii) Margin(s): [+/-] [●] per cent. per annum
- (ix) Minimum Rate of Interest: [[●] per cent. per annum][Not Applicable]
- (x) Maximum Rate of Interest: [[●] per cent. per annum][Not Applicable]
- (xi) 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:
- (i) Form: [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:
- [Registered Global Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]
- [VPS Notes issued in uncertificated book-entry 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(h)][VPS Condition 4(e)] 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) 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]
- (iv) 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")*
- (v) CINS Code: [●]
- (vi) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [●]/[Not Applicable]/[Euronext VPS, Norway. VPS identification number: [●]].
- (vii) Delivery: Delivery [against/free of] payment
- (viii) Names and addresses of additional Paying Agent(s) (if any): [●]
- (ix) 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 intraday 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 intraday 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:

[General Business Purposes][Green Notes]/[Not Applicable]

*(See "Use of Proceeds" wording in the Base Prospectus – if reasons for the offer are different from general business purposes and/or Green Notes, 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 as transfer agent (the **Transfer 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) and Citibank Europe PLC, Germany Branch as registrar (the **Registrar**, which expression shall include any additional or successor registrar).

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 Agent (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 a definitive Note in registered form (a **Registered Definitive Note**) 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 depository or in the name of a nominee for the 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 clearing system is available, or (ii) 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 13 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 the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in paragraph (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 SA/NV (**Euroclear**) and/or Clearstream Banking, S.A. (**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, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg 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 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**).

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 (T2) System (the **T2**) 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) *Screen Rate Determination for Floating Rate Notes – Term Rate*

This Condition 3(b)(ii)(A) applies where "Term Rate" is specified in the applicable Final Terms to be "Applicable" 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(e) 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.

(B) *Screen Rate Determination for Floating Rate Notes – Overnight Rate - Compounded Daily SONIA – Non-Index Determination*

This Condition 3(b)(ii)(B) applies where the applicable Final Terms specifies: (1) "Overnight Rate" to be "Applicable"; (2) "Compounded Daily SONIA" as the Reference Rate; and (3) "Index Determination" to be "Not Applicable".

The Rate of Interest for an Interest Accrual Period will be Compounded Daily SONIA with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Calculation Agent.

**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 Calculation 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 fifth decimal place, with 0.00005 being rounded upwards):

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

**d** is the number of calendar days in (i) where in the applicable Final Terms "Lag" 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 "Observation Shift" is specified as the Observation Method, the number of calendar days in the relevant Observation Period;

**d<sub>o</sub>** is (i) where in the applicable Final Terms "Lag" 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 "Observation 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<sub>o</sub>, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day to, and including, the last London Banking Day (i) where in the applicable Final Terms "Lag" is specified as the Observation Method, the relevant Interest Accrual Period or (ii) where in the applicable Final Terms "Observation 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 (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days specified as the "Lag Period" in the applicable Final Terms (or, if no such number is so specified, five London Banking Days); or (ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days specified as the "Observation Shift Period" in the applicable Final Terms (or, if no such number is specified, five London Banking Days);

the **SONIA reference rate**, in respect of any London Banking Day (**LBD<sub>x</sub>**), is a reference rate equal to the daily Sterling Overnight Index Average (**SONIA**) rate for such **LBD<sub>x</sub>** 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<sub>x</sub>**; and

**SONIA<sub>i</sub>** means the SONIA reference rate for (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 Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i" or (ii) where in the applicable Final Terms "Observation Shift" is specified as the Observation Method, the SONIA reference rate for the London Banking Day "i".

If, where any Rate of Interest is to be calculated pursuant to Condition 3(b)(ii)(B) above, in respect of any London Banking Day on which an applicable SONIA reference rate is required to be determined, such SONIA reference rate is not made available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then the SONIA reference rate in respect of such London Banking Day shall be determined by the Calculation Agent as: (1) the sum of (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at 5:00 PM (London time) (or, if earlier, close of business) on such 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); or (2) if the Bank Rate under (1)(i) above is not available at the relevant time, either (i) the SONIA reference rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day in respect of which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (ii) if this is more recent, the latest rate determined under (1) above, and, in each case, references to "SONIA reference rate" in Condition 3(b)(ii)(B) above shall be construed accordingly.

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 on which the Rate of Interest was so determined (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),

in each case as determined by the Calculation Agent.

(C) *Screen Rate Determination where the Reference Rate is SARON Compounded*

- (i) Where the Reference Rate specified in the Final Terms is SARON Compounded, the Rate of Interest for an Interest Accrual Period will, subject as provided below, be SARON Compounded with respect to such Interest Accrual Period plus or minus (as specified in the Final Terms) the Margin (if any), all as determined by the Swiss Paying Agent.
- (ii) **SARON Compounded** means, with respect to any Interest Accrual Period, subject to Condition 3(b)(ii)(C)(iv) and Condition 3(b)(ii)(C)(vi), the rate determined by the Swiss Paying Agent on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left[ \prod_{i=1}^{d_b} \left( 1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

**$d_b$**  means the number of Zurich Banking Days in the relevant SARON Observation Period;

**$d$**  means the number of days in the relevant SARON Observation Period;

**$i$**  indexes a series of whole numbers from one to  $d_b$ , representing the Zurich Banking Days in the relevant SARON Observation Period in chronological order from (and including) the first Zurich Banking Day in such SARON Observation Period;

**$n_i$**  means, in respect of any Zurich Banking Day  $i$ , the number of days from (and including) such Zurich Banking Day  $i$  to (but excluding) the first following Zurich Banking Day; and

**$SARON_i$**  means, in respect of any Zurich Banking Day  $i$ , SARON for such Zurich Banking Day  $i$ .

- (iii) As used in this Condition 3(b)(ii)(D),

**Recommended Adjustment Spread** means, with respect to any Recommended Replacement Rate, the spread (which may be positive, negative or zero), or formula or methodology for calculating such a spread,

- A. that the Recommending Body has recommended be applied to such Recommended Replacement Rate in the case of fixed income securities with respect to which such Recommended Replacement Rate has replaced the Swiss Average Rate Overnight as the reference rate for purposes of determining the applicable rate of interest thereon; or
- B. if the Recommending Body has not recommended such a spread, formula or methodology as described in clause (A) above, to be applied to such Recommended Replacement Rate in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Noteholders or the Couponholders as a result of the replacement of the Swiss Average Rate Overnight with such Recommended Replacement Rate for purposes of determining SARON, which spread will be determined by the Swiss Paying Agent, acting in good faith and a commercially reasonable manner, and be consistent with industry-accepted practices for fixed income securities with respect to which such Recommended Replacement Rate has replaced the Swiss Average Rate Overnight as the reference rate for purposes of determining the applicable rate of interest thereon;

**Recommended Replacement Rate** means the rate that has been recommended as the replacement for the Swiss Average Rate Overnight by any working group or committee in Switzerland organised in the same or a similar manner as the National Working Group on Swiss Franc Reference Rates that was founded in 2013 for purposes of, among other things, considering proposals to reform reference interest rates in Switzerland (any such working group or committee, the **Recommending Body**);

**SARON** means, in respect of any Zurich Banking Day,

- A. the Swiss Average Rate Overnight for such Zurich Banking Day published by the SARON Administrator on the SARON Administrator Website at the Specified Time on such Zurich Banking Day; or
- B. such rate is not so published on the SARON Administrator Website at the Specified Time on such Zurich Banking Day and a SARON Index Cessation Event and a SARON Index Cessation Effective Date have not both occurred at or prior to the Specified Time on such Zurich Banking Day, the Swiss Average Rate Overnight published by the SARON Administrator on the SARON Administrator Website for the last preceding Zurich Banking Day on which the Swiss Average Rate Overnight was published by the SARON Administrator on the SARON Administrator Website; or
- C. if such rate is not so published on the SARON Administrator Website at the Specified Time on such Zurich Banking Day and a SARON Index Cessation Event and a SARON Index Cessation Effective Date

have both occurred at or prior to the Specified Time on such Zurich Banking Day,

- (x) if there is a Recommended Replacement Rate within one Zurich Banking Day of the SARON Index Cessation Effective Date, the Recommended Replacement Rate for such Zurich Banking Day, giving effect to the Recommended Adjustment Spread, if any, published on such Zurich Banking Day; or
- (y) if there is no Recommended Replacement Rate within one Zurich Banking Day of the SARON Index Cessation Effective Date, the policy rate of the Swiss National Bank (the **SNB Policy Rate**) for such Zurich Banking Day, giving effect to the SNB Adjustment Spread, if any.

Notwithstanding the above, if the SNB Policy Rate for any Zurich Banking Day with respect to which SARON is to be determined pursuant to sub-clause (C)(y) above has not been published on such Zurich Banking Day, then in respect of such Zurich Banking Day (the **Affected Zurich Banking Day**) and each Zurich Banking Day thereafter, SARON will be replaced by the Replacement Rate, if any, determined in accordance with Condition 3(b)(ii)(C)(vi) for purposes of determining the Rate of Interest;

**SARON Administrator** means SIX Financial Information AG (including any successor thereto) or any successor administrator of the Swiss Average Rate Overnight;

**SARON Administrator Website** means the website of the SIX Group, or any successor website or other source on which the Swiss Average Rate Overnight is published by or on behalf of the SARON Administrator;

**SARON Index Cessation Effective Date** means the earliest of:

- A. in the case of the occurrence of a SARON Index Cessation Event described in clause (A) of the definition thereof, the date on which the SARON Administrator ceases to provide the Swiss Average Rate Overnight;
- B. in the case of the occurrence of a SARON Index Cessation Event described in sub-clause (B)(x) of the definition thereof, the latest of:
  - (x) the date of such statement or publication;
  - (y) the date, if any, specified in such statement or publication as the date on which the Swiss Average Rate Overnight will no longer be representative; and
  - (z) if a SARON Index Cessation Event described in sub-clause (B)(y) of the definition thereof has occurred on or prior to either or both dates specified in sub-clauses (x) and (y) of this clause (B), the date as of which the Swiss Average Rate Overnight may no longer be used; and



- C. in the case of the occurrence of a SARON Index Cessation Event described in sub-clause (B)(y) of the definition thereof, the date as of which the Swiss Average Rate Overnight may no longer be used;

**SARON Index Cessation Event** means the occurrence of one or more of the following events:

- A. a public statement or publication of information by or on behalf of the SARON Administrator, or by any competent authority, announcing or confirming that the SARON Administrator has ceased or will cease to provide the Swiss Average Rate Overnight permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Swiss Average Rate Overnight; or
- B. a public statement or publication of information by the SARON Administrator or any competent authority announcing that (x) the Swiss Average Rate Overnight is no longer representative or will as of a certain date no longer be representative, or (y) the Swiss Average Rate Overnight may no longer be used after a certain date, which statement, in the case of sub-clause (y), is applicable to (but not necessarily limited to) fixed income securities and derivatives;

**SARON Observation Period** means, in respect of an Interest Accrual Period, the period from (and including) the date falling five Zurich Banking Days prior to the first day of such Interest Accrual Period and ending on (but excluding) the date falling five Zurich Banking Days prior to the day on which such Interest Accrual Period ends (but which by its definition is excluded from such Interest Accrual Period);

**SNB Adjustment Spread** means, with respect to the SNB Policy Rate, the spread to be applied to the SNB Policy Rate in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Noteholders or Couponholders as a result of the replacement of the Swiss Average Rate Overnight with the SNB Policy Rate for purposes of determining SARON, which spread will be determined by the Swiss Paying Agent, acting in good faith and a commercially reasonable manner, taking into account the historical median between the Swiss Average Rate Overnight and the SNB Policy Rate during the two year period ending on the date on which the SARON Index Cessation Event occurred (or, if more than one SARON Index Cessation Event has occurred, the date on which the first of such events occurred);

**Specified Time** means, in respect of any Zurich Banking Day, close of trading on the trading platform of SIX Repo AG (or any successor thereto) on such Zurich Banking Day, which is expected to be on or around 6 p.m. (Zurich time);

**Swiss Paying Agent** means the Swiss paying agent specified in the applicable Final Terms; and

**Zurich Banking Day** means a day on which banks are open in the City of Zurich for the settlement of payments and of foreign exchange transactions.

- (iv) If the Swiss Paying Agent (A) is required to use a Recommended Replacement Rate or the SNB Policy Rate pursuant to sub-clause (C)(x) or (C)(y) of the definition of "SARON" for purposes of determining SARON for any Zurich Banking Day, and (B) determines that any changes to the definitions of Business Day Convention, Day Count Fraction, Interest Determination Date, Interest Payment Date, Interest Accrual Period, SARON Observation Period, SARON, SARON Administrator, SARON Administrator Website, Specified Time or Zurich Banking Day are necessary in order to use such Recommended Replacement Rate (and any Recommended Adjustment Spread) or the SNB Policy Rate (and any SNB Adjustment Spread), as the case may be, for such purposes, such definitions will be amended as contemplated in Condition 13 to reflect such changes, and the Issuer shall give notice as soon as practicable to the Swiss Paying Agent, the Agent and the other Paying Agents, if any, and, in accordance with Condition 12, the Noteholders, specifying the Recommended Replacement Rate and any Recommended Adjustment Spread or any SNB Adjustment Spread, as applicable, and the amendments implemented pursuant to Condition 13.
- (v) Unless the Issuer has elected to redeem the Notes in accordance with Condition 5, the Issuer will appoint a Replacement Rate Agent on or prior to the first Zurich Banking Day (a) with respect to which SARON is to be determined pursuant to clause (C) of the definition of "SARON" and (b) for which the SNB Policy Rate has not been published thereon. The Issuer may appoint an affiliate of the Issuer or any other person as Replacement Rate Agent, so long as such affiliate or other person is a leading bank or financial institution that is experienced in the calculations and determinations to be made by the Replacement Rate Agent. The Issuer will notify the Noteholders or Couponholders of any such appointment in accordance with Condition 12.
- (vi) If the conditions set out in the last paragraph of the definition of "SARON" have been satisfied, then the Replacement Rate Agent will determine whether to use an alternative rate to SARON for the Affected Zurich Banking Day and for all subsequent Zurich Banking Days in the SARON Observation Period in which the Affected Zurich Banking Day falls (the Affected SARON Observation Period) and all SARON Observation Periods thereafter. If the Replacement Rate Agent determines to use an alternative rate pursuant to the immediately preceding sentence, it shall select such rate that it has determined is most comparable to the Swiss Average Rate Overnight (the Existing Rate), provided that if it determines that there is an appropriate industry-accepted successor rate to the Existing Rate, it shall use such industry-accepted successor rate. If the Replacement Rate Agent has determined an alternative rate in accordance with the foregoing (such rate, the Replacement Rate), for purposes of determining the Rate of Interest, (i) the Replacement Rate Agent shall determine (A) the method for obtaining the Replacement Rate (including any alternative method for determining the Replacement Rate if such alternative rate is unavailable on the relevant Interest Determination Date), which method shall be consistent with industry-accepted practices for the Replacement Rate, and (B) any adjustment factor as may be necessary to make the Replacement Rate comparable to the Existing Rate consistent with industry-accepted practices for the Replacement Rate, (ii) for the Affected Zurich Banking Day and all subsequent Zurich Banking Days in the Affected SARON Observation Period and all SARON Observation Periods thereafter, references to SARON in the Conditions shall be deemed to be references to the

Replacement Rate, including any alternative method for determining such rate and any adjustment factor as described in sub-clause (i) above, (iii) if the Replacement Rate Agent determines that changes to the definitions of Business Day Convention, Day Count Fraction, Interest Determination Date, Interest Payment Date, Interest Accrual Period, SARON, SARON Observation Period, Specified Time or Zurich Banking Day are necessary in order to implement the Replacement Rate as SARON, such definitions will be amended as contemplated in Condition 13 to reflect such changes, and (iv) the Issuer shall give notice as soon as practicable to the Swiss Paying Agent, the Agent and the other Paying Agents, if any, and, in accordance with Condition 12, the Noteholders or the Couponholders, specifying the Replacement Rate, as well as the details described in sub-clause (i) above, and the amendments implemented pursuant to Condition 13. Any determination to be made by the Replacement Rate Agent pursuant to this Condition 3(b)(ii)(C)(vi), including any determination with respect to a rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be made in the sole discretion of the Replacement Rate Agent acting in good faith and in a commercially reasonable manner.

(D) *Screen Rate Determination – Overnight Rate- Compounded Daily SONIA – Index Determination*

This Condition 3(b)(ii)(E) applies where the applicable Final Terms specifies: (1) "Overnight Rate" to be "Applicable"; (2) "Compounded Daily SONIA" as the Reference Rate; and (3) "Index Determination" to be "Applicable".

The Rate of Interest for an Interest Accrual Period will be Compounded Daily SONIA Rate with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Calculation Agent.

**Compounded Daily SONIA Rate** means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) (expressed as a percentage and rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) determined by the Calculation Agent by reference to the screen rate or index for compounded daily SONIA rates administered by the administrator of the SONIA reference rate that is published or displayed by such administrator or other information service from time to time on the relevant Interest Determination Date, as further specified in the applicable Final Terms (the **SONIA Compounded Index**) and in accordance with the following formula:

$$\text{Compounded Daily SONIA Rate} = \left( \frac{\text{SONIA Compounded Index}_{\text{End}}}{\text{SONIA Compounded Index}_{\text{Start}}} - 1 \right) \times \frac{365}{d}$$

where:

**d** is the number of calendar days from (and including) the day in relation to which SONIA Compounded Index<sub>Start</sub> is determined to (but excluding) the day in relation to which SONIA Compounded Index<sub>End</sub> is determined;

**London Banking Day** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

**Relevant Number** is the number specified as such in the applicable Final Terms (or, if no such number is specified, five);

**SONIA Compounded Index<sub>Start</sub>** means, with respect to an Interest Accrual Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the first day of such Interest Accrual Period; and

**SONIA Compounded Index<sub>End</sub>** means, with respect to an Interest Accrual Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to (A) the Interest Payment Date for such Interest Accrual Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Accrual Period).

If the relevant SONIA Compounded Index is not published or displayed by the administrator of the SONIA reference rate or other information service by 5:00 p.m. (London time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of the SONIA reference rate or of such other information service, as the case may be) on the relevant Interest Determination Date, the Compounded Daily SONIA Rate for the applicable Interest Accrual Period for which the SONIA Compounded Index is not available shall be "Compounded Daily SONIA" determined in accordance with Condition 3(b)(ii)(C) above as if "Index Determination" were specified in the applicable Final Terms as being "Not Applicable", and for these purposes: (i) the "Observation Method" shall be deemed to be "Observation Shift" and (ii) the "Observation Shift Period" shall be deemed to be equal to the Relevant Number of London Banking Days, as if those alternative elections had been made in the applicable Final Terms.

(E) *Screen Rate Determination for Floating Rate Notes referencing €STR Compounded Daily €STR*

Where:

- (I) the Reference Rate specified in the applicable Final Terms is €STR; and
- (II) the Reference Rate specified in the applicable Final Terms is Compounded Daily,

the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily €STR plus or minus (as indicated in the applicable Final Terms) the Margin (if any).

**Compounded Daily €STR** means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily euro short-term rate as the reference rate for the calculation of interest) and will be calculated by the Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the relevant Interest Determination Date (a) as further specified in the applicable Final Terms; (b) (if Index Determination is specified as

being applicable in the applicable Final Terms) by reference to the screen rate or index administered by the administrator of the euro short-term rate that is published or displayed by such administrator or other information service from time to time at the relevant time on the Interest Determination Date, as further specified in the applicable Final Terms; or (c) (if Index Determination is specified as being not applicable in the applicable Final Terms or Index Determination is specified as being applicable in the applicable Final Terms but such screen rate or index is not available at the relevant time on the Interest Determination Date), as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{\text{€STR}_i \times n_i}{365} \right) - 1 \right] \times \frac{360}{d}$$

where:

**€STR** means, in respect of any TARGET Business Day "x", a reference rate equal to the daily euro short-term rate as provided by the European Central Bank, as the administrator of such rate (or any successor administrator of such rate), on the Website of the European Central Bank, in each case at the time specified by, or determined in accordance with, the applicable methodology, policies or guidelines, of the administrator of such rate (or, if a revised euro short-term rate is published in accordance with the applicable methodology, policies or guidelines of the administrator of such rate at or before 11.00 a.m. (Brussels time), such revised rate), on the TARGET Business Day immediately following such TARGET Business Day "x";

**€STR<sub>i</sub>** means:

- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, in respect of any TARGET Business Day "i", the €STR for the TARGET Business Day falling "p" TARGET Business Days prior to the relevant TARGET Business Day "i";
- (ii) where "Lock-out" is specified as the Observation Method in the applicable Final Terms:
  - (x) in respect of any TARGET Business Day "i" that is a Reference Day, the €STR for the TARGET Business Day immediately preceding the relevant TARGET Business Day "i"; or
  - (y) in respect of any TARGET Business Day "i" that is not a Reference Day (being a TARGET Business Day in the Lock-out Period), the €STR for the TARGET Business Day immediately preceding the Interest Determination Date for the relevant Interest Period; or
- (iii) where "Observation Shift Period" is specified as the Observation Method in the applicable Final Terms, in respect of any TARGET Business Day "i", the €STR for such TARGET Business Day "i";

**d** means the number of calendar days in:

- (i) where "Lag" or "Lock-out" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or

- (ii) where "Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

**d<sub>0</sub>** means the number of TARGET Business Days in:

- (i) where "Lag" or "Lock-out" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift Period" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

**i** is a series of whole numbers from one to d<sub>0</sub>, each representing the relevant TARGET Business Day in chronological order from, and including, the first TARGET Business Day in:

- (i) where "Lag" or "Lock-out" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift Period" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

**Lock-out Period** means, with respect to an Interest Period, the period from, and including, the day immediately following the Interest Determination Date for such Interest Period to, but excluding, (I) the Interest Payment Date for such Interest Period or (II) such earlier date, if any, on which the Notes become payable;

**n<sub>i</sub>** means, for any TARGET Business Day "i", the number of calendar days from, and including, such TARGET Business Day "i" up to, but excluding, the following TARGET Business Day;

**Observation Period** means, in respect of an Interest Period, the period from, and including, the date which is "p" TARGET Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding the date which is "p" TARGET Business Days prior to (I) the Interest Payment Date for such Interest Period (and the last Interest Period shall end on but exclude the Maturity Date) or (II) such earlier date, if any, on which the Notes become payable;

**p** means:

- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the number of TARGET Business Days included in the Lag Look-back Period specified in the applicable Final Terms; or
- (ii) where "Observation Shift Period" is specified as the Observation Method in the applicable Final Terms, the number of TARGET Business Days included in the Observation Shift Period in the applicable Final Terms;

**Reference Day** means a TARGET Business Day in the relevant Interest Period, other than a TARGET Business Day in the Lock-out Period;

**TARGET Business Day** means any day on which the T2 System (as defined in Condition 4(b)(i)s is open; and

Website of the European Central Bank means the website of the European Central Bank, currently at <http://www.ecb.europa.eu>, or any successor website officially designated by the European Central Bank (or any successor administrator of the daily euro short-term rate).

*Fallback provisions*

Subject to Condition 3.2(e), where €STR is specified as the Reference Rate in the applicable Final Terms, if, in respect of any TARGET Business Day in the relevant Observation Period or the relevant Interest Period, as applicable, the Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) determines that the €STR is not available, such €STR shall be the €STR for the first preceding TARGET Business Day in respect of which €STR was published on the Website of the European Central Bank, and **€STR** shall be interpreted accordingly.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be:

- (I) 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 Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period); or
- (II) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the 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 (and applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period).

(iii) *Interest Accrual 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 (which, if the relevant Series of Notes becomes due and payable in accordance with Condition 10, shall be the date on which such Notes become due and payable).

(iv) *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.

(v) *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<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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



"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (F) if "30E/360" or "Eurobond Basis" is 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<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> 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<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" 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<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the 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<sub>2</sub> will be 30.

(vi) *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, 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 the period of time designated in the Reference Rate.

(vii) *Notification of Rate of Interest and Interest Amounts*

This Condition 3(b)(vii) applies where the applicable Final Terms specifies "Term Rate" to be "Applicable".

- A. Except where the applicable Final Terms specifies "Overnight Rate" to be "Applicable", the Principal Paying Agent or the Calculation Agent, as applicable, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 12 as soon as possible after their determination but in no event later than the fourth London Banking Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 12. For the purposes of this paragraph, the expression **London Banking Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.
- B. Where the applicable Final Terms specifies "Overnight Rate" to be "Applicable", the Principal Paying Agent or the Calculation Agent, as applicable, will cause the Rate of Interest and each Interest Amount for each Interest Accrual Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 12 as soon as possible after their determination but in no event later than the second Business Day thereafter. Each Rate of Interest,

Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the relevant Interest Accrual Period. Any such amendment or alternative arrangements will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 12.

(viii) *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) *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 (and including) the Maturity Date to (but excluding) 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).

(e) *Benchmark Discontinuation*

This Condition 3(e) 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(e)(ii)(B)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 3(e)(iii) and any Benchmark Amendments (in accordance with Condition 3(e)(iv)).

An Independent Adviser appointed pursuant to this Condition 3(e) 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(e).

(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(e)(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(e)); 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(e)(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(e)).

(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(e) 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(e)(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(e), 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(e). 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(e), 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(e), 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(e), 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(e) (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(e):

**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(e) 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(e)(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.

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 as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, 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, or (2) in relation to any sum payable in euro, a day on which the T2 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.

(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) *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 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 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.

### **(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 the holder 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 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 Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

### *Transfers of Registered Notes in definitive form*

Subject as provided in paragraph 9(d) 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 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.

(b) *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.

(c) *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.

(d) *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, TRANSFER AGENT, CALCULATION AGENT AND REGISTRAR**

The names of the initial Principal Paying Agent, the initial Registrar and the other initial Paying Agents, and initial Transfer Agent 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 any Transfer Agent or any Calculation Agent and/or appoint additional or other Paying Agents or additional or other Registrars, Transfer Agent, or Calculation Agents and/or approve any change in the specified office through which any Paying Agent, Registrar, 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;
- (e) in the case of Notes admitted to trading and listed on the SIX Swiss Exchange, for so long as the Notes are listed on the SIX Swiss Exchange and if then required by the regulations of the SIX Swiss Exchange, the Issuer shall maintain a Swiss Paying Agent in Switzerland, which agent shall have an office in Switzerland and be a bank or securities firm subject to supervision by Swiss Financial Market Supervisory Authority, to perform the functions of a Swiss paying agent.

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, 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 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.

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, as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, 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 (including by way of conference call or by use of a videoconference platform) 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 Ocorian Corporate Service (UK) Limited, at its registered office at 20 Fenchurch St, London EC3M 3BY, for the attention of: Nordic Trustee Norway / Fredrik Lundberg as its agent for service of process in England, and undertakes that, in the event of Ocorian Corporate Service (UK) Limited 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;

**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;

**€STR** means the Euro Short-Term Rate;

**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;

**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;

**Moody's** means Moody's Investors Service Limited (or its successor);

**NIBOR** means the Norwegian inter-bank offered rate;

**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 EURIBOR, NIBOR, CIBOR, CITA, STIBOR, SARON, €STR or 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;

**Registered 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;

**SARON** means the Swiss Average Rate Overnight rate;

**Securities Act** means the United States Securities Act of 1933, as amended;

**SONIA** means the Sterling Overnight Index Average rate;

**Statutory 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;

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

**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; 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 (*forskrift 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 Depository Verdipapirsentralen ASA, (trading as Euronext Securities Oslo) (**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 Agent (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 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**).

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 (T2) System (the **T2**) 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) *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 Reference Banks 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 Reference Banks 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 Reference Banks 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<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (F) if "30E/360" or "Eurobond Basis" is 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<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> 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<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" 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<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the 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<sub>2</sub> 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, 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 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) *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 (and including) the Maturity Date to (but excluding) 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 (and including) the Maturity Date to (but excluding) 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).

(e) *Benchmark Discontinuation*

This Condition 3(e) 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(e)(ii)(B)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 3(e)(iii)) and any Benchmark Amendments (in accordance with Condition 3(e)(iv)).

An Independent Adviser appointed pursuant to this Condition 3(e) 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(e).

(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(e)(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(e)); 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(e)(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(e)).

(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(e) 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(e)(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(e)(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(e), 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(e). 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(e);
- (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(e), 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(e), 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(e), *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(e) (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(e):

**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(e) 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
- (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(e)(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):

- (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.

(f) *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 T2 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) *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 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.

(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 the holder 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 Norwegian Central Securities Depositories Act of 15 March 2019 no. 6 (the CSD Act) which implements Regulation (EU) no. 909/2014 (CSDR) into Norwegian law, any regulations passed under the CSD Act and the rules and procedures of Euronext VPS, in each case as amended or replaced from time to time. 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 (including by way of conference call or by use of a videoconference platform) 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, any regulations passed under the CSD Act and the rules and procedures of Euronext VPS, in each case as amended or replaced from time to time. The holders of VPS Notes will be entitled to the rights and are subject to the obligations and liabilities which arise under the CSD 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 Ocorian Corporate Service (UK) Limited, at its registered office at 20 Fenchurch St, London EC3M 3BY, for the attention of: Nordic Trustee Norway / Fredrik Lundberg as its agent for service of process in England, and undertakes that, in the event of Ocorian Corporate Service (UK) Limited 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;

**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);

**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;

**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;

**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 Reference Banks Agent or as specified in the applicable Final Terms;

**Reference Banks Agent** means an independent investment bank, commercial bank or stockbroker appointed by the Issuer;

**Reference Rate** means EURIBOR, NIBOR, CIBOR, CITA, STIBOR, SARON or 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;

**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;

**SARON** means the Swiss Average Rate Overnight rate;

**SONIA** means the Sterling Overnight Index Average rate;

**Specified Time** means 11.00 a.m. local time in the relevant financial centre specified in the applicable Final Terms;

**Statutory 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;

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

**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; 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 substitution 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.

Norway levies withholding tax on certain interest payments from Norway. However, the withholding obligation applies only to interest payments made to related parties of the debtor who are resident in low tax jurisdictions. Due to the Issuer's constitution as a credit institution wholly owned by Norwegian savings banks, and the fact that the Issuer does not have any ownership in non-Norwegian subsidiaries, the Issuer does not expect the withholding obligation to apply to interest payments on Notes issued by the Issuer.

#### ***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 1.0 per cent. for net worth above a minimum threshold of NOK 1,700,000, and 1.1 per cent for net worth above a minimum threshold of NOK 20,000,000.

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***

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.

### **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.

## SUBSCRIPTION AND SALE

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 Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation 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 Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation 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 Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation 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.

## **Selling Restrictions**

### ***United States***

The Notes have not been and will not be registered under the Securities Act or the securities 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 promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

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 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 accordance with Regulation S of 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.

### ***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 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:
  - (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 EUWA; or
  - (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 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 UK 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 (Act 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 Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the 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. 75;
- (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. 75), 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 no. 75.

The Notes shall be registered with the Norwegian Central Securities Depository, *Verdipapirsentralen ASA*, (trading as Euronext Securities Oslo) 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.

## ***Switzerland***

This Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (**FinSA**) and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

## ***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 any 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.



## 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 Registered 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 12 months from the date of this Base Prospectus to be admitted to the Official List of Euronext Dublin and to trading on the Euronext Dublin Regulated Market. The approval of the Programme in respect of the Notes was granted on or about 26 March 2024.

### 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 <https://spabol.sparebank1.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. 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; and Euronext VPS are the entities in charge of keeping the records.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg; and the address of Euronext VPS is Tollbugata 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 2023 and there has been no significant change in the financial performance or financial position of the Issuer since 31 December 2023.

### **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 2023, 2022 and 2021 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 2023, 2022 and 2021 have been audited by PricewaterhouseCoopers AS, independent auditor, as stated in their reports incorporated herein by reference. PricewaterhouseCoopers is a member 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 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.

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