



SPAREBANKEN  
SØR

**SPAREBANKEN SØR**

*(incorporated as a savings bank with limited liability in Norway)*

**€3,000,000,000**

## **Euro Medium Term Note Programme**

Under the €3,000,000,000 Euro Medium Term Note Programme (the **Programme**) described in this base prospectus (the **Base Prospectus**), Sparebanken Sør (the **Issuer, Sparebanken Sør** or the **Bank**) may from time to time issue notes (the **Notes** which term shall include, so far as the context permits, VPS Notes (as defined below)) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The Notes may be issued in bearer form or in uncertificated book entry form (the **VPS Notes**) settled through the Norwegian Central Securities Depository, *Verdipapirsentralen ASA* (the **VPS**).

As more fully described herein, Notes may be issued (i) on an unsubordinated basis (**Senior Preferred Notes**); (ii) on a non-preferred basis as provided in “*Terms and Conditions of the Notes other than VPS Notes*” or “*Terms and Conditions of the VPS Notes*”, as the case may be (**Senior Non-Preferred Notes**); or (iii) on a subordinated basis as provided in “*Terms and Conditions of the Notes other than VPS Notes*” or “*Terms and Conditions of the VPS Notes*”, as the case may be (**Subordinated Notes**). The Terms and Conditions of Subordinated Notes will not contain any events of default.

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €3,000,000,000 (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 “*Overview of the Programme*” and any additional Dealer 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 subscribe 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 by the Central Bank of Ireland (the **Central Bank**), as competent authority under the Prospectus Regulation (as defined below). The Central Bank only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes.

Such approval relates only to the Notes which are to be admitted to trading on the regulated market (the **Regulated Market of Euronext Dublin**) of the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) or another regulated market in the European Economic Area (the **EEA**) of the United Kingdom (the **UK**) for the purposes of Directive 2014/65/EU (as amended) (**MiFID II**) and/or which are to be offered to the public in any Member State of the EEA or the UK 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 its official list (the **Official List**) and to trading on the Regulated Market of Euronext Dublin. The Issuer has further requested that the Central Bank send to the Norwegian Financial Supervisory Authority (*Finanstilsynet*) (the **NFSA**) in its capacity as the competent authority in Norway (i) a copy of this Base Prospectus and (ii) a certificate of approval pursuant to Article 25 of the Prospectus Regulation attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation, for purposes of listing Notes on the Oslo Børs ASA’s regulated Market (the **Oslo Stock Exchange Regulated Market**).

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the EEA or the UK for the purposes of MiFID II. 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.

Each of the Regulated Market of Euronext Dublin and the Oslo Stock Exchange Regulated Market is a regulated market for the purposes of MiFID II. References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been either admitted (i) to the Official List and to trading on the Regulated Market of Euronext Dublin or (ii) to trading on the Oslo Stock Exchange Regulated Market, as may be agreed between the Issuer and the relevant Dealer in relation to the relevant Series (as defined below).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined in “*Terms and Conditions of the Notes other than VPS Notes*” or “*Terms and Conditions of the VPS Notes*”, as the case may be) of Notes will be set out in a final terms document (the **Final Terms**) which will be delivered to the Central Bank and Euronext Dublin (if listed on Euronext Dublin). 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.

The Programme is expected to be assigned an “A1” (Senior Preferred Notes) rating by Moody’s Investors Service Cyprus Limited (**Moody’s**). Moody’s is established in the EU and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) and is included in the list of credit rating agencies registered under the CRA Regulation, which is available on the European Securities and Markets Authority (**ESMA**) website (<http://www.esma.europa.eu/page/list-registered-and-certified-CRAs>) (last updated on 14 November 2019).

Where a Tranche of Notes is rated, such rating will be disclosed in the applicable Final Terms. A security 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.

Interest and/or other amounts payable under Floating Rate Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**). If any such reference rate does constitute such a benchmark, the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (**ESMA**) pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmarks Regulation. Transitional provisions in the Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the applicable Final Terms. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the applicable Final Terms to reflect any change in the registration status of the administrator.

*Arranger*

**Swedbank**

*Dealers*

**Commerzbank**  
**Landesbank Baden-Württemberg**  
**Société Générale Corporate & Investment Banking**  
**UniCredit Bank**

**Danske Bank**  
**Natixis**  
**Swedbank**

The date of this Base Prospectus is 29 June 2020

## IMPORTANT INFORMATION

This Base Prospectus comprises a 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.

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 does not omit anything likely to affect the import of such information.

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*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus.

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer 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.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers, as the case may be.

No person is or has been authorised by the Issuer 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 or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer 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 or any of the Dealers to any person to subscribe for or to purchase any 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 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 Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

## IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

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 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 or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus 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, sale and/or transfer 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 EEA (including for these purposes, the UK and Norway) and Japan, see “*Subscription and Sale*”.

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 may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement to this Base Prospectus;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) has 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 currency in which such potential investor’s financial activities are principally denominated;
- (iv) understands thoroughly the terms of the relevant Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor’s overall investment portfolio.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to 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.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see “*Subscription and Sale*”).

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

## 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 (as defined above) 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 MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

## IMPORTANT – EEA AND UK RETAIL INVESTORS

If the Final Terms in respect of any Notes includes a legend entitled “*Prohibition of Sales to EEA and 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 EEA or in the UK. 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 MiFID II; (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 **PRIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

## PRESENTATION OF INFORMATION

In this Base Prospectus, all references to **U.S. dollars**, **U.S.\$** and **\$** refer to United States dollars, **NKR**, **NKr** or **NOK** refer to Norwegian Kroner, **GBP**, **Sterling** and **£** refer to pounds sterling, **yen** refer to Japanese Yen, and **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## STABILISATION

**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 market price of the Notes at a level higher 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 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 all applicable laws and rules.**

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## Overview of the Programme

*The following overview 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. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, if appropriate, a supplement to the Base Prospectus or a new Base Prospectus will be published.*

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

Words and expressions defined in “*Form of the Notes*”, “*Terms and Conditions of the Notes other than VPS Notes*” and “*Terms and Conditions of the VPS Notes*” shall have the same meanings in this Overview.

Issuer:	Sparebanken Sør
Legal Entity Identifier (LEI):	549300EPQN8ZRX4U1D67
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 “ <i>Risk Factors</i> ” below.
Description:	Euro Medium Term Note Programme
Arranger:	Swedbank AB (publ)
Dealers:	Commerzbank Aktiengesellschaft Danske Bank A/S Landesbank Baden-Württemberg Natixis Société Générale Swedbank AB (publ) UniCredit Bank AG  and any other Dealers appointed in accordance with the Programme Agreement.
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 in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ”) including the following restrictions applicable at the date of this Base Prospectus.  <b>Notes having a maturity of less than one year</b>  Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “ <i>Subscription and Sale</i> ”.
Issuing and Principal Paying Agent:	Deutsche Bank AG, London Branch
VPS Agent:	Sparebanken Sør
VPS Trustee:	Nordic Trustee AS

Programme Size:	Up to €3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme 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:	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in euro, Norwegian Kroner, U.S. dollars, yen and any other currency agreed between the Issuer and the relevant Dealer.
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.
Form of Notes:	<p>The Notes will be issued in bearer form or, in the case of VPS Notes, uncertificated book entry form, as specified in the applicable Final Terms.</p> <p>Each Note (other than VPS Notes) will on issue be represented by either a Temporary Global Note which will be exchangeable for a Permanent Global Note or, if so specified in the applicable Final Terms, by a Permanent Global Note which will be exchangeable for Notes in definitive form.</p> <p>VPS Notes will not be evidenced by any physical note or document of title. Entitlements to VPS Notes will be evidenced by the crediting of VPS Notes to accounts with the VPS. VPS Notes will not be exchangeable for bearer Notes and <i>vice versa</i>. See “<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:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <p>(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or</p> <p>(b) on the basis of the Reference Rate set out in the applicable Final Terms, subject as provided in Condition 5.4 of the Terms and Conditions of the Notes other than VPS Notes and Condition 5(c) of the Terms and Conditions of the VPS Notes.</p> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p> <p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes in respect of each Interest Period, as</p>



	<p>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.</p>
Reset Notes:	<p>Notes (other than VPS Notes) may have reset provisions pursuant to which the relevant Notes will, in respect of an initial period, bear interest at an initial fixed rate of interest specified in the applicable Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) by reference to either (i) a Mid-Swap Rate for the relevant Specified Currency, and for a period equal to the Reset Period; (ii) a Reset Reference Bond issued by the state responsible for issuing the Specified Currency and of a comparable maturity to the Reset Period; or (iii) the CMT Rate, as indicated in the applicable Final Terms and, in each case, as further described in Condition 5.3 of the Terms and Conditions of the Notes other than VPS Notes.</p>
	<p>The margin (if any) in relation to Reset Notes will be agreed between the Issuer and the relevant Dealer for each Series of Reset Notes and will be specified in the applicable Final Terms.</p>
	<p>Interest on Reset Notes will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms) 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.</p>
Zero Coupon Notes:	<p>Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.</p>
Redemption:	<p>The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or (in the case of Senior Preferred Notes and Senior Non-Preferred Notes) following an Event of Default) or that such Notes will be redeemable at the option of the Issuer (which, in respect of Subordinated Notes, may not take place prior to the fifth anniversary of the Issue Date) and/or (in the case of Senior Preferred Notes which are not Restricted Senior Preferred Notes) the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices as may be agreed between the Issuer and the relevant Dealer.</p> <p>Where the applicable Final Terms specify that Condition 7.4 of the Terms and Conditions of the Notes other than VPS Notes or Condition 7(d) of the Terms and Conditions of the VPS Notes applies, if a Capital Event occurs, the Issuer shall be entitled to redeem Subordinated Notes (subject, if applicable, to the prior permission of the Relevant Regulator).</p> <p>Where the applicable Final Terms specify that Condition 7.5 of the Terms and Conditions of the Notes other than the VPS Notes or Condition 7(e) of the Terms and Conditions of the VPS Notes applies, if a MREL Disqualification Event occurs, the Issuer shall be entitled to redeem the Senior Preferred Notes or the Senior Non-Preferred Notes, as the case may be (subject, in the case of the Restricted Senior Preferred Notes and the Senior Non-Preferred Notes, if applicable, to the prior permission of the Relevant Regulator).</p> <p>No early redemption of (i) Restricted Senior Preferred Notes; (ii) Senior Non-Preferred Notes; or (iii) Subordinated Notes may take place without the prior written permission of the Relevant Regulator (if and to the extent such permission is required).</p>

Denomination of Notes:	<p>Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see “<i>Certain Restrictions — Notes having a maturity of less than one year</i>” above.</p> <p>The 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 amount 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 “<i>Certain Restrictions — Notes having a maturity of less than one year</i>” above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).</p>
Taxation:	<p>All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction unless such withholding or deduction is required by law, as provided in Condition 8 of the Terms and Conditions of the Notes other than VPS Notes and Condition 8 of the Terms and Conditions of the VPS Notes. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8 of the Terms and Conditions of the Notes other than VPS Notes and Condition 8 of the Terms and Conditions of the VPS Notes, be required to pay additional amounts to cover the amounts so deducted.</p>
Cross-Acceleration and Cross-Default:	<p>The terms of Senior Preferred Notes where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms will contain a cross-acceleration provision and a cross-default provision as further described in Condition 10 of the Terms and Conditions of the Notes other than VPS Notes and Condition 10 of the Terms and Conditions of the VPS Notes.</p> <p>Senior Non-Preferred Notes and the Senior Preferred Notes (unless Unrestricted Events of Default is specified as being applicable in the applicable Final Terms) have limited events of default and do not contain a cross-default or cross-acceleration provision.</p> <p>The Subordinated Notes will not contain any events of default.</p>
Negative Pledge:	<p>The terms of the Notes will not contain a negative pledge provision.</p>
Status of the Senior Preferred Notes:	<p>The Senior Preferred Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain debts required to be preferred by law) at least equally with all other unsecured obligations of the Issuer, present and future, from time to time outstanding.</p>
Status of the Senior Non-Preferred Notes:	<p>The Senior Non-Preferred Notes constitute direct, unconditional and unsecured obligations of the Issuer, and will at all times rank <i>pari passu</i> without any preference among themselves.</p> <p>Subject as set out in the paragraph below, in the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration (except, in any such case, a solvent liquidation, dissolution, or winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer, the terms of which reorganisation, reconstruction or amalgamation have previously been approved by (in the case of Senior Non-Preferred Notes other than Senior Non-Preferred VPS Notes) an Extraordinary Resolution (as defined in the Agency Agreement) of the holders of the Senior Non-Preferred Notes or (in the case of Senior Non-Preferred VPS Notes) approved by a VPS Noteholders Meeting (as defined in the VPS</p>

Trustee Agreement) of the holders of the Senior Non-Preferred VPS Notes and do not provide that the Senior Non-Preferred Notes thereby become redeemable or repayable), claims of the Noteholders against the Issuer in respect of or arising under the Senior Non-Preferred Notes (including any amounts attributable to the Senior Non-Preferred Notes and any damages awarded for breach of any obligations thereunder) shall rank:

- (a) *pari passu* without any preference among themselves;
- (b) *pari passu* with claims in respect of Non-Preferred Parity Securities and Statutory Non-Preferred Claims, if any;
- (c) in priority to claims in respect of Non-Preferred Junior Securities; and
- (d) junior to any present or future claims of Senior Creditors.

At any time after the Creditor Hierarchy Directive has been implemented in Norway, the Issuer may (but is not obliged to), by providing notice (the **Ranking Notice**) to the Noteholders in accordance with Condition 16 of the Terms and Conditions of the Notes other than VPS Notes or Condition 14 of the Terms and Conditions of the VPS Notes, as applicable, specify that (subject to the laws of Norway) the Senior Non-Preferred Notes (together with any other outstanding Series of Senior Non-Preferred Notes) shall rank within the class of unsecured debt instruments of the Issuer having the lower priority ranking contemplated by Article 108(2) of the BRRD, as set out in the Creditor Hierarchy Directive with effect from the date specified in the Ranking Notice (for the avoidance of doubt, should there be any inconsistency between any statutory ranking which may be introduced in Norway in order to implement the provisions of Article 108(2) of the BRRD, if any, and the ranking as set out in in the paragraph above, such statutory ranking shall prevail).

See Condition 3 of the Terms and Conditions of the Notes other than VPS Notes and Condition 3 of the Terms and Conditions of the VPS Notes.

Status of the Subordinated Notes:

The Subordinated Notes constitute dated, unsecured and subordinated obligations (*ansvarlig lånekapital*) of the Issuer, and will at all times rank *pari passu* without any preference among themselves. The Subordinated Notes are subordinated as described in the following paragraph.

In the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration (except, in any such case, a solvent liquidation, dissolution, or winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer, the terms of which reorganisation, reconstruction or amalgamation have previously been approved by (in the case of Subordinated Notes other than Subordinated VPS Notes) an Extraordinary Resolution of the holders of the Subordinated Notes or (in the case of Subordinated VPS Notes) approved by a VPS Noteholders Meeting of the holders of Subordinated VPS Notes and do not provide that the Subordinated Notes thereby become redeemable or repayable), claims of the Noteholders against the Issuer in respect of or arising under the Subordinated Notes (including any amounts attributable to the Subordinated Notes and any damages awarded for breach of any obligations thereunder) shall rank:

- (a) *pari passu* without any preference among themselves;
- (b) *pari passu* with claims in respect of Subordinated Parity

	<p>Securities;</p> <p>(c) in priority to claims in respect of Subordinated Junior Securities; and</p> <p>(d) junior to any present or future claims of Specified Senior Creditors.</p> <p>See Condition 4 of the Terms and Conditions of the Notes other than VPS Notes and Condition 4 of the Terms and Conditions of the VPS Notes.</p>
No right of set-off or counterclaim:	<p>In the case of (i) Senior Preferred Notes (where the applicable Final Terms specify that No Right of Set-Off or Counterclaim is applicable), (ii) Senior Non-Preferred Notes and (iii) Subordinated Notes, no Noteholder who becomes indebted to the Issuer shall, in the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration, be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Notes held by such Noteholder.</p>
Subordinated Notes – Substitution or Variation:	<p>Where the applicable Final Terms specify that Condition 7.12 of the Terms and Conditions of the Notes other than VPS Notes or Condition 7(l) of the Terms and Conditions of the VPS Notes, as applicable, applies, if at any time a Capital Event occurs and is continuing, or in order to ensure the effectiveness and enforceability of Condition 21, of the Terms and Conditions of the Notes other than VPS Notes or Condition 20 of the Terms and Conditions of the VPS Notes, as applicable, the Issuer may, subject to the provisions of Condition 7.11 of the Terms and Conditions of the Notes other than VPS Notes or Condition 7(k) of the Terms and Conditions of the VPS Notes, as applicable, (if, and to the extent, so required), either substitute all (but not some only) of the Subordinated Notes for, or vary their terms so that they remain or, as appropriate, become, Qualifying Subordinated Securities (as defined in Condition 22 of the Terms and Conditions of the Notes other than VPS Notes or Condition 21 of the Terms and Conditions of the VPS Notes, as applicable), as further provided in Condition 7.12 of the Terms and Conditions of the Notes other than VPS Notes or Condition 7(l) of the Terms and Conditions of the VPS Notes, as applicable.</p>
Senior Preferred Notes and Senior Non-Preferred Notes – Substitution or Variation	<p>Where the applicable Final Terms specify that Condition 7.13 of the Terms and Conditions of the Notes other than VPS Notes or Condition 7(m) of the Terms and Conditions of the VPS Notes, as applicable applies, if at any time a MREL Disqualification Event occurs and is continuing, or in order to ensure the effectiveness and enforceability of Condition 21 of the Terms and Conditions of the Notes other than VPS Notes or Condition 20 of the Terms and Conditions of the VPS Notes, as applicable, the Issuer may, subject to the provisions of Condition 7.11 of the Terms and Conditions of the Notes other than VPS Notes or Condition 7(k) of the Terms and Conditions of the VPS Notes, as applicable (if applicable and to the extent so required), either substitute all (but not some only) of the Senior Preferred Notes or Senior Non-Preferred Notes (as the case may be) for, or vary their terms so that they remain or, as appropriate, become, Qualifying MREL Securities (as defined in Condition 22 of the Terms and Conditions of the Notes other than VPS Notes or Condition 21 of the Terms and Conditions of the VPS Notes, as applicable), as further provided in Condition 7.13 of the Terms and Conditions of the Notes other than VPS Notes or Condition 7(m) of the Terms and Conditions of the VPS Notes, as applicable.</p>
Rating:	<p>Series of Notes issued under the Programme may be rated or unrated.</p>

Listing:	<p>Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms. A security 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.</p> <p>Application has been made for Notes issued under the Programme to be listed on Euronext Dublin.</p> <p>Notes may be admitted to trading on either the Regulated Market of Euronext Dublin or the Oslo Stock Exchange Regulated Market, as may be agreed between the Issuer and the relevant Dealer in relation to the relevant Series.</p>
Governing Law:	<p>The applicable Final Terms will state the relevant regulated market(s).</p> <p>The Notes other than the VPS Notes and all non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law, save for Conditions 2, 3 and 4 of the Terms and Conditions of the Notes other than the VPS Notes and all non-contractual obligations arising out of or in connection with such conditions which will be governed by, and construed in accordance with, Norwegian law.</p> <p>VPS Notes and all non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law, save for Conditions 2, 3, 4, 13, 14, 15, 16 and 17 of the Terms and Conditions of the VPS Notes and all non-contractual obligations arising out of or in connection with such conditions which will be governed by, and construed in accordance with, Norwegian law.</p> <p>The VPS Notes must comply with the Norwegian Act of 15 March 2019 no. 64 on Central Securities Depositories (the “<b>CSD Act</b>”) (Nw. <i>verdipapirsentralloven</i>), which implements Regulation (EU) No. 909/2014 into Norwegian law, and, to the extent applicable the Norwegian Act on Registration of Financial Instruments of 5 July 2002 no. 64, as amended from time to time, and the holders of VPS Notes will be entitled to the rights and subject to the obligations and liabilities which arise under these Acts and any related regulations and legislation.</p>
Selling Restrictions:	<p>There are restrictions on the distribution of this Base Prospectus and the offer, sale and/or transfer of the Notes in the United States, the EEA (including, for these purposes, the UK, France and Norway) and Japan. Further restrictions may be required in connection with any particular Tranche of Notes. See “<i>Subscription and Sale</i>”.</p>
United States Selling Restrictions:	<p>Regulation S, Category 2. In the case of Notes other than VPS Notes, TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.</p>

## Risk Factors

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. The Issuer has identified in this Base Prospectus a number of factors which could materially adversely affect its business and ability to make payments under the Notes. In addition, factors which the Issuer believes are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons which may not be considered significant risks by the Issuer based on information currently available to it and which it may not currently be able to anticipate. 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.*

*Words and expressions defined elsewhere in this Base Prospectus shall have the same meanings in this section.*

### **RISKS RELATING TO THE ISSUER**

#### **Material deterioration in the credit quality of the Issuer's borrowers may lead to the Issuer being unable to satisfy its obligations under the Notes**

As the Issuer conducts its business in Norway, its performance is influenced by the level and cyclical nature of business activity in Norway, which is in turn affected by both domestic and international economic and political events. Credit losses may occur at a rate higher than experienced in the past due to the prevailing market conditions. The substantial downturn in the oil market in the second quarter of 2020 combined with the COVID-19 pandemic, and coupled with the measures implemented by the Norwegian authorities to contain the pandemic, is expected to have a material and adverse impact on the level of economic activity in Norway, and may lead to a sudden loss of income for many of the Issuer's borrowers. At present it is highly unclear whether any of the measures taken by the Norwegian government to mitigate the adverse economic effects of the COVID-19 outbreak will have its intended effect.

If interest rates rise and/or borrowers suffer a decline in income, borrowers may be unable to meet their payment obligations on their loans, which may lead to increased disruptions in repayments of loans, as well as write-downs and losses for the Issuer, which in turn may adversely affect the Issuer's ability to perform its obligations under the Notes.

If the Issuer's borrowers default on secured loans, enforcement actions can be taken by the Issuer in order to realise the value of the collateral securing these loans. When the 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 relevant market in which the mortgage or other form of security is established substantially declines, there is a risk that the Issuer may not be able to recover the entire amount of the loan. Any failure to recover the full amount of the loans could jeopardise the Issuer's ability to perform its obligations under the Notes.

#### Commercial real estate

As of 31 March 2020 22.4 per cent and NOK 24.2 billion of the Issuer's total gross loans was related to commercial real estate (real estate development, building and construction industry and property management).

Due to the current outbreak of COVID-19 and coupled with the measures taken by the Norwegian government to mitigate the pandemic such as business closings, travel restrictions, border controls, restrictions of public gatherings and other measures to discourage the movement and gathering of people, tenants within the commercial real estate sector are facing a significant decline in revenue. If the situation persists, this could have a significant adverse impact on the tenant's credit quality and, consequently, on their ability to pay their rent. Increased disruptions in repayments of rent from tenants will result in reduced revenue for the lessors, which in turn could result in disruptions in payment obligations under loans provided by the Issuer. Disruptions in repayments of loans, as well as write-downs and losses for the Issuer may in turn jeopardise the Issuer's ability

to perform its obligations under the Notes. As of 31 March 2020, the Issuer's loans in stage 3<sup>1</sup> within the commercial real estate sector (real estate development, building and construction industry and property management) amounted to NOK 332 million.

#### Residential real estate

Low interest rates and a strong increase in disposable income for many borrowers in recent years have led to a continued growth in demand for loans in the residential mortgage market. High levels of indebtedness have increased the potential financial vulnerability of many mortgage borrowers as a large proportion of households are vulnerable to a decline in income.

A significant decline in the value of residential real estate could significantly reduce the value of the collateral for such loans. If accompanied by deterioration in market conditions and/or higher unemployment, which in turn could result in difficulties for the Issuer's customers in meeting their payment obligations, this could lead to increased disruptions in repayments of loans, as well as write-downs and losses for the Issuer, which in turn may jeopardise the Issuer's ability to perform its obligations under the Notes.

#### **Counterparty defaults may lead to the Issuer being unable to satisfy its obligations under the Notes**

The Issuer executes transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, funds and other institutional and corporate clients. Many of these transactions expose the Issuer to the risk that the Issuer's counterparty defaults on its obligations prior to maturity when the Issuer has an outstanding claim against that counterparty. The counterparty risk may be exacerbated when the collateral held by the Issuer cannot be realised or is liquidated at prices insufficient to recover the full amount of counterparty exposure. Any such counterparty default may have an adverse effect on the Issuer's cash flows, business, financial position and results of operations, with potential adverse consequences on the Issuer's ability to fulfil its obligations under the Notes.

#### **The Issuer's business is sensitive to volatility in interest rates and to changes in the competitive environment affecting spreads on its lending and deposits**

A substantial part of the Issuer's liquidity and funding requirements are met through reliance on customer deposits. Changes in interest rate levels, yield curves and spreads may affect the Issuer's lending and deposit spreads. The Issuer is exposed to changes in the spread between the interest rates payable by it on deposits or its funding costs and the interest rates that it charges on loans to customers.

Although both the interest rates payable by the Issuer on deposits and the interest rates that it is able to charge on loans to customers are mainly floating rates, there is a risk that the Issuer will not be able to reprice its floating rate assets and liabilities at the same time, giving rise to repricing gaps in the short or medium term. As applicable interest rates on several deposits are close to zero, it may not be possible in the future to offset in full or in part a decrease in interest rates on loans to customers by a corresponding decrease in interest rates on deposits, and thus there is a risk that the Issuer may face increased funding costs.

The Issuer's business is subject to risks related to the competitive position of the Group. The Issuer faces competition in the Norwegian mortgage market and has experienced pressure on lending margins. The Group may face pricing pressure in certain areas of their operations in the future as competitors seek to increase market share by reducing prices or offering new services at low prices. Increasing use of the internet by customers searching for mortgage providers also affects customer loyalty. There can be no assurance that increased competition will not adversely affect the Group and the Issuer's future results of operations, financial condition and business prospects and its ability to perform its obligations under the Notes.

The current low interest rate environment puts pressure on the Issuer's deposit spreads. The Issuer may not be able to lower its funding costs, in line with decreases in interest rates on loans. Interest rates are sensitive to several factors that are out of the Issuer's control, including fiscal and monetary policies of governments and central banks, as well as domestic and international political conditions. An increase in interest rates could reduce the demand for credit, as well as contribute to an increase in defaults by the Issuer's customers. Conversely, a reduction in the interest rates may adversely affect the Issuer through, among other things, a decrease in demand for deposits and increased competition in respect of deposit rates and interest rates on loans

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<sup>1</sup> Stage 3 of the impairment model includes assets that have had a significant change in credit risk since initial recognition and where there is objective evidence of loss at the time of reporting.

to customers, which in turn could adversely affect the Issuer's funding costs and the Issuer's ability to perform its obligations under the Notes.

**The Issuer may not be able to obtain wholesale funding on commercially reasonable terms or at all**

Due to changes in customer savings behaviour and relatively high credit demand, the Issuer is dependent on other sources of capital than deposits, such as wholesale funding, including issuance of long-term debt market instruments. The volume of these funding sources, in particular long-term funding, may be constrained during periods of liquidity stress. Turbulence in the global financial markets and economy may adversely affect the Issuer's liquidity and the willingness of certain counterparties and customers to do business with the Issuer.

The recent market turmoil caused by the global outbreak of the COVID-19 virus means that it is currently more difficult to obtain wholesale funding on commercial satisfactory terms. If this situation were to continue for a prolonged period of time it could adversely impact the Issuer's funding and ability to pay amounts due under the Notes. Credit ratings affect the cost and other terms upon which the Issuer is able to obtain funding in the wholesale market. Any factors having a negative impact on the Issuer such as a downturn in the international or domestic financial markets, may affect the credit rating of the Issuer, the Programme and/or any outstanding Notes. A credit rating downgrade will not in itself have any impact on the Issuer's ability to perform its obligations under the Notes, but could, in each case, increase the Issuer's borrowing costs, adversely affect the liquidity position of the Issuer, limit the Issuer's access to the capital markets, undermine confidence in (and the competitive position of) the Issuer, 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 obtain funding on commercially reasonable terms or at all.

**The Group hedges its interest rate risk and currency risk through interests rate swaps and currency swaps entered into by the Issuer and Sparebanken Sør Boligkreditt**

In order to hedge the Group's interest rate risk and currency risk, the Issuer and its wholly-owned subsidiary Sparebanken Sør Boligkreditt, enter into interest rate swaps and currency swaps. If a swap provider is no longer obliged to make payments under a swap and exercises its right to terminate a swap or defaults on its obligations to make payments under a swap, the Issuer or Sparebanken Sør Boligkreditt (as applicable) will be exposed to changes in interest and/or currency exchange rates (as applicable).

A well-functioning derivatives market is essential in order for the Issuer and Sparebanken Sør Boligkreditt to enter into interest rate swaps and currency swaps on commercially attractive terms or at all, and is essential for the financing of the Group especially related to the issuing of covered bonds in foreign currencies through Sparebanken Sør Boligkreditt. Any disruption in the market for interest rate swaps and currency swaps or Sparebanken Sør Boligkreditt and the Issuer's access thereto, could have a negative effect on the Group's ability to manage its interest rate risks and currency risks in an adequate fashion. Such a disruption could enhance the Group's refinancing risk if the Issuer or Sparebanken Sør Boligkreditt (as applicable) in such a scenario finds itself restricted from issuing Notes in currencies other than NOK and/or Notes with different interest profile from its other obligations.

The interest and currency swaps of Sparebanken Sør Boligkreditt have certain provisions related to rating requirement of the swap providers, implying that 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. In any such scenario, Sparebanken Sør Boligkreditt may encounter difficulties entering into a replacement interest rate and/or currency swap (as applicable) on commercially acceptable terms or at all, whereby the Group's refinancing risk will be enhanced.

**The Issuer is increasingly dependent on information technology systems, which may fail, may not be adequate to the tasks at hand or may no longer be available**

Banks and their activities are increasingly dependent on highly sophisticated information and communication technology ("ICT") systems, including a significant shift away from physical bank branches and towards greater reliance on internet websites and the development and use of new applications on smartphones. ICT systems are vulnerable to a number of problems, such as software or hardware malfunctions, malicious hacking, physical damage to vital ICT centres and computer viruses. ICT systems need regular upgrading to meet the needs of changing business and regulatory requirements and to keep pace with possible expansion into new markets and the greater use, development and reliance on information and communication technology more broadly. The Issuer may not be able to implement necessary upgrades on a timely basis, and upgrades may fail to function as planned.

In addition to costs that may be incurred as a result of any failure of its ICT systems or technical issues associated with, as well as the general cost of, upgrading its ICT systems, there is a risk that the Issuer could



face liability for losses due to ICT system failures. There is also a risk that the Issuer could face fines from bank regulators if its ICT systems fail to enable them to comply with applicable banking or reporting regulations, including data protection regulations.

The Issuer is reliant on its outsourcing contracts for the maintenance and operation of its ICT systems. Should these companies become unwilling or unable to fulfil its obligations under the relevant outsourcing contract, the Issuer's ICT systems may be adversely affected. In particular, the Issuer and its customers have been, and may in the future become, affected by network problems, which relate to third-party suppliers, and which have affected and might affect in the future certain of the Issuer's internet banking and cash machine functions, resulting in service interruptions. A major disruption to the Issuer's ICT systems, whether under the scenarios outlined above or under other scenarios, could have a material adverse effect on the normal operation of the Issuer's business and thus on its financial condition and the results of its operations.

### **Cybercrime**

The Issuer's activities have been, and are expected to continue to be, subject to an increasing risk of ICT crime in the form of Trojan attacks and denial of service attacks, the nature of which is continuously evolving. Cybersecurity risks are foremost related to the Issuer's internet bank users and include the potential unauthorised access to privileged and sensitive customer information, including internet bank credentials as well as account and credit card information. The Issuer may experience security breaches or unexpected disruptions to its systems and services in the future, which could in turn, result in liabilities or losses to the Issuer, its customers and/or third parties and have an adverse effect on the Issuer's business, reputation and results of operations.

### **Risks related to non-compliance with rules on anti-bribery, anti-money laundering, anti-terrorist financing and economic sanctions**

As a bank, the Issuer is subject to rules and regulations regarding anti-bribery, anti-money laundering, anti-terrorist financing and economic sanctions, such as the Norwegian Act 1 June 2018 no. 23 relating to measures to combat money laundering and the financing of terrorism (No. *hvitvaskingsloven*). Monitoring compliance with existing and future anti-money laundering and anti-terrorism financing rules can put a significant financial burden on banks and other financial institutions and pose significant technical problems. Any violation of anti-money laundering rules, or even the suggestion of violations, may have severe legal and reputational consequences for the Issuer and could, as a result, have a material adverse effect on the Issuer's financial condition and results of operations.

### **RISKS RELATED TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES**

#### **Notes may be subject to loss absorption on any application of the general bail-in tool or at the point of non-viability of the Issuer**

On 2 July 2014, Directive 2014/59/EU providing for the establishment of an EU-wide (which for these purposes includes the UK) framework for the recovery and resolution of credit institutions and investment firms (the **Bank Recovery and Resolution Directive** or **BRRD**) entered into force. BRRD has been implemented in Norway through amendments to Chapter 20 of the Act on Financial Institutions and Financial Groups of 10 April 2015 No. 17 (*Lov om finansforetak og finanskonsern av 10. april 2015 nr. 17*) (the **Financial Undertakings Act**), which took effect on 1 January 2019. The implementing legislation grants authority to the NFSA to implement detailed requirements and supplementary regulations in its capacity as resolution authority.

The Issuer is a Norwegian bank and accordingly falls within the scope of the BRRD as implemented in Norway. The only bankruptcy, composition, insolvency or administrative procedures to which a bank such as the Issuer could be subject under the laws of Norway, are either resolution pursuant to the tools provided for under the BRRD, or winding up by way of public administration as further set out in Chapter 20 of the Financial Undertakings Act.

The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing credit institution, investment firm, certain financial institutions and certain holding companies (each, a **relevant entity**) so as to ensure the continuity of the relevant entity's critical financial and economic functions, while minimising the impact of a relevant entity's failure on the economy and financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) a relevant entity is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such relevant entity within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which

enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a “bridge institution” (an entity created for this purpose that is wholly or partially in public control), which may limit the capacity of the relevant entity to meet its repayment obligations; (iii) asset separation – which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in - which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing relevant entity (which write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claims (including Notes) to equity or other instruments of ownership (the **general bail-in tool**), which equity or other instruments could also be subject to any future cancellation, transfer or dilution.

The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

A relevant entity will be considered as failing or likely to fail when: (i) it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; (ii) its assets are, or are likely in the near future to be, less than its liabilities; (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) it requires extraordinary public financial support (except in limited circumstances).

If the Issuer becomes subject to resolution as provided for in the BRRD, holders of Notes may be subject to the application of the general bail-in tool, which may result in such holders losing some or all of their investment. Such application could also involve modifications, including alteration of the principal amount or any interest payable on the Notes, the maturity date or any other dates on which payments may be due, as well as the suspension of payments for a certain period, to or the disapplication of provisions in, the Terms and Conditions of the Notes other than the VPS Notes and the Terms and Conditions of the VPS Notes, as applicable. As a result, the exercise of any power under the BRRD as implemented in Norway or any suggestion of such exercise could materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

Any application of the general bail-in tool under the BRRD shall be in accordance with the hierarchy of claims in normal insolvency proceedings. Accordingly, the impact of such application on holders of Notes will depend on their ranking in accordance with such hierarchy, including any priority given to other creditors such as depositors.

To the extent any resulting treatment of holders of Notes pursuant to the exercise of the general bail-in tool is less favourable than would have been the case under such hierarchy in normal insolvency proceedings, a holder has a right to compensation under the BRRD based on an independent valuation of the firm (which is referred to as the “no creditor worse off safeguard” under the BRRD). However, any such compensation is unlikely to compensate that holder for the losses it has actually incurred and there is likely to be a considerable delay in the recovery of such compensation as compared to when amounts may otherwise have been due under the Notes.

In addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to permanently write down or convert into equity capital instruments (such as the Subordinated Notes) at the point of non-viability and before any other resolution action is taken (non-viability loss absorption). Any shares issued to holders of the Subordinated Notes upon any such conversion into equity may also be subject to any application of the general bail-in tool and/or other resolution powers as outlined above.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which: (i) the relevant authority determines that the relevant entity meets the conditions for resolution (but no resolution action has yet been taken) or in the near future is expected to meet such conditions; or (ii) extraordinary public financial support is required by the relevant entity or its group other than for the purposes of remedying a serious disturbance in the economy of a Member State and to preserve financial stability; and (iii) the relevant authority determines that the relevant entity or its group will no longer be viable unless the relevant capital instruments (such as the Subordinated Notes) are written down or converted.

In addition to becoming subject to the general bail-in tool, holders of Subordinated Notes may accordingly be subject to write-down or conversion into equity as a result of the non-viability loss absorption rules, which may result in such holders losing some or all of their investment.

Under the BRRD, there is a requirement for EU financial institutions to hold certain minimum levels of own funds and other eligible liabilities (**MREL**) which would be available to be written down or bailed-in in order to facilitate the rescue or resolution of a failing bank. Such requirements came into effect (subject to transitional provisions) in the EU from 1 January 2016. Commission Delegated Regulation (EU) 2016/1450 of 23 May 2016 sets forth regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities. On 20 December 2019, the NFSA communicated the MREL requirement for the Issuer, being 33.5 per cent (NOK 19,684 million) of the Issuer's adjusted risk weighted assets based on the Issuer's balance sheet as at 31 December 2018. The MREL requirement determined by the NFSA must no later than 1 January 2024 be fulfilled with debt instruments that rank junior to Senior Preferred Notes issued by the Issuer.

Under current Norwegian law, there is a distinction between (i) instruments that are eligible and qualify for the fulfilment of the MREL requirement and (ii) instruments that may be bailed in (which is a broader concept). For example, instruments with an original maturity or a remaining maturity of less than one year may be bailed-in (but would not count as fulfilling the MREL requirement). Similarly, Senior Preferred Notes (which, as noted above will not be eligible towards the MREL requirement after 1 January 2024) may be bailed-in.

Noteholders should therefore be aware that a broad range of debt instruments may be liable to bail-in and Noteholders may lose all or some of their investment in any Notes that are bailed-in.

**The Issuer's obligations under Senior Non-Preferred Notes rank junior to the Issuer's other unsubordinated debt. An investor in Senior Non-Preferred Notes assumes an enhanced risk of loss in the event of the Issuer's insolvency.**

The Issuer may issue Senior Non-Preferred Notes, which will constitute direct, unconditional and unsecured obligations of the Issuer. On a liquidation, dissolution or winding-up of the Issuer by way of public administration (referred to herein as a **winding-up of the Issuer**), all claims in respect of the Senior Non-Preferred Notes will rank *pari passu* without any preference among themselves, *pari passu* with claims in respect of Non-Preferred Parity Securities and Statutory Non-Preferred Claims, if any, in priority to claims in respect of Non-Preferred Junior Securities and junior to any present or future claims of Senior Creditors.

If, on a winding up of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of the more senior-ranking creditors in full, the Noteholders will lose their entire investment in the Senior Non-Preferred Notes. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Senior Non-Preferred Notes and all other claims that rank *pari passu* with the Senior Non-Preferred Notes, Noteholders will lose some (which may be substantially all) of their investment in the Senior Non-Preferred Notes.

Although Senior Non-Preferred Notes may pay a higher rate of interest than Senior Preferred Notes or other liabilities of the Issuer which rank in priority to Senior Non-Preferred Notes, an investor in Senior Non-Preferred Notes may lose all or some of his investment should the Issuer become insolvent or should the Issuer or the Notes become subject to the actions described in the risk factor entitled "Notes may be subject to loss absorption on any application of the general bail-in tool or at the point of non-viability of the Issuer" above.

**The Issuer's obligations under Subordinated Notes are subordinated and investors in Subordinated Notes assumes an enhanced risk of loss in the event of the Issuer's insolvency**

The Issuer's obligations under Subordinated Notes are unsecured and subordinated. Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a significant risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become insolvent.

On a liquidation, dissolution or winding-up of the Issuer by way of public administration (referred to herein as a **winding-up of the Issuer**), all claims in respect of the Subordinated Notes will rank *pari passu* without any preference among themselves, *pari passu* with claims in respect of Subordinated Parity Securities, in priority to claims in respect of Subordinated Junior Securities and junior to any present or future claims of Specified Senior

Creditors. If, on a winding-up of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of the more senior-ranking creditors in full, the Noteholders will lose their entire investment in the Subordinated Notes. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Subordinated Notes and all other claims that rank *pari passu* with the Subordinated Notes, Noteholders will lose some (which may be substantially all) of their investment in the Subordinated Notes.

There is no restriction on the amount of securities or other liabilities that the Issuer may issue, incur or guarantee and which rank senior to, or *pari passu* with, the Subordinated Notes. The issue or guaranteeing of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Noteholders during a winding-up of the Issuer and may limit the Issuer's ability to meet its obligations under the Subordinated Notes.

**The qualification of the Senior Non-Preferred Notes and certain Senior Preferred Notes as “eligible liabilities” is subject to uncertainty**

The Senior Non-Preferred Notes and certain Senior Preferred Notes are intended to be “eligible liabilities” which are available to meet any MREL Requirement (however called or defined by the Applicable MREL Regulations then applicable) of the Issuer (**MREL Eligible Liabilities**). However, there is uncertainty regarding the final substance of the Applicable MREL Regulations and how those regulations, once enacted, are to be interpreted and applied and the Issuer cannot provide any assurance that such Notes will be (or thereafter remain) MREL Eligible Liabilities. There is therefore a risk that a MREL Disqualification Event may occur.

Upon the occurrence of a MREL Disqualification Event, the Issuer may, at its option but subject to Condition 7.11 of the Terms and Conditions of the Notes other than the VPS Notes or Condition 7(k) of the Terms and Conditions of the VPS Notes, as applicable, (if applicable), (i) where the applicable Final Terms specify Condition 7.5 of the Terms and Conditions of the Notes other than the VPS Notes or Condition 7(e) of the Terms and Conditions of the VPS Notes, as applicable, to be applicable, redeem all (but not some only) of such Series of Notes and (ii) where the applicable Final Terms specify Condition 7.13 of the Terms and Conditions of the Notes other than the VPS Notes or Condition 7(m) of the Terms and Conditions of the VPS Notes, as applicable, if to be applicable, either substitute all (but not some only) of such Series of Notes for, or vary the terms of such Series of Notes so that they remain or, as appropriate, become Qualifying MREL Securities. See “*Senior Non-Preferred Notes and Senior Preferred Notes: MREL Disqualification Event Redemption*” and “*In certain circumstances, the Issuer can substitute or vary the terms of the Notes*” for a description of the risks related to an early redemption of Notes or the substitution or variation, as the case may be, of Notes.

**There are limited events of default in relation to Senior Non-Preferred Notes and certain Senior Preferred Notes and no events of default in relation to Subordinated Notes**

There are limited events of default in relation to Senior Non-Preferred Notes and Senior Preferred Notes (unless Unrestricted Events of Default is specified as being applicable in the applicable Final Terms), as described in Condition 11 of the Terms and Conditions of the Notes other than VPS Notes or in Condition 11 of the Terms and Conditions of the VPS Notes. Accordingly, the rights of the holders of such Notes are restricted by the limited events of default.

In the event that the Issuer fails to pay interest or principal when due on any Subordinated Note, the holders of such Notes shall not be entitled to bring proceedings against the Issuer for payment of such amounts.

**There is no right of set-off or counterclaim in relation to Senior Non-Preferred Notes, Subordinated Notes and certain Senior Preferred Notes**

In the case of (i) Senior Preferred Notes where No Right of Set-Off or Counterclaim is specified as being applicable in the applicable Final Terms, (ii) Senior Non-Preferred Notes and (iii) Subordinated Notes, no holder of such Notes or the relative Coupons who becomes, in the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration, indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of such Notes held by the relevant Noteholder or Couponholder, as the case may be.

**Senior Non-Preferred Notes and certain Senior Preferred Notes: MREL Disqualification Event Redemption**

Where the applicable Final Terms specify that Condition 7.5 of the Terms and Conditions of the Notes other than the VPS Notes or Condition 7(e) of the Terms and Conditions of the VPS Notes, as applicable, applies, if a MREL Disqualification Event (as defined in the Terms and Conditions of the Notes other than the VPS Notes and the Terms and Conditions of the VPS Notes) occurs, the Issuer may, at its option, but subject to obtaining

the prior written permission of the Relevant Regulator (if applicable), on giving not less than minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance Condition 16 of the Terms and Conditions of the Notes other than the VPS Notes or Condition 14 of the Terms and Conditions of the VPS Notes, as applicable, the Noteholders (which notice shall be irrevocable), as further provided in Condition 7.5 of the Terms and Conditions of the Notes other than the VPS Notes or Condition 7(e) of the Terms and Conditions of the VPS Notes, as applicable, redeem all (but not some only) of the outstanding Notes comprising the relevant Series at the amount specified in the applicable Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

During any period when the Issuer may, or is perceived to be able to, elect to redeem Notes, the market value of such Notes generally will not rise substantially above and may in fact decrease below the price at which they can be redeemed. This may also be true prior to any redemption period.

There can be no assurance that holders of such Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in such Notes, as the case may be.

#### **Subordinated Notes: Capital Event Redemption**

Where the applicable Final Terms specify that Condition 7.4 of the Terms and Conditions of the Notes other than the VPS Notes or Condition 7(d) of the Terms and Conditions of the VPS Notes, as applicable, applies, if a Capital Event (as defined in the Terms and Conditions of the Notes other than the VPS Notes and the Terms and Conditions of the VPS Notes) occurs, the Issuer may, at its option, but subject to obtaining the prior written permission of the Relevant Regulator (if applicable), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 16 of the Terms and Conditions of the Notes other than the VPS Notes or Condition 14 of the Terms and Conditions of the VPS Notes, as applicable, the Noteholders (which notice shall be irrevocable), as further provided in Condition 7.4 of the Terms and Conditions of the Notes other than the VPS Notes or Condition 7(d) of the Terms and Conditions of the VPS Notes, as applicable, redeem all (but not some only) of the outstanding Notes comprising the relevant Series at the amount specified in the applicable Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

During any period when the Issuer may, or is perceived to be able to, elect to redeem Notes, the market value of such Notes generally will not rise substantially above and may in fact decrease below the price at which they can be redeemed. This may also be true prior to any redemption period.

There can be no assurance that holders of Subordinated Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the Subordinated Notes, as the case may be.

#### **Call options are, in certain circumstances, subject to the prior consent of the Relevant Regulator**

In addition to the call rights described above under “*Subordinated Notes: Capital Event Redemption*”, Subordinated Notes may also contain provisions allowing the Issuer to call them after a minimum period of five years. To exercise such a call option, the Issuer must (if, and to the extent, then required by the Relevant Regulator) obtain the prior written permission of the Relevant Regulator.

Any early redemption by the Issuer of Senior Non-Preferred Notes or Restricted Senior Preferred Notes is also subject to the prior written permission of the Relevant Regulator (if, and to the extent, then required by the Relevant Regulator and by the Applicable MREL Regulations).

Holders of such Notes should not invest in such Notes in the expectation that such a call will be exercised by the Issuer. The exercise of a call is subject to the Issuer’s discretion, and in addition the Relevant Regulator must agree to permit such a call, based upon its evaluation of the regulatory capital position of the Issuer and certain other factors at the relevant time. There can be no assurance that the Issuer will exercise its discretionary right to exercise the call and/or that the Relevant Regulator will permit such a call, if exercised. Holders of such Notes should be aware that they may be required to bear the financial risks of an investment in such Notes for a period of time in excess of the minimum period (if applicable).

During any period when the Issuer may, or is perceived to be able to, elect to redeem Notes, the market value of such Notes generally will not rise substantially above and may in fact decrease below the price at which they can be redeemed. This may also be true prior to any redemption period.

There can be no assurance that holders of such Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in such Notes, as the case may be.

### **Notes subject to optional redemption by the Issuer**

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of such 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 available at that time.

### **Notes issued at a substantial discount or premium**

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

### **Substitution and variation of Subordinated Notes, Senior Non-Preferred Notes and Senior Preferred Notes without Noteholder consent**

In the case of Subordinated Notes only, where the applicable Final Terms specify that Condition 7.12 of the Terms and Conditions of the Notes other than the VPS Notes or Condition 7(l) of the Terms and Conditions of the VPS Notes, as applicable, applies, if a Capital Event has occurred or in order to ensure the effectiveness and enforceability of Condition 21 of the Terms and Conditions of the Notes other than the VPS Notes or Condition 20 of the Terms and Conditions of the VPS Notes, as applicable, the Issuer may, subject to obtaining the prior written permission of the Relevant Regulator (if applicable), substitute all (but not some only) of the Subordinated Notes or vary the terms of all (but not some only) of the Subordinated Notes (including changing the governing law of Condition 21 of the Terms and Conditions of the Notes other than the VPS Notes or Condition 20 of the Terms and Conditions of the VPS Notes from English law to Norwegian law), without the requirement for the consent or approval of the holders of the Subordinated Notes, so that they become or remain Qualifying Subordinated Securities.

In the case of Senior Preferred Notes and Senior Non-Preferred Notes only, where the applicable Final Terms specify that Condition 7.13 of the Terms and Conditions of the Notes other than the VPS Notes or Condition 7(m) of the Terms and Conditions of the VPS Notes, as applicable, applies, if a MREL Disqualification Event has occurred or in order to ensure the effectiveness and enforceability of Condition 21 of the Terms and Conditions of the Notes other than the VPS Notes or Condition 20 of the Terms and Conditions of the VPS Notes, as applicable, the Issuer may, subject to obtaining the prior written permission of the Relevant Regulator (if applicable), substitute all (but not some only) of the Senior Preferred Notes and Senior Non-Preferred Notes or vary the terms of all (but not some only) of the Senior Preferred Notes and Senior Non-Preferred Notes (including changing the governing law of Condition 21 of the Terms and Conditions of the Notes other than the VPS Notes or Condition 20 of the Terms and Conditions of the VPS Notes from English law to Norwegian law), without the requirement for the consent or approval of the holders of the Senior Preferred Notes and Senior Non-Preferred Notes, so that they become or remain Qualifying MREL Securities.

The terms and conditions of such substituted or varied Notes may have terms and conditions that contain one or more provisions that are substantially different from the terms and conditions of the original Notes, provided that the relevant Notes remain or, as appropriate, become, Qualifying Subordinated Securities or Qualifying MREL Securities, as the case may be, in accordance with the Terms and Conditions of the Notes other than the VPS Notes or the Terms and Conditions of the VPS Notes, as applicable.

While the Issuer cannot otherwise make changes to the terms of Notes that, in its reasonable opinion, are materially less favourable to the holders of the relevant Notes as a class, the governing law of Condition 21 of the Terms and Conditions of the Notes other than the VPS Notes or Condition 20 of the Terms and Conditions of the VPS Notes, as applicable, may be changed from English law to Norwegian law in order to ensure the effectiveness and enforceability. No assurance can be given as to whether any of these changes will negatively affect any particular holder. In addition, the tax and stamp duty consequences of holding such substituted or varied Notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the Notes prior to such substitution or variation.

**In respect of any Notes issued with a specific use of proceeds, such as a “Sustainability Bond”, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor**

The 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 a portfolio of loans for essential social services (**Sustainability Loans**) and Notes issued thereunder to be referred to as **Sustainability Senior Bonds**. Prospective investors should have regard to the information set out in this Base Prospectus and/or the applicable Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Sustainability Senior Bonds together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer or the Dealers that the use of such proceeds for any Sustainability 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 projects or uses, the subject of or related to, the relevant Sustainability Loans). Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green” or “sustainable” or an equivalently-labelled loan or as to what precise attributes are required for a particular loan to be defined as “green” or “sustainable” or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any loans or uses the subject of, or related to, any Sustainability Loans will meet any or all investor expectations regarding such “green”, “sustainable” or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any loans or uses the subject of, or related to, any Sustainability Loans. The Issuer has published a framework (the **Sustainability Bond Framework**) relating to an investment in Sustainability Loans or the issuance of Sustainability Senior Bonds which is available on the Issuer’s website. Compliance with the Sustainability Bond Framework is monitored by the Green and Sustainability Bond Committee, which comprises the CEO, the Co-Director and Head of Corporate Market, the Director of Retail Market, the Chief of Staff, the Head of Treasury and the Finance Manager of the Issuer, and the CEO of Sparebanken Sør Boligkreditt. The Sustainability Framework may be amended from time to time by the Green and Sustainability Bond Committee.

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

In the event that any such Sustainability Senior Bonds 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 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 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 projects or uses, the subject of or related to, any Sustainability Loans. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Sustainability Senior Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of the Sustainability Senior Bonds.

While it is the intention of the Issuer to apply the proceeds of any Sustainability Senior Bonds in, or substantially in, the manner described in this Base Prospectus and/or the applicable Final Terms, there can be no assurance that the relevant loan(s) or use(s) which are the subject of, or related to, any Sustainability Loans 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 disbursed for the specified Sustainability Loans. Nor can there be any assurance that such Sustainability 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. None of the Dealers will verify or monitor the application of the proceeds of any such Sustainability Senior Bonds issued under the Programme.

Any such event or failure to apply the proceeds of any issue of Sustainability Senior Bonds for any Sustainability Loans as aforesaid will not constitute an event of default, or, as the case may be, enforcement event under the relevant Sustainability Senior Bonds. The withdrawal of any opinion or certification as described above, or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on, and/or any such Sustainability Senior Bonds no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Sustainability Senior Bonds and also potentially the value of any other Sustainability Senior Bonds which are intended to finance Sustainability Loans and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

### **Fixed/Floating Rate Notes**

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes where the change of interest basis results in a lower interest return for Noteholders. Where the relevant Notes convert from a fixed rate to a floating rate, the spread on the relevant Fixed/Floating Rate 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. Where the relevant Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on the relevant Notes and could affect the market value of an investment in the relevant Notes.

### **Reset Notes**

Reset Notes will initially earn interest at the Initial Rate of Interest to (but excluding) the First Reset Date. On and from the First Reset Date, the interest rate will be reset to the First Reset Rate of Interest (being the sum of the relevant Reset Reference Rate and the First Reset Margin, in each case, as specified in the applicable Final Terms) and on and from each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the Subsequent Reset Rate of Interest (being the sum of the relevant Reset Reference Rate and the relevant Subsequent Reset Margin, in each case, as specified in the applicable Final Terms), in each case as determined by the Calculation Agent on the relevant Reset Determination Date. The First Reset Rate of Interest and any Subsequent Reset Rate for any Reset Period could be less than Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest for prior Reset Periods, as applicable, and could affect the market value of an investment in the Reset Notes.

VPS Notes cannot be issued as Reset Notes.

## **RISKS RELATED TO NOTES GENERALLY**

### **Meetings of the Noteholders, Modification and Waivers**

The Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes contain provisions for calling meetings of Noteholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes other than VPS Notes also provide that the Issuer and the Agent may, without the consent of holders of Notes other than VPS Notes, agree to any modification of the Notes other than VPS Notes, the Coupons or the Agency Agreement which is, in the opinion of the Issuer, of a formal, minor or technical nature or is, in the opinion of the Issuer, made to correct a manifest or proven error or to comply with mandatory provisions of the law. Any such modification shall be binding on the holders of Notes other than VPS Notes and the Couponholders as described in Condition 13 of the Terms and Conditions of the Notes other than VPS Notes.



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 (i) such amendment is not detrimental to the rights and benefits of the affected VPS Noteholders in any material respect, or (ii) such amendment is made solely for the purpose of rectifying obvious errors and mistakes, or (iii) 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.

### **Change of law**

The Terms and Conditions of the Notes other than VPS Notes are based on English law, save for Conditions 2, 3 and 4 of such Conditions which are governed by Norwegian law

The Terms and Conditions of the VPS Notes are based on English law, save for Conditions 2, 3, 4, 13, 14, 15, 16 and 17 of such 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 after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

### **Notes where denominations involve integral multiples: definitive Notes**

In relation to any issue of Notes in bearer form which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

## **RISKS RELATING TO THE LEGAL AND REGULATORY ENVIRONMENTS OF THE ISSUER AND THE NOTES**

### **Implementation of new EU regulations remains unclear and may have an adverse effect on the Notes**

On 23 November 2016, the European Commission published legislative proposals for amendments to the directive of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013 and published in the Official Journal of the European Union on 27 June 2013 (the **CRD IV**) and the Regulation 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the **CRR**), the BRRD and Regulation (EU) No. 806/2014 establishing a Single Resolution Mechanism for the Banking Union and proposed an amending directive to facilitate the creation of a new asset class of “non-preferred” senior debt (the **Proposals**). The Proposals covered multiple areas, including the Pillar 2 framework, the leverage ratio, the mandatory restrictions on distributions, the permission for reducing own funds and eligible liabilities, the macroprudential tools, a new category of “non-preferred” senior debt, the MREL (as defined above) framework and the integration of the Financial Stability Board’s proposed minimum total loss-absorbing capacity into EU legislation. The various directives and regulations intended to implement the Proposals were published in the Official Journal of the European Union on 7 June 2019 and entered into force in the European Union on 27 June 2019.

On 5 February 2020, the Norwegian Ministry of Finance appointed a working group that will assess the implementation of the Proposals into Norwegian law. The working group will, in addition to representatives from the NFSA, consist of representatives from the Norwegian Central Bank, the Norwegian Ministry of Finance and the Norwegian Bank's Guarantee Fund. The report is expected to be submitted to the Norwegian Ministry of Finance by 1 October 2020.

The new category of “non-preferred” senior debt mentioned above is included in the Proposals by virtue of a draft amending directive facilitating the creation of such new asset class of “non-preferred” senior debt which was published in final form on 12 December 2017 (the **Creditor Hierarchy Directive**). The Norwegian

Ministry of Finance is currently considering a legislative proposal for transposing the Creditor Hierarchy Directive into Norwegian law, which was submitted to it by the NFSA on 3 June 2019. At the date of this Base Prospectus, uncertainty remains over the exact timing for adoption and entry into force of the national legislation transposing the Creditor Hierarchy Directive into Norwegian law.

Until the Proposals are implemented in Norway, it is uncertain how the Proposals will affect the Issuer or holders of the Notes.

**There are risks that certain "benchmark" rates may be administered differently or discontinued in the future, including the potential phasing-out of LIBOR after 2021, which may adversely affect the trading market for, value of and return on, Notes based on such "benchmarks"**

Interest rates and indices which are deemed to be "benchmarks" (including LIBOR, EURIBOR, SIBOR, TIBOR, HIBOR and the Bank of England Base Rate), 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 or referencing such a "benchmark".

The 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 (which, for these purposes, includes the UK). 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 of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation 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 Benchmarks Regulation. 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. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead 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 or referencing a "benchmark".

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

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

It is not possible to predict with certainty whether, and to what extent, certain "benchmarks" (including LIBOR and EURIBOR) will continue to be supported going forwards. This may cause certain "benchmarks" to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain "benchmarks": (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the "benchmark" and/or (iii) leading to the disappearance of the "benchmark".

Investors should be aware that the Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes, as the case may be, provide for certain fallback arrangements for the purpose of determining the relevant rate of interest (or, as applicable, any component part thereof) applicable to an issue of Floating Rate Notes or Reset Notes.

In relation to (i) Notes that are Reset Notes and where Mid-Swap Rate is specified as the manner in which the rate of interest is to be determined in the applicable Final Terms and (ii) Notes that are Floating Rate Notes and where Screen Rate Determination is specified as the manner in which the rate of interest is to be determined in the applicable Final Terms (any such Notes as described in (i) and (ii) above being **Relevant Notes**), if Reference Rate Replacement is specified in the applicable Final Terms as being applicable, such fallback arrangements will include the possibility that, upon the occurrence of a Benchmark Event in relation to an Original Reference Rate, the relevant rate of interest (or, as applicable, component part thereof) could be set or, as the case may be, determined by the Issuer (having consulted with an Independent Adviser) by reference to a Successor Reference Rate or an Alternative Reference Rate (as applicable) and, in either case, an Adjustment Spread, in any such case, acting in good faith and in a commercially reasonable manner (as described more fully in the Terms and Conditions of the Relevant Notes).

An Adjustment Spread is either (a) the spread (which may be positive, negative or zero) or (b) the formula or methodology for calculating a spread, in each to be applied to the relevant Successor Reference Rate or the relevant Alternative Reference Rate (as the case may be), and is the spread, formula or methodology which:

- (i) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Original Reference Rate with such Successor Reference Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), or (if no such recommendation has been made, or in the case of an Alternative Reference Rate);
- (ii) the Issuer, following consultation with the Independent Adviser, determines is customarily applied to the relevant Successor Reference Rate or the relevant Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer determines that no such spread is customarily applied);
- (iii) in the case of an Alternative Reference Rate, is in customary market usage in the international debt capital markets for transactions which reference the Original Reference Rate, where such rate has been replaced by such Alternative Reference Rate; or
- (iv) the Issuer, following consultation with the Independent Adviser, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the relevant Successor Reference Rate or the relevant Alternative Reference Rate (as the case may be); or
- (v) the Issuer determines that no such industry standard is recognised or acknowledged, the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate, having regard to the objective of reducing or eliminating, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to the Noteholders.

The application of an Adjustment Spread may result in the Relevant Notes performing differently (which may include payment of a lower interest rate) than they would do if the relevant Original Reference Rate were to continue to apply in its current form. In addition, the application of an Adjustment Spread could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Noteholder, any such Adjustment Spread will be favourable to each Noteholder.

In addition, the Issuer may also determine (acting in good faith and in a commercially reasonable manner and in consultation with the Independent Adviser) that other amendments to the Terms and Conditions of the Relevant Notes are necessary in order to follow market practice in relation to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and to ensure the proper operation of the relevant Successor Reference Rate or Alternative Reference Rate (as applicable).

No consent of the Noteholders shall be required in connection with effecting any relevant Successor Reference Rate or Alternative Reference Rate (as applicable) or any other related adjustments and/or amendments described above.

In certain circumstances, the ultimate fallback of interest for a particular Interest Period or Reset Period, as applicable, may result in the rate of interest for the last preceding Interest Period or Reset Period, as applicable being used. This may result in the effective application of a fixed rate for Floating Rate Notes or Reset Notes based on the rate which was last observed on the Relevant Screen Page. In addition, in the case of Relevant Notes, due to the uncertainty concerning the availability of Successor Reference Rates and Alternative Reference Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

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 Floating Rate Notes or Reset Notes linked to or referencing, or otherwise dependent (in whole or in part) upon, 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 Floating Rate Notes or Reset Notes linked to or referencing a “benchmark”.

In addition, potential investors should note that:

- (a) no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made if, and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as (i) in the case of Senior Non-Preferred Notes, MREL Eligible Liabilities; or (ii) in the case of Subordinated Notes, Tier 2 Capital; and
- (b) in the case of Restricted Senior Preferred Notes and Senior Non-Preferred Notes only, no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made if, and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Relevant Regulator treating the next Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date.

In all such circumstances, the ultimate fallback for determining the rate of interest (which is described above) will apply.

## Documents Incorporated by Reference

The following documents, which have previously been published and filed with the Central Bank, shall be incorporated in, and form part of, this Base Prospectus:

- (a) the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2018 together with the independent auditor’s report thereon (an English translation is available on the website of the Issuer at <https://www.sor.no/globalassets/financial-reporting/annual-report-2018-sparebanken-sor.pdf>) set out on the following pages of the Issuer’s 2018 annual report (in a document named “Annual Report 2018”):

Income Statement	p.22
Balance Sheet	p.23
Equity Statement	p.24
Cash Flow Statement	p.25
Notes	p.26 – 95 (inclusive)
Alternative Performance measures	p. 97
Auditor’s Report	p.110 – 115 (inclusive);

- (b) the audited financial statements of the Issuer for the financial year ended 31 December 2019 together with the independent auditors’ report thereon (an English translation is available on the website of the Issuer at <https://www.sor.no/globalassets/financial-reporting/2019-annual-report-sparebanken-sor.pdf>); set out on the following pages of the Issuer’s 2019 annual report (in a document named “Annual Report 2019”):

Income Statement	p.22
Balance Sheet	p.23
Equity Statement	p.24
Cash Flow Statement	p.25
Notes	p.26 – 93 (inclusive)
Alternative Performance measures	p. 95
Auditor’s Report	p.103 – 107 (inclusive);

- (c) the interim unaudited consolidated financial statements of the Issuer for the three month period ended 31 March 2020 (an English translation is available on the website of the Issuer at <https://www.sor.no/globalassets/financial-reporting/2020-q1-report-sparebanken-sor.pdf>) set out on the following pages of the Issuer’s interim unaudited first-quarter report (in a document named “Q1 2020”):

Income Statement	p.14
Balance Sheet	p.15
Cash Flow Statement	p.16
Statement of changes in equity	p.17
Notes	p.18-31
Alternative Performance Measures	p.36;

- (d) the sections “Terms and Conditions of the Notes other than VPS Notes” (pages 28-46 inclusive) and “Terms and Conditions of the VPS Notes” (pages 47-65 inclusive) set out in the base prospectus dated 19 August 2016 relating to the Programme (available on the website of Euronext Dublin at [http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_c042327c-6193-4bf0-ba41-35316d6a1b56.pdf](http://www.ise.ie/debt_documents/Base%20Prospectus_c042327c-6193-4bf0-ba41-35316d6a1b56.pdf)); and

- (e) the sections “Terms and Conditions of the Notes other than VPS Notes” (pages 30-48 inclusive) and “Terms and Conditions of the VPS Notes” (pages 49-67 inclusive) set out in the base prospectus dated

30 June 2017 relating to the Programme (available on the website of Euronext Dublin at [http://www.ise.ie/debt\\_documents/FBase%20Prospectus\\_922b0b36-3457-4baf-9072-a7a4fad71133.pdf](http://www.ise.ie/debt_documents/FBase%20Prospectus_922b0b36-3457-4baf-9072-a7a4fad71133.pdf));

- (f) the sections “Terms and Conditions of the Notes other than VPS Notes” (pages 33-50 inclusive) and “Terms and Conditions of the VPS Notes” (pages 51-67 inclusive) set out in the base prospectus dated 28 June 2018 relating to the Programme (available on the website of Euronext Dublin at [https://www.ise.ie/debt\\_documents/Final%20Base%20Prospectus%202018\\_5941632f-e20b-412d-820b-d2d790829d0f.pdf](https://www.ise.ie/debt_documents/Final%20Base%20Prospectus%202018_5941632f-e20b-412d-820b-d2d790829d0f.pdf)); and
- (g) the sections “Terms and Conditions of the Notes other than VPS Notes” (pages 47-81 inclusive) and “Terms and Conditions of the VPS Notes” (pages 82-110 inclusive) set out in the base prospectus dated 5 July 2019 relating to the Programme (available on the website of Euronext Dublin at [https://www.ise.ie/debt\\_documents/Base%20Prospectus\\_5a8806fd-5a10-4853-81ff-f25b94cb2481.pdf](https://www.ise.ie/debt_documents/Base%20Prospectus_5a8806fd-5a10-4853-81ff-f25b94cb2481.pdf)).

Only the information set out in the cross-reference lists in (a) – (g) above is being incorporated by reference into this Base Prospectus. Any other information 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 Prospectus Regulation and such additional information shall not be incorporated by reference into this Base Prospectus. Any such non-incorporated parts of a document referred to herein are either not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

The auditor’s reports outlined in (a) and (b) above constitute accurate and direct translations of the Norwegian originals.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the Central Bank 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.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form 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 may affect 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.

## 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, in the case of VPS Notes, uncertificated book entry form.

### NOTES (OTHER THAN VPS NOTES)

Each Tranche of Notes other than VPS Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note**) and, together with a Temporary Global Note, each a **Global Note**) which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the 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 Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg or any other agreed clearing system.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the 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 intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. 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 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 either for (a) interests in a Permanent Global Note of the same Series or (b) definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms), in each case against certification of 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 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 specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 11 (in relation to Senior Preferred Notes where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms) or Condition 12 (in relation to Senior Preferred Notes (unless Unrestricted Events of Default is specified as being applicable in the applicable Final Terms) and Senior Non-Preferred Notes), as applicable) has occurred or is continuing and/or, (in the case of Subordinated Notes, Senior Preferred Notes and Senior Non-Preferred Notes) a payment default has occurred and is continuing with respect to such Notes, (ii) 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 (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 16 of the Terms and Conditions of the Notes other than VPS Notes and Condition 14 of the Terms and Conditions of the VPS Notes 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) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The exchange upon notice or the exchange at any time upon an Exchange Event should not be expressed to be applicable if the Notes are issued in denominations comprising a minimum Specified Denomination (such as €100,000 (or its equivalent in another currency)) plus one or more higher integral multiples of another smaller amount (such as €1,000 (or its equivalent in another currency)). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes.

The following legend will appear on all Notes (other than Temporary Global Notes) 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.”

Notes which are represented by a 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.

Any Senior Preferred Note or Senior Non-Preferred Note may be accelerated by the holder thereof in certain circumstances described in Condition 10 or Condition 11 of the Terms and Conditions of the Notes other than VPS Notes, as applicable. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 29 June 2020 and executed by the Issuer.

Pursuant to the Agency Agreement (as defined in “*Terms and Conditions of the Notes other than VPS Notes*”), the 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 at a point after the Issue Date of the further Tranche, 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 such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

## 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 the VPS. On the issue of such VPS Notes, the Issuer will send a letter to the VPS Trustee, with copies sent to the 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 the Final Terms attached thereto. On delivery of a copy of such VPS Letter including the applicable Final Terms to the VPS and notification to the VPS of the subscribers and their VPS account details by the relevant Dealer, the VPS Agent will credit each subscribing VPS account holder 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 the VPS will take place two Oslo business days after the date of the relevant transaction. Transfers of interests in the relevant VPS Notes will only take place in accordance with the rules and procedures of the VPS from time to time.

VPS Notes may not be exchanged for bearer Notes and *vice versa*.



## **GENERAL**

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or the 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.

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 event a supplement to the Base Prospectus or a new Base Prospectus will be made available which will describe the effect of the agreement reached in relation to such Notes.

## Applicable Final Terms

**[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES (ECPS) ONLY TARGET MARKET** – Solely for the purposes of [the/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 Directive 2014/65/EU (as amended) (**MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*] Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer[’s/s’] 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 manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**[MIFID II PRODUCT GOVERNANCE / RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES (ECPS) TARGET MARKET** – Solely for the purposes of [the/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, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended) (**MiFID II**); *EITHER* [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] *OR* [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate – investment advice[,and] portfolio management[,/ and][non-advised sales][and pure execution services]], subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable]]. [*Consider any negative target market*] Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer[’s/s’] 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 manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels[, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable].]

**[PROHIBITION OF SALES TO EEA AND 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 European Economic Area (**EEA**) or 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 (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive(EU) 2016/97, 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 (as defined below). 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 or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.][*Include unless the Final Terms specifies “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”*]

[Date]

### Sparebanken Sør

**Legal Entity Identifier (LEI): 549300EPQN8ZRX4U1D67**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

**under the €3,000,000,000**

**Euro Medium Term Note Programme**

**PART A — CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions of the Notes other than VPS Notes] [the Terms and Conditions of the VPS Notes] set forth in the Base Prospectus dated 29 June 2020 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of the Prospectus Regulation. When used in these Final Terms, **Prospectus Regulation** means Regulation (EU) 2017/1129. 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 in order to obtain all the relevant information. The Base Prospectus is available for viewing at the website of Euronext Dublin at [www.ise.ie](http://www.ise.ie).

*[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 [Terms and Conditions of the Notes other than VPS Notes] [the Terms and Conditions of the VPS Notes] set forth in the base prospectus dated [19 August 2016/30 June 2017/28 June 2018/5 July 2019] [[and the supplement(s) to it dated [date(s)]]] which are incorporated by reference in the Base Prospectus dated 29 June 2020. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation. When used in these Final Terms, **Prospectus Regulation** means Regulation (EU) 2017/1129. This document must be read in conjunction with the Base Prospectus dated 29 June 2020 [and the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of the Prospectus Regulation in order to obtain all the relevant information. The Base Prospectus is available for viewing at the website of Euronext Dublin at [www.ise.ie](http://www.ise.ie).]

- |     |                                                                            |                                                                                                                                                                                                                                                                         |
|-----|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.  | Issuer:                                                                    | Sparebanken Sør                                                                                                                                                                                                                                                         |
| 2.  | (a) Series Number:                                                         | [ ]                                                                                                                                                                                                                                                                     |
|     | (b) Tranche Number:                                                        | [ ]                                                                                                                                                                                                                                                                     |
|     | (c) Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [ ] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 23 below, which is expected to occur on or about [ ]][Not Applicable] |
| 3.  | Specified Currency or Currencies:                                          | [ ]                                                                                                                                                                                                                                                                     |
| 4.  | Aggregate Nominal Amount:                                                  | [ ]                                                                                                                                                                                                                                                                     |
|     | (a) Series:                                                                | [ ]                                                                                                                                                                                                                                                                     |
|     | (b) Tranche:                                                               | [ ]                                                                                                                                                                                                                                                                     |
| 5.  | Issue Price:                                                               | [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ]]                                                                                                                                                                                          |
|     | (a) Specified Denominations:                                               | [ ]                                                                                                                                                                                                                                                                     |
|     | (b) Calculation Amount (Applicable to Notes in definitive form.)           | [ ]                                                                                                                                                                                                                                                                     |
|     | (a) Issue Date:                                                            | [ ]                                                                                                                                                                                                                                                                     |
|     | (b) Interest Commencement Date:                                            | [ ][Issue Date][Not Applicable]                                                                                                                                                                                                                                         |
| 8.  | Maturity Date:                                                             | [ ]/Interest Payment Date falling in or nearest to [ ]                                                                                                                                                                                                                  |
| 9.  | Interest Basis:                                                            | [[ ] per cent. Fixed Rate]<br>[Reset Notes]<br>[[[ ] month [[Sterling/Euro/Swiss Franc] LIBOR/EURIBOR/NIBOR/STIBOR] +/- [ ] per cent. Floating Rate] [Zero Coupon]<br>(see paragraph 14/15/16/17 below)                                                                 |
| 10. | Redemption/Payment Basis:                                                  | Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.                                                                                                                 |
| 11. | Change of Interest Basis:                                                  | [From [Fixed Rate to Floating Rate][Floating Rate to Fixed Rate] with effect from [ ]][Not Applicable]                                                                                                                                                                  |
| 12. | Put/Call Options:                                                          | [Investor Put]                                                                                                                                                                                                                                                          |

- [Issuer Call]  
[(see paragraph 18/19 below)]
13. (i) Status of the Notes: [Senior Preferred/Senior Non-Preferred/Subordinated]
- (A) No Right of Set-Off or Counterclaim: [Applicable/Not Applicable]  
*(Only relevant for Senior Preferred Notes)*
- (B) Regulatory Consent: [Applicable/Not Applicable]  
*(Only relevant for Senior Preferred Notes)*
- (C) Redemption upon occurrence of Capital Event and amounts payable on redemption therefor: [Applicable – Condition 7.4 of the Terms and Conditions of the Notes other than the VPS Notes applies/Condition 7(d) of the Terms and Conditions of the VPS Notes applies/ Not Applicable *(If applicable, specify the amount payable on redemption following a Capital Event)*  
*(Only relevant for Subordinated Notes)*
- (D) Redemption upon occurrence of MREL Disqualification Event and amounts payable on redemption therefor: [Applicable – Condition 7.5 of the Terms and Conditions of the Notes other than the VPS Notes applies/Condition 7(e) of the Terms and Conditions of the VPS Notes applies *(If applicable, specify the amount payable on redemption following a MREL Disqualification Event)*  
*(Only relevant for Senior Preferred Notes and Senior Non-Preferred Notes)*
- (E) Substitution or variation: [Applicable – Condition 7.12/7.13 of the Terms and Conditions of the Notes other than the VPS Notes applies/Condition 7(l)/7(m) of the Terms and Conditions of the VPS Notes applies /Not Applicable]  
*(Condition 7.12/7(l) is relevant for Subordinated Notes and Condition 7.13/7(m) is relevant for Senior Preferred Notes and Senior Non-Preferred Notes)*
- (F) Restricted Gross-Up Senior Preferred Notes: [Applicable/Not Applicable]  
*(Only relevant for Senior Preferred Notes)*
- (G) Unrestricted Events of Default: [Applicable/Not Applicable]  
*(Only relevant for Senior Preferred Notes)*
- (H) [Notice periods for Condition [[7.4]/[7.5]] of the Terms and Conditions of Notes other than VPS Notes/[[7(d)],[7(e)]] of the Terms and Conditions of the VPS Notes:] [Minimum period: [ ] days]  
[Maximum period: [ ] days]
- (ii) [Date [Board] approval for issuance of [ ] [and [ ]], respectively]  
Notes obtained:

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (a) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each

	Interest Payment Date
(b) Interest Payment Date(s):	[ ] in each year, from and including [ ], up to and including the Maturity Date
(c) Fixed Coupon Amount(s):	[ ] per Calculation Amount
(d) Broken Amount(s):	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
(e) Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
(f) Determination Date(s):	[[ ] in each year][Not Applicable]
15. Reset Note Provisions	
(i) Initial Rate of Interest:	[ ] per cent. per annum payable [annually/semi-annually/quarterly/monthly] in arrear
(ii) First Reset Margin:	[Plus/Minus][ ] per cent. per annum
(iii) Subsequent Reset Margin:	[[Plus/Minus][ ] per cent. per annum/Not Applicable]
(iv) Interest Payment Date(s):	[ ] in each year
(v) Fixed Coupon Amount up to (but excluding) the First Reset Date:	[[ ] per Calculation Amount/Not Applicable]
	<i>(N.B. The Fixed Coupon Amount for an issue of Subordinated Notes will not apply if the Calculation Amount has been adjusted or if any accrued but unpaid amount of interest has been reduced and/or cancelled, as applicable, as described in the Conditions)</i>
(vi) Broken Amount(s) up to (but excluding) the First Reset Date:	[Not Applicable/[ ] per Calculation Amount [for the [short/long] first Interest Period] payable on [ ]]
	<i>(N.B. The Broken Amount for an issue of Subordinated Notes or Additional Tier 1 Capital Notes will not apply if the Calculation Amount has been adjusted or if any accrued but unpaid amount of interest has been reduced and/or cancelled, as applicable, as described in the Conditions)</i>
(vii) First Reset Date:	[ ]
(viii) Second Reset Date:	[[ ]/Not Applicable]
(ix) Subsequent Reset Date(s):	[[ ] [and [ ]]/Not Applicable]
(x) Reset Determination Date(s):	[ ]
	<i>(specify in relation to each Reset Date)</i>
(xi) Specified Time:	[ ]
(xii) Relevant Screen Page:	[ ]
(xiii) Reset Reference Rate:	[[Mid-Swap Rate]/[Reset Reference Bond]/[CMT Rate]]
(xiv) Reset Reference Rate Conversion:	[Applicable/Not Applicable]
(xv) Original Reset Reference Rate Payment Basis:	[Annual/Semi-annual/Quarterly/Monthly/Not Applicable]
(xvi) Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap

		Rate/Not Applicable]
		<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
–	Reference Rate Replacement:	[Applicable/Not Applicable]
–	Mid-Swap Floating Leg Maturity:	[ ]
–	Initial Mid-Swap Rate Final Fallback:	[Applicable/Not Applicable]
		<i>(If not applicable, delete “Initial Mid-Swap Rate” immediately below)</i>
–	Initial Mid-Swap Rate:	[ ] per cent.
–	Reset Maturity Initial Mid-Swap Rate Final Fallback:	[Applicable/Not Applicable]
		<i>(If not applicable, delete “Reset Period Maturity Initial Mid-Swap Rate” immediately below)</i>
–	Reset Period Maturity Initial Mid-Swap Rate:	[ ] per cent.
–	Last Observable Mid-Swap Rate Final Fallback:	[Applicable/Not Applicable]
(xvii)	First Reset Period Fallback Yield:	[ ]/[Not Applicable]
		<i>(N.B. only applicable where the Reset Reference Rate is Reset Reference Bond or CMT Rate)</i>
(xviii)	Fallback SpecifiedTime:	[ ]/[Not Applicable]
		<i>(N.B. only applicable where the Reset Reference Rate is CMT Rate)</i>
(xix)	Day Count Fraction:	[30/360]/[Actual/Actual (ICMA)]/[Actual/365 (Fixed)]
(xx)	[Calculation Agent:	[ ]]
16.	Floating Rate Note Provisions	[Applicable/Not Applicable]
(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
(c)	Additional Business Centre(s):	[ ]
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[[ ] shall be the Calculation Agent][Not Applicable]
(f)	Screen Rate Determination:	
	• Reference Rate:	[ ] month [[Sterling/Euro/Swiss Franc] LIBOR/EURIBOR/NIBOR/STIBOR]
	• Interest Determination Date(s):	[ ]
	• Relevant Screen Page:	[ ]
	• Reference Rate Replacement	[Applicable/Not Applicable]
(g)	ISDA Determination:	

- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (h) 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*)]
- (i) Margin(s): [+/-] [ ] per cent. per annum
- (j) Minimum Rate of Interest: [ ] per cent. per annum
- (k) Maximum Rate of Interest: [ ] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond Basis]  
[30E/360 (ISDA)]
17. Zero Coupon Note Provisions [Applicable/Not Applicable]
- (a) Accrual Yield: [ ] per cent. per annum
- (b) Reference Price: [ ]
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
[Actual/360]  
[Actual/365]

#### PROVISIONS RELATING TO REDEMPTION

18. Notice periods for Condition [7.2 of the Terms and Conditions of Notes other than VPS Notes/7(b) of the Terms and Conditions of the VPS Notes]: Minimum period: [ ] days  
Maximum period: [ ] days
19. Issuer Call: [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount: [[ ] per Calculation Amount/Sterling Make-Whole Redemption Amount/Non-Sterling Make-Whole Redemption Amount/Not Applicable]
- (c) Redemption Margin: [[ ] per cent./Not Applicable]
- (d) Reference Bond: [[ ]/FA Selected Bond/Not Applicable]
- (e) Quotation Time: [[ ]/Not Applicable]
- (f) If redeemable in part:
- (i) Minimum Redemption Amount: [ ]
- (ii) Maximum Redemption Amount: [ ]
- (g) Notice periods: Minimum period: [ ] days  
Maximum period: [ ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems)*

*(which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

20. Investor Put: [Applicable/Not Applicable]  
 (a) Optional Redemption Date(s): [ ]  
 (b) Optional Redemption Amount: [ ] per Calculation Amount  
 (c) Notice periods: Minimum period: [ ] days  
 Maximum period: [ ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

21. Final Redemption Amount: [ ] per Calculation Amount  
 22. Early Redemption Amount payable on redemption for taxation reasons: [ ] per Calculation Amount

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

23. Form of Notes:  
 (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Notes in definitive form [on 60 days' notice given at any time/only upon an Exchange Event]]  
 [Temporary Global Note exchangeable for Notes in definitive form on and after the Exchange Date]  
 [Permanent Global Note exchangeable for Notes in definitive form [on 60 days' notice given at any time/only upon an Exchange Event]]  
 [VPS Notes issued in uncertificated book entry form]  
 (b) New Global Note: [Yes] [No]  
 24. Additional Financial Centre(s): [Not Applicable][ ]  
 25. Talons for future Coupons to be attached to Notes in definitive form: [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]



**THIRD PARTY INFORMATION**

[[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.] [Not Applicable]

Signed on behalf of Sparebanken Sør:

By: .....

Duly authorised

## PART B — OTHER INFORMATION

### 1. LISTING

- (i) Listing and Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be [admitted to trading on the Regulated Market of Euronext Dublin and listed on the Official List of Euronext Dublin] / [admitted to trading on the Oslo Stock Exchange Regulated Market] with effect from [ ].]
- [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the [Regulated Market of Euronext Dublin and listed on the Official List of Euronext Dublin] / [Oslo Stock Exchange Regulated Market] with effect from [ ].]
- (ii) Estimate of total expenses related to admission to trading: [ ]

### 2. BENCHMARKS REGULATION (*Floating Rate Notes calculated by reference to a benchmark only*)

[Amounts payable under the Notes will be calculated by reference to [*specify benchmark (as this term is defined in the Benchmarks Regulation)*] which is provided by [*legal name of the benchmark administrator*]. As at the date of this Final Terms, [*legal name of the benchmark administrator*] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011.

[As far as the Issuer is aware, [*specify benchmark (as this term is defined in the Benchmarks Regulation)*] [does not fall within the scope of Regulation (EU) 2016/1011 by virtue of Article 2 of that regulation/the transitional provisions in Article 51 of Regulation (EU) 2016/1011 apply] such that [*legal name of the benchmark administrator*] is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence).]

### 3. RATINGS

Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[ ] by [ ].

[[Each of ] [ ] is established in the European Union/UK and is registered under Regulation (EC) No. 1060/2009 (as amended) and is on the list of registered credit rating agencies published on the ESMA website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>).]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the ratings provider.]

### 4. 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 banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business]

## 5. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

- (i) Reasons for the offer: [General Business Purposes/Sustainability Senior Bonds/[●]]
- (ii) Estimated net proceeds: []

## 6. YIELD

Indication of yield: []

## 7. OPERATIONAL INFORMATION

- (i) ISIN: []
- (ii) Common Code: []
- (iii) CFI: [[See/[include code]<sup>2</sup>, 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]<sup>3</sup>, as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
- (v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*] [Verdipapirsentralen, Norway VPS Identification number [ ]] The Issuer shall be entitled to obtain information from the register maintained by the VPS for the purposes of performing its obligations under the VPS Notes]
- (vi) Names and addresses of additional Paying Agent(s) (if any): [ ][Not Applicable]
- (vii) [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 does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /  
[No. Whilst 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

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<sup>2</sup> The actual code should be included where the Issuer is comfortable that it is correct.

<sup>3</sup> The actual code should be included where the Issuer is comfortable that it is correct.

the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

**8. DISTRIBUTION**

- (i) Method of distribution [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/*give names*]
- (iii) Date of Subscription Agreement: [ ]
- (iv) Stabilisation Manager(s) (if any): [Not Applicable/*give name*]
- (v) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (vi) Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable]
- (vii) Prohibition of sales to EEA and UK Retail Investors: [Applicable/Not Applicable]

## Terms and Conditions of the Notes other than VPS Notes

*The following are the Terms and Conditions of the Notes other than the VPS Notes 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 or other relevant authority (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 Terms and 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 Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by Sparebanken Sør (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 29 June 2020 and made between the Issuer, and Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and any other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Interest bearing 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. Global Notes do not have Coupons or Talons attached on issue.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of Notes and shall, in relation to any 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 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 are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restricted from time to time, the **Deed of Covenant**) dated 29 June 2020 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 Paying Agents. If the Notes are to be admitted to trading on the 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 at [www.ise.ie](http://www.ise.ie). If the Notes are to be admitted to trading on any other regulated market in the European Economic Area or the United Kingdom, the applicable Final Terms will be published in accordance with the rules and regulations of the relevant listing authority or stock exchange and otherwise in accordance with the Prospectus Regulation. When used in the Conditions, **Prospectus Regulation** means Regulation (EU) 2017/1129. The 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 the 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 the 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 Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denomination(s) (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Reset Note, a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be a Senior Preferred Note, a Senior Non-Preferred Note or a Subordinated Note, depending upon the Status of the Notes shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon 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 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 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 and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a 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, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

## 2. STATUS OF THE SENIOR PREFERRED NOTES

2.1 This Condition 2 applies only to Senior Preferred Notes and references to “Notes” and “Coupons” in this Condition 2 shall be construed accordingly.

The Notes and the relative Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain debts required to be preferred by law) at least equally with all other unsecured obligations of the Issuer, present and future, from time to time outstanding. So long as any of the Notes remains outstanding (as defined in the Agency Agreement), the Issuer undertakes to ensure that the obligations of the Issuer under the Notes rank and will rank at least *pari passu* with all other unsecured and unsubordinated obligations of the Issuer and with all its unsecured and unsubordinated obligations under guarantees of obligations of third parties, in each case except for any obligations preferred by mandatory provisions of applicable law.

## 2.2 **No right of set-off or counterclaim**

This Condition 2.2 applies only where No Right of Set-Off or Counterclaim is specified as being applicable in the applicable Final Terms.

No Noteholder who becomes indebted to the Issuer shall, in the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration, be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Notes held by such Noteholder.

## 3. **STATUS OF THE SENIOR NON-PREFERRED NOTES**

This Condition 3 applies only to Senior Non-Preferred Notes and references to “Notes” and “Noteholders” in this Condition 3 shall be construed accordingly.

3.1 The Notes constitute direct, unconditional and unsecured obligations of the Issuer, and will at all times rank *pari passu* without any preference among themselves.

3.2 Subject as set out in Condition 3.3 below, in the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration (except, in any such case, a solvent liquidation, dissolution, or winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer, the terms of which reorganisation, reconstruction or amalgamation have previously been approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the holders of the Notes and do not provide that the Notes thereby become redeemable or repayable), claims of the Noteholders against the Issuer in respect of or arising under the Notes (including any amounts attributable to the Notes and any damages awarded for breach of any obligations thereunder) shall rank:

- (a) *pari passu* without any preference among themselves;
- (b) *pari passu* with claims in respect of Non-Preferred Parity Securities and Statutory Non-Preferred Claims, if any;
- (c) in priority to claims in respect of Non-Preferred Junior Securities; and
- (d) junior to any present or future claims of Senior Creditors.

3.3 At any time after the Creditor Hierarchy Directive has been implemented in Norway, the Issuer may (but is not obliged to), by providing notice (the **Ranking Notice**) to the Noteholders in accordance with Condition 16, specify that (subject to the laws of Norway) the Notes (together with any other outstanding Series of Senior Non-Preferred Notes) shall rank within the class of unsecured debt instruments of the Issuer having the lower priority ranking contemplated by Article 108(2) of the BRRD, as set out in the Creditor Hierarchy Directive with effect from the date specified in the Ranking Notice (for the avoidance of doubt, should there be any inconsistency between any statutory ranking which may be introduced in Norway in order to implement the provisions of Article 108(2) of the BRRD, if any, and the ranking as set out in Condition 3.2 above, such statutory ranking shall prevail).

## 3.4 **No right of set-off or counterclaim**

No Noteholder who becomes indebted to the Issuer shall, in the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration, be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Notes held by such Noteholder.

## 4. **STATUS OF THE SUBORDINATED NOTES**

This Condition 4 applies only to Subordinated Notes and references to “Notes” and “Noteholders” in this Condition 4 shall be construed accordingly.

4.1 The Notes constitute dated, unsecured and subordinated obligations (*ansvarlig lånekapital*) of the Issuer, and will at all times rank *pari passu* without any preference among themselves. The Notes are subordinated as described in Condition 4.2.

4.2 In the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration (except, in any such case, a solvent liquidation, dissolution, or winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer, the terms of which reorganisation, reconstruction or amalgamation have previously been approved by an Extraordinary Resolution of the holders of the Notes and do not provide that the Notes thereby become redeemable or repayable), claims of the Noteholders against the Issuer in

respect of or arising under the Notes (including any amounts attributable to the Notes and any damages awarded for breach of any obligations thereunder) shall rank:

- (a) *pari passu* without any preference among themselves;
- (b) *pari passu* with claims in respect of Subordinated Parity Securities;
- (c) in priority to claims in respect of Subordinated Junior Securities; and
- (d) junior to any present or future claims of Specified Senior Creditors.

#### 4.3 No right of set-off or counterclaim

No Noteholder who becomes indebted to the Issuer shall, in the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration, be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Notes held by such Noteholder.

## 5. INTEREST

The applicable Final Terms will indicate whether the Notes are Fixed Rate Notes, Floating Rate Notes, Reset Notes or Zero Coupon Notes.

### 5.1 Interest on Fixed Rate Notes

This Condition 5.1 applies only to Fixed Rate Notes and references to “Notes” in this Condition 5.1 shall be construed accordingly.

Each Note bears interest 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.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the 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.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Notes in definitive form, 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 Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

### 5.2 Interest on Floating Rate Notes

This Condition 5.2 applies only to Floating Rate Notes and references to “Notes” in this Condition 5.2 shall be construed accordingly.

#### (a) Interest Payment Dates

Each Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) 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.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in 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:

- (A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) 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 (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) 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
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

**(b) Rate of Interest**

The Rate of Interest payable from time to time in respect of the Notes will be determined in the manner specified in the applicable Final Terms.

(i) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

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

For the purposes of this subparagraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date** have the meanings given to those terms in the ISDA Definitions.

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

(ii) *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 as provided below, be either:

- (A) the offered quotation; or

- (B) 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 (being either the London interbank offered rate (**LIBOR**), the Euro-zone interbank offered rate (**EURIBOR**), the Norwegian interbank offered rate (**NIBOR**) or the Stockholm interbank offered rate (**STIBOR**), as specified in the applicable Final Terms) 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 the Specified Time 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 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 Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (A) above, no offered quotation appears or, in the case of (B) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Reference Banks Agent shall request each of the Reference Banks to provide the Reference Banks Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Reference Banks Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

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 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 London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), the Norwegian inter-bank market (if the Reference Rate is NIBOR) or the Swedish inter-bank market (if the Reference Rate is STIBOR) 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 in the opinion of the Issuer suitable for the purpose) informs the Reference Banks Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), the Norwegian inter-bank market (if the Reference Rate is NIBOR) or the Swedish inter-bank market (if the Reference Rate is STIBOR) 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).

**(c) 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 (b) 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 (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

**(d) Determination of Rate of Interest and calculation of Interest Amounts**

The 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 Agent will calculate the amount of interest (the **Interest Amount**) payable on the Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Notes in definitive form, 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 Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**(e) Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as the Issuer notifies to it.

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

The Agent 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 Notes are for the time being listed and notice thereof to be published in accordance with Condition 16 as soon as possible after their determination but in no event later than the fourth London Business 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 Notes are for the time being listed and to the Noteholders in accordance with Condition 16.

**(g) 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 5.2, whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent or in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

### **5.3 Interest on Reset Notes**

This Condition 5.3 applies only to Reset Notes and references to “Notes” in this Condition 5.3 shall be construed accordingly.

(a) **Rate of Interest**

Each Note bears interest:

- (i) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date (the **Initial Period**), at the Initial Rate of Interest;
- (ii) for the First Reset Period, at the First Reset Rate of Interest; and
- (iii) for each Subsequent Reset Period thereafter (if any) to (but excluding) the Maturity Date, at the relevant Subsequent Reset Rate of Interest.

Interest will be payable, in each case, in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of each Interest Period falling in the Initial Period will amount to the Fixed Coupon Amount. Payments of interest on the first Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

The Calculation Agent will at or as soon as practicable after each time at which a Rate of Interest in respect of a Reset Period is to be determined, determine the relevant Rate of Interest for such Reset Period.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, the Agent will calculate the amount of interest (the **Reset Notes Interest Amount**) payable on the Reset Notes for the relevant Interest Period by applying the relevant Rate of Interest to:

- (A) in the case of Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Notes in definitive form, 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 Note in definitive form is a multiple of the Calculation Amount, the Reset Notes Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(b) **Fallbacks**

This Condition 5.3(b) applies only if the Reset Reference Rate is specified in the applicable Final Terms as Mid-Swap Rate.

If on any Reset Determination Date, the Relevant Screen Page is not available or the Reset Reference Rate does not appear on the Relevant Screen Page as at the Specified Time on such Reset Determination Date, the Rate of Interest applicable to the Notes in respect of each Interest Period falling in the relevant Reset Period will be determined by the Calculation Agent, on the following basis:

- (i) the Reference Banks Agent shall request each of the Reset Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately the Specified Time on the Reset Determination Date in question;
- (ii) if at least three of the Reset Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period will be equal to the sum of (A) the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest (or, in the event of equality, one of the lowest) and (B) the Relevant Reset Margin, all as determined by the Calculation Agent;
- (iii) if only two relevant quotations are provided, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period will be equal to the sum of

- (A) the arithmetic mean (rounded as aforesaid) of the relevant quotations provided and (B) the Relevant Reset Margin, all as determined by the Calculation Agent;
- (iv) if only one relevant quotation is provided, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period will be equal to the sum of (A) the relevant quotation provided and (B) the Relevant Reset Margin, all as determined by the Calculation Agent; and
- (v) if none of the Reset Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 5.3, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) will be equal to the sum of:
  - (A) if Initial Mid-Swap Rate Final Fallback is specified in the applicable Final Terms as being applicable, (A) the Initial Mid-Swap Rate and (B) the Relevant Reset Margin;
  - (B) if Reset Maturity Initial Mid-Swap Rate Final Fallback is specified in the applicable Final Terms as being applicable, (A) the Reset Period Maturity Initial Mid-Swap Rate and (B) the Relevant Reset Margin;
  - (C) if Last Observable Mid-Swap Rate Final Fallback is specified in the applicable Final Terms as being applicable, (A) the last observable rate for swaps in the Specified Currency with a term equal to the relevant Reset Period which appears on the Relevant Screen Page and (B) the Relevant Reset Margin,
 all as determined by the Calculation Agent and (if the Calculation Agent is not the Agent) notified to the Agent.

**(c) Reset Reference Rate Conversion**

This Condition 5.3(c) is only applicable if Reset Reference Rate Conversion is specified in the applicable Final Terms as being applicable. If Reset Reference Rate Conversion is so specified as being applicable, the First Reset Rate of Interest and, if applicable, each Subsequent Reset Rate of Interest will be converted by the Calculation Agent from the Original Reference Rate Payment Basis specified in the applicable Final Terms to a basis which matches the per annum frequency of Interest Payment Dates in respect of the Notes (such calculation to be determined by the Issuer in conjunction with a leading financial institution selected by it).

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

In respect of a Reset Period, the Agent will cause the relevant Rate of Interest in respect of such Reset Period and each Reset Notes Interest Amount for each Interest Period falling in such Reset Period to be notified to the Issuer and any stock exchange on which the relevant Reset Notes are for the time being listed and notice thereof to be published in accordance with Condition 16 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Reset Notes Interest Amount 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 be promptly notified to each stock exchange on which the relevant Notes are for the time being listed and to the Noteholders in accordance with Condition 16.

**(e) Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5.3, whether by the 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 Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders and Couponholders.

**5.4 Reference Rate Replacement**

If:

- (a) Reference Rate Replacement is specified in the applicable Final Terms and either (i) the Notes are Reset Notes and Mid-Swap Rate is specified in the applicable Final Terms as the Reset Reference Rate or (ii) the Notes are Floating Rate Notes and Screen Rate Determination is specified in the applicable Final Terms as being applicable; and

- (b) notwithstanding the provisions of Condition 5.2(b)(ii) or 5.3(b), as applicable, a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or component part thereof) remains to be determined by reference to such Original Reference Rate,

then the following provisions shall apply to the Notes:

- (i) The Issuer shall use its reasonable endeavours to appoint an Independent Adviser (on the terms described in Condition 5.4(b)(ii) below), as soon as reasonably practicable, to consult with the Issuer in determining:

- (A) a Successor Reference Rate; or  
(B) if the Issuer fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in either case, an Adjustment Spread (in any such case, acting in good faith and in a commercially reasonable manner) no later than twelve Business Days prior to the Reset Determination Date or Interest Determination Date, as applicable, relating to the next Reset Period or Interest Period, as applicable, (the **Issuer Determination Cut-off Date**), for the purposes of determining all future payments of interest on the Notes (subject to the subsequent operation of, and adjustment as provided in, this Condition 5.4).

- (ii) The Independent Adviser appointed pursuant to this Condition 5.4 shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders, as applicable, for any determination made by the Issuer pursuant to this Condition 5.4.

- (iii) If a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) and, in either case, an Adjustment Spread is determined by the Issuer in accordance with this Condition 5.4:

- (A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of, and adjustment as provided in, this Condition 5.4);

- (B) such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future payments of interest on the Notes (subject to the subsequent operation of, and adjustment as provided in, this Condition 5.4);

- (C) the Issuer (following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner) may in its discretion specify:

- (x) changes to the Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (i) the Additional Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Reset Reference Rate, Reset Reference Banks, Specified Time, Relevant Financial Centre, Reset Determination Date and/or Relevant Screen Page applicable to the Notes and (ii) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and

- (D) any other changes which the Issuer determines are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),

which changes shall apply to the Notes for all future payments of interest on the Notes (subject to the subsequent operation of, and adjustment as provided in, this Condition 5.4); and

- (E) promptly (and in any event no later than ten Business Days prior to the relevant Interest Determination Date) following the occurrence of a Benchmark Event and the determination of any Successor Reference Rate or Alternative Reference Rate (as applicable) and, in either case, any Adjustment Spread, the Issuer shall give notice thereof (including, in the case of the appointment of an Independent Adviser, the name and contact details of such Independent Adviser) and of any changes (and the effective date thereof) pursuant to Condition 5.4(b)(iii)(C) to the Agent and the Noteholders in accordance with Condition 16.
- (iv) If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) a Successor Reference Rate or an Alternative Reference Rate (as applicable) and, in either case, an Adjustment Spread is not determined pursuant to the operation of this Condition 5.4 prior to the relevant Issuer Determination Cut-off Date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 5.2(b)(ii) or 5.3(b), as applicable.
- (c) No consent of the Noteholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and, in either case, the relevant Adjustment Spread as described in this Condition 5.4 or such other relevant changes pursuant to Condition 5.4(b)(iii)(C), including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the Agency Agreement (if required).
- (d) Notwithstanding any other provision of this Condition 5.4, the Agent is not obliged to concur with the Issuer or the Independent Advisor in respect of any changes or amendments as contemplated under this Condition 5.4 which would have the effect of (i) exposing the Agent to any liability or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Agent in the Agency Agreement and/or these Conditions.
- (e) Notwithstanding any other provision of this Condition 5.4, if in the Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5.4, the Agent shall promptly notify the Issuer and/or the Independent Advisor thereof and the Issuer shall direct the Agent in writing as to which alternative course of action to adopt. If the Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer and/or the Independent Advisor (as the case may be) thereof and the Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.
- (f) Notwithstanding any other provision of this Condition 5.4:
  - (i) no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 5.4, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as:
    - (A) in the case of Restricted Senior Preferred Notes and Senior Non-Preferred Notes, MREL Eligible Liabilities; or
    - (B) in the case of Subordinated Notes, Tier 2 Capital; and
  - (ii) in the case of Restricted Senior Preferred Notes and Senior Non-Preferred Notes only, no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 5.4, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Relevant Regulator treating the next Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date.

## 5.5 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such 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:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 16.

## 6. PAYMENTS

### 6.1 Method of payment

Subject as provided below:

- (a) 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 (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) 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 (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

### 6.2 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of 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 and its possessions)).

Fixed Rate Notes in definitive 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 10 years after the Relevant Date (as defined in Condition 8 below) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) 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 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, Reset Note or Long Maturity Note in definitive 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 definitive Note 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 definitive Note.

### **6.3 Payments in respect of Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant 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. A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.

### **6.4 General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of 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 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:

- (a) 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 Notes in the manner provided above when due;
- (b) 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
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

### **6.5 Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

### **6.6 Interpretation of principal and interest**

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) the Final Redemption Amount of the Notes;
- (b) the Early Redemption Amount of the Notes;
- (c) the Optional Redemption Amount(s) (if any) of the Notes;
- (d) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.7); and
- (e) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

## **7. REDEMPTION AND PURCHASE**

### **7.1 Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below or (if applicable, pursuant to Condition 7.12 or Condition 7.13) substituted, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

### **7.2 Redemption for tax reasons**

Subject, if applicable, to the provisions of Condition 7.11, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on an Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Agent and in accordance with Condition 16, the Noteholders (which notice shall be irrevocable), if:

(a) on the occasion of the next payment date due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in 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 Notes; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measure 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 Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent to make available at its specified office to the 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 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.7 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### **7.3 Redemption at the option of the Issuer (Issuer Call)**

This Condition 7.3 is not applicable for Subordinated Notes prior to five years from their Issue Date and references to “Notes” in this Condition 7.3 shall be construed accordingly.

If Issuer Call is specified as being applicable in the applicable Final Terms, subject, if applicable, to the provisions of Condition 7.11, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the 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 and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

If **Sterling Make-Whole Redemption Amount** is specified in the applicable Final Terms as the Optional Redemption Amount, the Optional Redemption Amount shall be equal to the higher of (i) 100 per cent. of the principal amount outstanding of the Notes to be redeemed or (ii) the principal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer by the Financial Adviser, at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time specified in the applicable Final Terms on the Reference Date of the Reference Bond, plus the Redemption Margin, all as determined by the Financial Adviser.

If **Non-Sterling Make-Whole Redemption Amount** is specified in the applicable Final Terms as the Optional Redemption Amount, the Optional Redemption Amount shall be an amount calculated by the Financial Adviser equal to the higher of (i) 100 per cent. of the principal amount outstanding of the Notes to be redeemed or (ii) the sum of the present values of the principal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Note (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on an annual basis at the Reference Bond Rate, plus the Redemption Margin.

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7.3, by the Financial Adviser, shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent or in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive 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) 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 Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 16 below 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 7.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 16 below at least 5 days prior to the Selection Date.

#### **7.4 Redemption upon Capital Event – Subordinated Notes**

This Condition 7.4 applies only to Subordinated Notes and where this Condition 7.4 is specified as being applicable in the applicable Final Terms and references to “Notes” and “Noteholders” in this Condition 7.4 shall be construed accordingly.

Subject, if applicable, to the provisions of Condition 7.11, the Notes may be redeemed at the option of the Issuer, in whole, but not in part, at any time (in the case of all Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes) on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable) if a Capital Event has occurred.

Prior to the publication of any notice of redemption pursuant to this Condition 7.4, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders 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 a Capital Event has occurred.

Notes redeemed pursuant to this Condition 7.4 will be redeemed at their Early Redemption Amount referred to in Condition 7.7 together (if appropriate) with interest accrued to (but excluding) the date of redemption.

#### **7.5 Redemption upon MREL Disqualification Event – Senior Preferred Notes and Senior Non-Preferred Notes, where applicable**

This Condition 7.5 applies only to Senior Preferred Notes and Senior Non-Preferred Notes, in each case, only where this Condition 7.5 is specified as being applicable in the applicable Final Terms and references to “Notes” and “Noteholders” in this Condition 7.5 shall be construed accordingly.

Subject, if applicable, to the provisions of Condition 7.11, the Notes may be redeemed at the option of the Issuer, in whole, but not in part, at any time (in the case of all Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes) on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable) if a MREL Disqualification Event has occurred.

Prior to the publication of any notice of redemption pursuant to this Condition 7.5, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders 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 a MREL Disqualification Event has occurred.

Notes redeemed pursuant to this Condition 7.5 will be redeemed at their Early Redemption Amount referred to in Condition 7.7 together (if appropriate) with interest accrued to (but excluding) the date of redemption.

#### **7.6 Redemption at the option of the Noteholders (Investor Put)**

This Condition 7.6 is only applicable to Senior Preferred Notes which are not Restricted Senior Preferred Notes and references to “Notes” in this Condition 7.6 shall be construed accordingly.

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 16 below not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such 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 this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, 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 (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 accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear and Clearstream, Luxembourg or any common depository or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear or Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear or Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 7.6 shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 10.

#### **7.7 Early Redemption Amounts**

For the purpose of Condition 7.2, Condition 7.4, Condition 7.5 and Condition 10:

- (a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and
- (b) each Zero Coupon Note will be redeemed at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

**y** is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including)

the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption (or as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

#### **7.8 Purchases**

Subject, if applicable, to the provisions of Conditions 7.11, the Issuer or any Subsidiary of the Issuer may purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

#### **7.9 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7.8 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

#### **7.10 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Conditions 7.1, 7.2, 7.3, 7.4, 7.5 or 7.6 above or upon its becoming due and repayable as provided in Condition 10 or Condition 11, as the case may be, is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.7(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 16.

#### **7.11 Consent**

This Condition 7.11 applies to (i) Senior Preferred Notes where Regulatory Consent is specified as being applicable in the applicable Final Terms (“**Restricted Senior Preferred Notes**”), (ii) Senior Non-Preferred Notes and (iii) Subordinated Notes.

In the case of (i) Restricted Senior Preferred Notes, (ii) Senior Non-Preferred Notes and (iii) Subordinated Notes, no early redemption in any circumstances, purchase under Condition 7.8, substitution or variation under Condition 7.12 (in the case of Subordinated Notes) or substitution or variation under Condition 7.13 (in the case of Senior Non-Preferred Notes and Restricted Senior Preferred Notes) shall take place without the prior written permission of the Relevant Regulator (in each case, if, and to the extent, then required by the Relevant Regulator and, in the case of Restricted Senior Preferred Notes and Senior Non-Preferred Notes, by the Applicable MREL Regulations). In addition, in respect of any redemption of Subordinated Notes pursuant to Condition 7.2 or 7.4 only, and except to the extent the Relevant Regulator no longer so requires, the Issuer may only redeem the Subordinated Notes before five years after the Issue Date if the Issuer demonstrates to the satisfaction of the Relevant Regulator that the circumstance that entitles it to exercise such right of redemption was not reasonably foreseeable as at the Issue Date. For the avoidance of doubt, redemption of Senior Preferred Notes, Senior Non-Preferred Notes or Subordinated Notes under Condition 7.1 or repayment pursuant to Condition 10 or Condition 11, as the case may be, shall not require the consent of the Relevant Regulator.

## **7.12 Substitution or Variation – Subordinated Notes**

This Condition 7.12 applies only to Subordinated Notes and where this Condition 7.12 is specified as being applicable in the applicable Final Terms, and references to “Notes” and “Noteholders” in this Condition 7.12 shall be construed accordingly.

If at any time a Capital Event occurs and is continuing, or in order to ensure the effectiveness and enforceability of Condition 21, the Issuer may, subject to the provisions of Condition 7.11 (without any requirement for the consent or approval of the Noteholders) on giving not less than 30 nor more than 60 days’ notice to the Agent and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes (including changing the governing law of Condition 21, from English law to Norwegian law) so that they remain or, as appropriate, become, Qualifying Subordinated Securities (as defined below), provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem the substituted or varied securities that are inconsistent with the redemption provisions of the Notes.

Any such substitution of the Notes for, or variation of the terms of the Notes so that they remain or, as appropriate, become, Qualifying Subordinated Securities as aforesaid, is subject to the Issuer delivering to the Agent in advance of any such substitution or variation, a certificate in the form described in the definition of Qualifying Subordinated Securities in accordance with the provisions thereof which the Agent shall make available at its specified office to the Noteholders.

## **7.13 Substitution or Variation – Senior Preferred Notes and Senior Non-Preferred Notes, where applicable**

This Condition 7.13 applies only to Senior Preferred Notes and Senior Non-Preferred Notes, in each case, only where this Condition 7.13 is specified as being applicable in the applicable Final Terms and references to “Notes” and “Noteholders” in this Condition 7.13 shall be construed accordingly.

If at any time a MREL Disqualification Event occurs and is continuing, or in order to ensure the effectiveness and enforceability of Condition 21, the Issuer may, subject to the provisions of Condition 7.11 (without any requirement for the consent or approval of the Noteholders) on giving not less than 30 nor more than 60 days’ notice to the Agent and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes (including changing the governing law of Condition 21, from English law to Norwegian law) so that they remain or, as appropriate, become, Qualifying MREL Securities (as defined below), provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem the substituted or varied securities that are inconsistent with the redemption provisions of the Notes.

Prior to any such substitution or variation of the Notes, the Issuer shall deliver to the Agent a certificate in the form described in the definition of Qualifying MREL Securities in accordance with the provisions thereof.

## **8. TAXATION**

### **8.1 Gross-up**

Subject as provided in Condition 8.2 below, all payments of principal and interest in respect of the 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 or duties 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 Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, 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 Note or Coupon:

- (a) presented for payment in Norway;
- (b) the holder of which is liable for such taxes in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on

presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.5).

As used herein:

**Tax Jurisdiction** means Norway or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer); 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 Agent 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 Noteholders in accordance with Condition 16.

## **8.2 Senior Non-Preferred Notes, Subordinated Notes and Restricted Gross-Up Senior Preferred Notes**

This Condition 8.2 shall only apply to (i) Senior Preferred Notes where Restricted Gross-Up Senior Preferred Notes is specified as being applicable in the applicable Final Terms, (ii) Senior Non-Preferred Notes and (iii) Subordinated Notes.

Notwithstanding the remainder of Condition 8.1, the obligation to pay additional amounts under Condition 8.1 will be limited to payments of interest.

## **9. PRESCRIPTION**

The Notes and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) after the Relevant Date (as defined in Condition 8) 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 or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

## **10. EVENTS OF DEFAULT AND ENFORCEMENT RELATING TO SENIOR PREFERRED NOTES WHERE APPLICABLE**

This Condition 10 shall apply only to Senior Preferred Notes where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms and references to “Notes” and “Noteholders” in this Condition 10 shall be construed accordingly.

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing with respect to any Note:

- (a) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and in the case of interest that default continues for a period of seven days or more; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Conditions and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a Noteholder on the Issuer of notice requiring the same to be remedied; or
- (c) any payment obligation under any indebtedness (including deposits) of the Issuer becomes due and repayable prematurely by reason of an event of default (howsoever described) or the Issuer fails to make any payment in respect of any indebtedness (including deposits) within 30 days of the due date for payment (or within the applicable grace period, if such period is longer than 30 days) or any security given by the Issuer for any indebtedness (including deposits) becomes enforceable or if default is made by the Issuer in making any payment due under any guarantee and/or indemnity given by it in relation to any obligation of any other person for 30 days (or within the applicable grace period, if such period is longer than 30 days), PROVIDED that no such event shall constitute an Event of Default unless the indebtedness (including deposits) or other relative liability either alone or when aggregated with other indebtedness (including deposits) and/or liabilities relating to all (if any) other events which shall have occurred and be outstanding shall amount to at least €10,000,000 (or its equivalent in any other currency) and PROVIDED further that, for the purposes of this Condition 10(c), the Issuer shall be deemed to be in default with respect to any such

indebtedness (including deposits), guarantee or indemnity if it shall be contesting in good faith by appropriate means its liability to make payment thereunder; or

- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved by an Extraordinary Resolution of the Noteholders; or
- (e) if the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved by an Extraordinary Resolution of the Noteholders, or the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (f) if (A) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of the Issuer, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of the Issuer, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of the Issuer and (B) in any case (other than the appointment of an administrator) is not discharged within 14 days; or
- (g) if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors),

then any holder of a Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 7.7), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

#### **11. EVENTS OF DEFAULT RELATING TO SENIOR PREFERRED NOTES, WHERE APPLICABLE, AND SENIOR NON-PREFERRED NOTES**

This Condition 11 shall apply only to Senior Preferred Notes unless Unrestricted Events of Default is specified as being applicable in the applicable Final Terms and Senior Non-Preferred Notes and references to “Notes” and “Noteholders” in this Condition 11 shall be construed accordingly.

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing with respect to any Note:

- (a) if any order is made by any competent court or resolution passed by any competent authority for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved by an Extraordinary Resolution of the Noteholders; or
- (b) if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors),

then any holder of a Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 7.7), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.



**12. NO EVENTS OF DEFAULT; ENFORCEMENT RELATING TO SUBORDINATED NOTES**

This Condition 12 shall apply only to Subordinated Notes and references to “Notes” and “Noteholders” in this Condition 12 shall be construed accordingly.

**There are no events of default in relation to Subordinated Notes.**

**13. REPLACEMENT OF NOTES, COUPONS AND TALONS**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent 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 Notes, Coupons or Talons must be surrendered before replacements will be issued.

**14. PAYING AGENTS**

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be an Agent;
- (b) so long as the 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 with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.4. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency or of a Paying Agent failing to become or ceasing to be a participating foreign financial institution for the purposes of the Code, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 16.

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 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.

**15. 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 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 9.

**16. NOTICES**

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper 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 of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. 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.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites 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 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 on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

#### **17. MEETINGS OF NOTEHOLDERS AND MODIFICATION AND WAIVER**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than 5 per cent. in nominal amount of the 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 Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying the date of maturity of the 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 Notes or altering the currency of payment of the 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 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 Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to any modification of the Notes, the Coupons or the Agency Agreement which is, in the opinion of the Issuer, of a formal, minor or technical nature or is, in the opinion of the Issuer, made to correct a manifest or proven error or to comply with mandatory provisions of the law. In addition, the Agent shall be obliged to concur with the Issuer without the consent of the Noteholders or the Couponholders (i) in effecting any amendments in the circumstances and as otherwise set out in Condition 5.4 or (ii) to any substitution or variation pursuant to Condition 7.12 or Condition 7.13, where applicable.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 16 as soon as practicable thereafter.

#### **18. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

#### **19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **20. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **20.1 Governing law**

The Agency Agreement, the Deed of Covenant, the Notes (except for Conditions 2, 3 and 4 above) and the Coupons (and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes and the Coupons) are governed by, and shall be construed in accordance with, English law. Conditions 2, 3 and 4 above (and any non-contractual obligations arising out of or in connection with such conditions) are governed by, and shall be construed in accordance with, Norwegian law.

### **20.2 Submission to jurisdiction**

- (a) Subject to Condition 20.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and the Coupons (a **Dispute**) and all Disputes will be submitted to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 20.2, each of the Issuer and any Noteholders or Couponholders taking proceedings in relation to any Dispute waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) This Condition 20.2(c) is for the benefit of the Noteholders and the Couponholders only. To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

### **20.3 Appointment of Process Agent**

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2Y 7EX, United Kingdom as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act or ceasing to be registered in England, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. Nothing herein shall affect the right to serve process in any other manner permitted by law.

## **21. CONTRACTUAL RECOGNITION OF NORWEGIAN STATUTORY LOSS ABSORPTION POWERS**

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for the purposes of this Condition 21, includes each holder of a beneficial interest in the Notes), by its acquisition of any Note, each Noteholder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (a) the effect of the exercise of any Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise may include and result in (without limitation) any of the following, or a combination thereof:
  - (i) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;
  - (ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Noteholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;
  - (iii) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and
  - (iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date(s) on which interest becomes payable, including by suspending payment for a temporary period; and

- (b) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority.

## 22. DEFINITIONS

In the Conditions the following words shall have the following meanings:

**Adjustment Spread** means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the relevant Successor Reference Rate or the relevant Alternative Reference Rate (as the case may be), and is the spread, formula or methodology which:

- (a) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Original Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Reference Rate);
- (b) the Issuer, following consultation with the Independent Adviser, determines is customarily applied to the relevant Successor Reference Rate or the relevant Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer determines that no such spread is customarily applied);
- (c) in the case of an Alternative Reference Rate, is in customary market usage in the international debt capital markets for transactions which reference the Original Reference Rate, where such rate has been replaced by such Alternative Reference Rate; or
- (d) the Issuer, following consultation with the Independent Adviser, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the relevant Successor Reference Rate or the relevant Alternative Reference Rate (as the case may be); or
- (e) the Issuer determines that no such industry standard is recognised or acknowledged, the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate, having regard to the objective of reducing or eliminating, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to the Noteholders;

**Alternative Reference Rate** means the rate that:

- (a) the Issuer, following consultation with the Independent Adviser, determines 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) in respect of debt securities denominated in the Specified Currency and of a comparable duration:
  - (i) in the case of Notes for which the Floating Rate Note Provisions are specified in the applicable Final Terms as being applicable, to the relevant Interest Period; or
  - (ii) in the case of Notes for which the Reset Note Provisions are specified in the applicable Final Terms as being applicable, to the relevant Reset Period; or
- (b) the Issuer, following consultation with the Independent Adviser, determines is most comparable to the Original Reference Rate;

**Applicable Banking Regulations** means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Norway including, without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy adopted by the Norwegian Ministry of Finance and/or the Relevant Regulator from time to time and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or to the Issuer and its Subsidiaries);

**Applicable MREL Regulations** means, at any time, the laws, regulations, requirements, guidelines and policies then in effect in Norway giving effect to any MREL Requirement or any successor

regulations then applicable to the Issuer and/or the Group, including, without limitation to the generality of the foregoing, CRD IV, the BRRD and those regulations, requirements, guidelines and policies giving effect to any MREL Requirement or any successor regulations then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group);

**Benchmark Event** means, with respect to an Original Reference Rate:

- (a) such Original Reference Rate ceasing to exist or be published; or
- (b) a public statement by the supervisor or the administrator of the Original Reference Rate that such Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (c) a public statement by the supervisor or the administrator of such Original Reference Rate that means such Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (d) it has become unlawful for the Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using such Original Reference Rate;

**BRRD** means Directive 2014/59/EU of the European Parliament and of the Council on resolution and recovery of credit institutions and investment firms dated 15 May 2014 and published in the Official Journal of the European Union on 12 June 2014 (or, as the case may be, any provision of Norwegian law transposing or implementing such Directive), as amended or replaced from time to time (including, without limitation, by the Creditor Hierarchy Directive);

**Business Day** means:

- (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 London and each Additional Business Centre (other than TARGET2 System (as defined below)) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and
- (c) either (i) 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 (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open;

**Calculation Agent** means the Agent or any other person specified as such in the applicable Final Terms;

**Capital Event** means the determination by the Issuer, after consultation with the Relevant Regulator, that, as a result of a change in Norwegian law or Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date of the first Tranche of the Notes, the Notes are excluded in whole or in part from the Tier 2 capital of the Issuer and/or the Group;

**CRD IV** means, as the context requires, any or any combination of the CRD IV Directive, the CRR and any CRD IV Implementing Measures;

**CRD IV Directive** means Directive 2013/36/EU of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013 and published in the Official Journal of the European Union on 27 June 2013 (or, as the case may be, any provision of Norwegian law transposing or implementing such Directive), as amended or replaced from time to time;

**CRD IV Implementing Measures** means any regulatory capital rules or regulations or other requirements, which are applicable to the Issuer and which prescribe (alone or in conjunction with any

other rules, regulations or other requirements) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer (on a non-consolidated or consolidated basis) to the extent required by the CRD IV Directive or the CRR, including for the avoidance of doubt and without limitation any regulatory technical standards released from time to time by the European Banking Authority (or any successor or replacement thereof);

**Creditor Hierarchy Directive** means Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy, or any equivalent legislation;

**CRR** means Regulation 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013 and published in the Official Journal of the European Union on 27 June 2013, as amended or replaced from time to time;

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with Condition 5:

- (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;

- (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; and

- (h) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:

(i) in the case of 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 (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) 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 that would occur in one calendar year; and

(B) 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;

**Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate;

**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);

**FA Selected Bond** means a government security or securities selected by the Financial Adviser as having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes;

**Fallback Specified Time** means the time specified in the applicable Final Terms;

**Financial Adviser** means a financial adviser selected by the Issuer;

**First Reset Date** means the date specified in the applicable Final Terms;

**First Reset Margin** means the margin specified in the applicable Final Terms;

**First Reset Period** means the period from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date;

**First Reset Period Fallback Yield** means the yield specified in the applicable Final Terms;

**First Reset Rate of Interest** means, in respect of the First Reset Period and, if applicable, subject to Condition 5.3(b) and Condition 5.3(c), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Reference Rate and the First Reset Margin;

**Gross Redemption Yield** means, in respect of a security, the gross redemption yield for such security, expressed as a percentage and calculated by the Financial Adviser on the basis set out by the United Kingdom Debt Management Office in the paper Formulae for Calculating Gilt Prices from Yields page 5, Section One: Price/Yield Formulae Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date (published 08/06/1998 and updated on 15/01/2002 and 16/03/2005 (as amended and supplemented from time to time)) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the Issuer may approve;

**Group** means the Issuer and its Subsidiaries;

**H.15(519)** means the weekly statistical release designated as H.15(519), or any successor publication, published by the board of governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/H15> or such other page, section, successor site or publication as may replace it;

**Independent Adviser** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5.4;

**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);

**London Business 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;

**Mid-Market Swap Rate** means, subject as provided in Condition 5.4, for any Reset Period the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Original Reference Rate Payment Basis (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Floating Leg Maturity (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);



**Mid-Market Swap Rate Quotation** means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

**Mid-Swap Floating Leg Benchmark Rate** means EURIBOR (if the Specified Currency is euro), LIBOR (if the Specified Currency is U.S. dollars, Pounds Sterling or Swiss Francs), NIBOR (if the Specified Currency is Norwegian Kroner), STIBOR (if the Specified Currency is Swedish Krona), or (in the case of any other Specified Currency) the benchmark rate most closely connected with such Specified Currency and selected by the Calculation Agent in its discretion after consultation with the Issuer;

**Mid-Swap Floating Leg Maturity** has the meaning given in the applicable Final Terms;

**MREL Disqualification Event** means the determination by the Issuer that, as a result of a change in any Applicable MREL Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date of the first Tranche of the Notes, the Notes will be fully excluded or partially excluded from the “eligible liabilities” (or any equivalent or successor term) available to meet any MREL Requirement (however called or defined by then Applicable MREL Regulations) if the Issuer and/or the Group is then or, as the case may be, will be subject to such MREL Requirement, provided that a MREL Disqualification Event shall not occur where such exclusion is or will be caused by (1) the remaining maturity of the Notes being less than any period prescribed by any applicable eligibility criteria under the Applicable MREL Regulations, or (2) any applicable limits on the amount of “eligible liabilities” (or any equivalent or successor term) permitted or allowed to meet any MREL Requirement(s) being exceeded;

**MREL Eligible Liabilities** means “eligible liabilities” (or any equivalent or successor term) which are available to meet any MREL Requirement (however called or defined by then Applicable MREL Regulations) of the Issuer and/or the Group under Applicable MREL Regulations;

**MREL Requirement** means the minimum requirement for own funds and eligible liabilities which is or, as the case may be, will be applicable to the Issuer and/or the Group;

**NFSA** means the Financial Supervisory Authority of Norway (*Finanstilsynet*);

**Non-Preferred Junior Securities** means all classes of share capital of the Issuer and any obligations of the Issuer ranking or expressed to rank junior to the Senior Non-Preferred Notes (including, *inter alia*, Subordinated Notes and Subordinated Parity Securities);

**Non-Preferred Parity Securities** means any unsecured obligations of the Issuer which rank, or are expressed to rank, *pari passu* with the Senior Non-Preferred Notes;

**Norwegian Statutory Loss Absorption Powers** means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Kingdom of Norway, relating to (i) the transposition into Norwegian law of the BRRD as amended or replaced from time to time, and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

**Original Reference Rate** means:

- (a) 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) of the relevant Notes; or
- (b) any Successor Reference Rate or Alternative Reference Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of Condition 5.4;

**Original Reset Reference Rate Payment Basis** has the meaning given in the applicable Final Terms, which shall be annual, semi-annual, quarterly or monthly;

**Payment Day** means (subject to Condition 9):

- (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):
  - (i) in the case of Notes in definitive form only, in the relevant place of presentation; and

- (ii) in each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (c) either (A) 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 (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open;

**Qualifying MREL Securities** means securities issued directly or indirectly by the Issuer that:

- (a) other than in the case of a change to the governing law of Condition 21 to Norwegian law in order to ensure the effectiveness and enforceability of Condition 21 have terms not materially less favourable to the Noteholders as a class than the terms of the Notes (as reasonably determined by the Issuer, and provided that a certification to such effect of two authorised Directors of the Issuer shall have been delivered to the Agent not less than five Business Days prior to (i) in the case of a substitution of the Notes, the issue of the relevant securities or (ii) in the case of a variation of the Notes, such variation, as the case may be), and, subject thereto, they shall (1) have a ranking at least equal to that of the Notes prior to such substitution or variation, as the case may be, (2) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Notes prior to such substitution or variation, as the case may be, (3) have the same redemption rights as the Notes prior to such substitution or variation, as the case may be, (4) comply with the then current requirements in relation to “eligible liabilities” (or any equivalent or successor term) provided for in the Applicable MREL Regulations, (5) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, as the case may be, or, if none, the Interest Commencement Date, and (6) where Notes which have been substituted or varied had a published rating from the Rating Agency immediately prior to such substitution or variation, such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Qualifying MREL Securities; and
- (b) are listed on a recognised stock exchange, if the Notes were listed immediately prior to such substitution or variation, as selected by the Issuer;

**Qualifying Subordinated Securities** means securities issued directly or indirectly by the Issuer that:

- (a) other than in the case of a change to the governing law of Condition 21 to Norwegian law in order to ensure the effectiveness and enforceability of Condition 21 have terms not materially less favourable to the Noteholders as a class than the terms of the Notes (as reasonably determined by the Issuer, and provided that a certification to such effect of two authorised Directors of the Issuer shall have been delivered to the Agent not less than five Business Days prior to (i) in the case of a substitution of the Notes, the issue of the relevant securities or (ii) in the case of a variation of the Notes, such variation, as the case may be), and, subject thereto, they shall (1) have a ranking at least equal to that of the Notes prior to such substitution or variation, as the case may be, (2) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Notes prior to such substitution or variation, as the case may be, (3) have the same redemption rights as the Notes prior to such substitution or variation, as the case may be, (4) comply with the then current requirements of the Relevant Regulator in relation to Tier 2 capital, (5) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, as the case may be, or, if none, the Interest Commencement Date, and (6) where Notes which have been substituted or varied had a published rating from the Rating Agency immediately prior to such substitution or variation, the Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Qualifying Subordinated Securities; and

- (b) are listed on a recognised stock exchange, if the Notes were listed immediately prior to such substitution or variation, as selected by the Issuer;

**Rate of Interest** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the applicable Final Terms or calculated or determined in accordance with the provisions of the Conditions and/or the applicable Final Terms and shall include, *inter alia*, the Initial Rate of Interest, the First Reset Rate of Interest and the Subsequent Rate of Interest, as applicable;

**Rating Agency** means Moody's Investors Service Limited or its successor;

**Redemption Margin** shall be as set out in the applicable Final Terms;

**Reference Bank** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in the case of a determination of NIBOR, the principal Oslo office of four major banks in the Norwegian inter-bank market and, in the case of a determination of STIBOR, the principal Stockholm office of four major banks in the Swedish inter-bank market, in each case as 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 Bond** shall be as set out in the applicable Final Terms or shall be the FA Selected Bond;

**Reference Bond Price** means, with respect to any date of redemption, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

**Reference Bond Quotation** means, in relation to a Reset Reference Bank and a Reset Determination Date:

- (a) if Reset Reference Bond is specified as the Reset Reference Rate in the applicable Final Terms, the arithmetic mean, as determined by the Calculation Agent, of the bid and offered yields for the relevant Reset Reference Bond provided to the Calculation Agent by such Reset Reference Bank at approximately the Specified Time on such Reset Determination Date; or
- (b) if CMT Rate is specified as the Reset Reference Rate in the applicable Final Terms, the rate, as determined by the Calculation Agent, as being a yield-to-maturity based on the secondary market bid price of such Reset Reference Bank for the relevant Reset United States Treasury Security at approximately the Fallback Specified Time on such Reset Determination Date;

**Reference Bond Rate** means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

**Reference Date** will be set out in the relevant notice of redemption;

**Reference Government Bond Dealer** means each of five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

**Reference Government Bond Dealer Quotations** means, with respect to each Reference Government Bond Dealer and any date for redemption, the arithmetic average, as determined by the Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time specified in the applicable Final Terms on the Reference Date quoted in writing to the Agent by such Reference Government Bond Dealer;

**Relevant Amounts** means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and additional amounts due on the Notes and any other amounts which may otherwise be or become payable at any time in connection with the Notes. References to such amounts will include (but are not limited to) amounts that have become due and payable, but which have not

been paid, prior to the exercise of any Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority;

**Relevant Nominating Body** means, in respect of an Original Reference Rate:

- (a) the central bank for the currency to which such Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate; or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such Original Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof;

**Relevant Regulator** means the NFSA and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer and/or (in the case of Senior Non-Preferred Notes) the Relevant Resolution Authority (if applicable), in any case as determined by the Issuer;

**Relevant Reset Margin** means, in respect of a Reset Period, whichever of the First Reset Margin or the Subsequent Reset Margin is applicable for the purpose of determining the Rate of Interest in respect of such Reset Period;

**Relevant Resolution Authority** means the (or each) resolution authority with the ability to exercise any Norwegian Statutory Loss Absorption Powers in relation to the Issuer;

**Relevant Screen Page** means the page, section or other part of a particular information service (including, without limitation, the Reuters Money 3000 Service) specified as the Relevant Screen Page in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of (i) displaying rates or prices comparable to the Reference Rate or, (ii) displaying rates or yields (as the case may be) for the relevant Reset Reference Rate, as the case may be;

**Remaining Term Interest** means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to Condition 7.3;

**Reset Date** means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

**Reset Determination Date** means, in respect of a Reset Period, the date specified as such in the applicable Final Terms;

**Reset Period** means the First Reset Period or a Subsequent Reset Period, as the case may be;

**Reset Reference Bank Rate** means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) determined on the basis of the Reference Bond Quotations provided by the Reset Reference Banks to the Calculation Agent at:

- (a) if Reset Reference Bond is specified as the Reset Reference Rate in the applicable Final Terms, the Specified Time; or
- (b) if CMT Rate is specified as the Reset Reference Rate in the applicable Final Terms, the Fallback Specified Time,

in each case, on such Reset Determination Date. If at least three such Reference Bond Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean (rounded as aforesaid) of the Reference Bond Quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two Reference Bond Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean (rounded as aforesaid) of the Reference Bond Quotations provided. If fewer than two Reference Bond Quotations are provided, the Reset Reference Bank Rate for the relevant Reset Period will be (a) in the

case of each Reset Period other than the First Reset Period, the Reset Reference Bank Rate in respect of the immediately preceding Reset Period or (b) in the case of the First Reset Period, the First Reset Period Fallback Yield;

**Reset Reference Banks** means:

- (a) if Mid-Swap Rate is specified as the Reset Reference Rate in the applicable Final Terms, the principal office in the principal financial centre of the Specified Currency of five major banks in the swap, money, securities or other market most closely connected with the relevant Reset Reference Rate;
- (b) if Reset Reference Bond is specified as the Reset Reference Rate in the applicable Final Terms, the principal office in the principal financial centre of the Specified Currency of five major banks which are primary government securities dealers or market makers in pricing corporate bond issues denominated in the Specified Currency; or
- (c) if CMT Rate is specified as the Reset Reference Rate in the applicable Final Terms, the principal office in New York City of five major banks which are primary United States Treasury Securities dealers or market makers in pricing corporate bond issues denominated in U.S. dollars,

in each case, as selected by the Reference Banks Agent or as specified in the applicable Final Terms;

**Reset Reference Bond** means, in relation to any Reset Period, a government security or securities issued by the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany), as selected by the Issuer on the advice of an investment bank of international repute, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to such Reset Period;

**Reset Reference Rate** means, in relation to a Reset Determination Date and subject to Condition 5.3(b) and Condition 5.5 if applicable:

- (a) if Mid-Swap Rate is specified in the applicable Final Terms:
  - (i) if Single Mid-Swap Rate is further specified in the applicable Final Terms, the rate for swaps in the Specified Currency:
    - (A) with a term equal to the relevant Reset Period; and
    - (B) commencing on the relevant Reset Date,which appears on the Relevant Screen Page; or
  - (ii) if Mean Mid-Swap Rate is further specified in the applicable Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:
    - (A) with a term equal to the relevant Reset Period; and
    - (B) commencing on the relevant Reset Date,which appear on the Relevant Screen Page,

in either case, as at approximately the Specified Time on such Reset Determination Date, all as determined by the Calculation Agent and (if the Calculation Agent is not the Agent) notified to the Agent; or

- (b) if Reset Reference Bond is specified in the applicable Final Terms:
  - (i) if a Relevant Screen Page is specified in the applicable Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered yields of the relevant Reset Reference Bond, as determined by the Calculation Agent by reference to the Relevant Screen Page at the Specified Time on such Reset Determination Date; or
  - (ii) if (i) a Relevant Screen Page is so specified and such rate does not appear on the Relevant Screen Page at such Specified Time on such Reset Determination Date or

- (ii) a Relevant Screen Page is not so specified, the Reset Reference Bank Rate on such Reset Determination Date; or
- (c) if CMT Rate is specified in the applicable Final Terms and if the Specified Currency is U.S. dollars, the rate which is equal to:
- (i) the yield for United States Treasury Securities at “constant maturity” for a designated maturity which is equal or comparable to the duration of the relevant Reset Period, as published in the H.15(519) under the caption “treasury constant maturities (nominal)”, as that yield is displayed on such Reset Determination Date, on the Relevant Screen Page; or
  - (ii) if the yield referred to in paragraph (i) above is not published by the Specified Time on the Relevant Screen Page on such Reset Determination Date, the yield for the United States Treasury Securities at “constant maturity” for a designated maturity which is equal or comparable to the duration of the relevant Reset Period as published in H.15(519) under the caption “treasury constant maturities (nominal)” on such Reset Determination Date; or
  - (iii) if the yield referred to in paragraph (ii) above is not published by the Fallback Specified Time on such Reset Determination Date, the Reset Reference Bank Rate on such Reset Determination Date,

in each case, all as determined by the Calculation Agent and (if the Calculation Agent is not the Agent) notified to the Agent;

**Reset United States Treasury Security** means, in relation to a Reset Determination Date, the United States Treasury Security:

- (a) with a designated maturity which is equal or comparable to the duration of the relevant Reset Period and a remaining term to maturity of no less than one year less than a maturity (the **Relevant Remaining Term to Maturity**) which is equal or comparable to the duration of the relevant Reset Period; and
- (b) which is in a principal amount equal to an amount that is representative for a single transaction in such United States Treasury Securities in the New York City market. If two or more United States Treasury Securities have remaining terms to maturity of no less than the Relevant Remaining Term to Maturity, the United States Security with the longer remaining term to maturity will be used for the purposes of the relevant determination and if two or more United States Treasury Securities have remaining terms equally close to the duration of the Relevant Remaining Term to Maturity, the United States Treasury Security with the largest nominal amount outstanding will be used for the purposes of the relevant determination;

**Second Reset Date** means the date specified in the applicable Final Terms;

**Senior Creditors** means (a) depositors of the Issuer and (b) all unsubordinated creditors of the Issuer (including, *inter alia*, holders of Senior Preferred Notes other than creditors in respect of any Non-Preferred Parity Securities and any Statutory Non-Preferred Claims, if any);

**Specified Senior Creditors** means (a) depositors of the Issuer and (b) all other unsubordinated creditors of the Issuer (including, *inter alia*, (A) holders of Senior Preferred Notes and Senior Non-Preferred Notes (both before and after the giving of the Ranking Notice) and (B) creditors in respect of any Non-Preferred Parity Securities and any Statutory Non-Preferred Claims, if any);

**Specified Time** has the meaning given in the applicable Final Terms;

**Statutory Non-Preferred Claims** means, upon Norway adopting legislation introducing a senior non-preferred ranking class as prescribed by Article 108(2) of the BRRD (as amended by Directive (EU) 2017/2399 of the European parliament and the Council of 12 December 2017 amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy), unsecured claims resulting from debt instruments that meet the following conditions:

- (a) the original contractual maturity of the debt instruments is at least one year;
- (b) the debt instruments contain no embedded derivatives and are not derivatives themselves; and
- (c) the relevant contractual documentation and, where applicable, the prospectus related to the issuance explicitly refer to the lower ranking under this paragraph;

**Subordinated Junior Securities** means all classes of share capital of the Issuer and any obligations of the Issuer ranking or expressed to rank junior to the Subordinated Notes;

**Subordinated Parity Securities** means any present or future instruments issued by the Issuer which are eligible to be recognised as Tier 2 Capital from time to time by the Relevant Regulator, any guarantee, indemnity or other contractual support arrangement entered into by the Issuer in respect of securities (regardless of name or designation) issued by a Subsidiary of the Issuer which are eligible to be recognised as Tier 2 Capital and any instruments issued, and subordinated guarantees, indemnities or other contractual support arrangements entered into, by the Issuer which rank, or are expressed to rank, *pari passu* therewith, but excluding Subordinated Junior Securities;

**Subsequent Reset Date** has the meaning given in the applicable Final Terms;

**Subsequent Reset Margin** means the margin specified as such in the applicable Final Terms;

**Subsequent Reset Period** means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date or the Maturity Date, as the case may be;

**Subsequent Reset Rate of Interest** means, in respect of any Subsequent Reset Period and subject to Condition 5.3(b) and Condition 5.3(c), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Reference Rate and the relevant Subsequent Reset Margin;

**Subsidiary** has the meaning ascribed to it in Section 1-3 of the Norwegian Public Limited Liability Companies Act 1997;

**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, one cent;

**Successor Reference Rate** means the rate that the Issuer, following consultation with the Independent Adviser, determines is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body;

**Tier 2 Capital** means Tier 2 capital as defined in the CRR as incorporated in Norway through Section 2 of the Norwegian regulation of 22 August 2014 no. 1097 on CRR/CRD IV (Nw. *Forskrift 22. august 2014 nr. 1097 om kapitalkrav og nasjonal tilpasning av CRR/CRD IV*); and

**United States Treasury Securities** means securities that are direct obligations of the United States Treasury, issued other than on a discount basis.

## Terms and Conditions of the VPS Notes

*The following are the Terms and Conditions of the VPS Notes. VPS Notes will not be evidenced by any physical note or document of title other than a statement of account made by the VPS. Ownership of VPS Notes will be recorded and transfer effected only through the book entry system and register maintained by the 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.*

Each VPS Note will be one of a Series (as defined below) of notes issued by Sparebanken Sør (the **Issuer**) under the Programme.

References herein to the VPS Notes shall be references to the VPS Notes of this Series and shall mean notes settled through the Norwegian Central Securities Depository, (*Verdipapirsentralen*) (**VPS Notes** and the **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 30 June 2017 made between the Issuer and Nordic Trustee ASA (currently 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 the VPS. Sparebanken Sør (in such capacity, the **VPS Agent**, which expression shall include any successor as VPS Agent) will act as agent of the Issuer in respect of all dealings with the VPS in respect of VPS Notes.

The Final Terms of each Tranche of VPS Notes (or the relevant provisions thereof) are set out in Part A of the Final Terms which complete these Terms and Conditions of the VPS Notes (the **VPS Conditions**). References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) which complete these VPS Conditions.

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 are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

A copy of the VPS Trustee Agreement is available for inspection during normal business hours at the registered office of the VPS Trustee at Kronprinsesse Märthas plass 1, 0161 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 Trustee Agreement.

Words and expressions defined in 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 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 currency (the **Specified Currency**) and the denomination(s) (the **Specified Denomination(s)**) specified in the applicable Final Terms.

VPS Notes of one Specified Denomination may not be exchanged for Notes, VPS or otherwise, of another Specified Denomination. VPS Notes will be registered with a separate securities identification code in the VPS.

VPS Notes may not be exchanged for Notes other than VPS Notes, issued by the Issuer, and *vice versa*.

A VPS Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

A VPS Note may be a Senior Preferred Note, a Senior Non-Preferred Note or a Subordinated Note, depending upon the Status of the VPS Notes 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 the VPS. The Issuer and the VPS Trustee may rely on a certificate of the VPS or one issued on behalf of the 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 the VPS between the direct or indirect accountholders at the VPS in accordance with the rules and procedures of the 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.

Each person (other than Euroclear Bank SA/NV (**Euroclear**) or Clearstream Banking S.A. (**Clearstream, Luxembourg**) who is for the time being shown in the records of the 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 of the VPS from time to time.

## **2. STATUS OF THE SENIOR PREFERRED VPS NOTES**

2.1 This Condition 2 applies only to Senior Preferred VPS Notes and references to “VPS Notes” and “Coupons” in this Condition 2 shall be construed accordingly.

The VPS Notes and the relative Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured obligations (including deposits) of the Issuer, present and future, from time to time outstanding. So long as any of the VPS Notes remains outstanding, the Issuer undertakes to ensure that the obligations of the Issuer under the VPS Notes rank and will rank *pari passu* with all other unsecured and unsubordinated obligations (including deposits) of the Issuer and with all its unsecured and unsubordinated obligations under guarantees of obligations of third parties, in each case except for any obligations preferred by mandatory provisions of applicable law.

### **2.2 No right of set-off or counterclaim**

This Condition 2.2 applies only where No Right of Set-Off or Counterclaim is specified as being applicable in the applicable Final Terms.

No VPS Noteholder who becomes indebted to the Issuer shall, in the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration, be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the VPS Notes held by such VPS Noteholder.

## **3. STATUS OF THE SENIOR NON-PREFERRED VPS NOTES**

This Condition 3 applies only to Senior Non-Preferred VPS Notes and references to “VPS Notes” and “VPS Noteholders” in this Condition 3 shall be construed accordingly.

3.1 The VPS Notes constitute direct, unconditional and unsecured obligations of the Issuer, and will at all times rank *pari passu* without any preference among themselves.

3.2 Subject as set out in Condition 3.3 below, in the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration (except, in any such case, a solvent liquidation, dissolution, or winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer, the terms of which reorganisation, reconstruction or amalgamation have previously been approved by a VPS Noteholders Meeting (as defined in the VPS Trustee Agreement) of the VPS Noteholders and do not provide that the VPS Notes thereby become redeemable or repayable), claims of the VPS Noteholders against the Issuer in respect of or arising under the VPS Notes (including any amounts attributable to the VPS Notes and any damages awarded for breach of any obligations thereunder) shall rank:

- (a) *pari passu* without any preference among themselves;
- (b) *pari passu* with claims in respect of Non-Preferred Parity Securities and Statutory Non-Preferred Claims, if any;
- (c) in priority to claims in respect of Non-Preferred Junior Securities; and
- (d) junior to any present or future claims of Senior Creditors.

3.3 At any time after the Creditor Hierarchy Directive has been implemented in Norway, the Issuer may (but is not obliged to), by providing notice (the **Ranking Notice**) to the VPS Noteholders in accordance with Condition 14, specify that (subject to the laws of Norway) the VPS Notes (together with any other outstanding Series of Senior Non-Preferred VPS Notes) shall rank within the class of unsecured debt instruments of the Issuer having the lower priority ranking contemplated by Article 108(2) of the BRRD, as set out in the Creditor Hierarchy Directive with effect from the date specified in the Ranking Notice (for the avoidance of doubt, should there be any inconsistency between any statutory ranking which may be introduced in Norway in order to implement the provisions of Article 108(2) of the BRRD, if any, and the ranking as set out in Condition 3.2 above, such statutory ranking shall prevail).

3.4 **No right of set-off or counterclaim**

No VPS Noteholder who becomes indebted to the Issuer shall, in the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration, be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the VPS Notes held by such VPS Noteholder.

**4. STATUS OF THE SUBORDINATED VPS NOTES**

This Condition 4 applies only to Subordinated VPS Notes and references to “VPS Notes” and “VPS Noteholders” in this Condition 4 shall be construed accordingly.

4.1 The VPS Notes constitute dated, unsecured and subordinated obligations (*ansvarlig lånekapital*) of the Issuer, and will at all times rank *pari passu* without any preference among themselves. The VPS Notes are subordinated as described in Condition 4.2.

4.2 In the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration (except, in any such case, a solvent liquidation, dissolution, or winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer, the terms of which reorganisation, reconstruction or amalgamation have previously been approved by a VPS Noteholders Meeting of the VPS Noteholders and do not provide that the VPS Notes thereby become redeemable or repayable), claims of the VPS Noteholders against the Issuer in respect of or arising under the VPS Notes (including any amounts attributable to the VPS Notes and any damages awarded for breach of any obligations thereunder) shall rank:

- (a) *pari passu* without any preference among themselves;
- (b) *pari passu* with claims in respect of Subordinated Parity Securities;
- (c) in priority to claims in respect of Subordinated Junior Securities; and
- (d) junior to any present or future claims of Specified Senior Creditors.

4.3 **No right of set-off or counterclaim**

No VPS Noteholder who becomes indebted to the Issuer shall, in the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration, be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the VPS Notes held by such VPS Noteholder.

**5. INTEREST**

The applicable Final Terms will indicate whether the VPS Notes are Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes.

(a) **Interest on Fixed Rate Notes**

This Condition 5(a) applies only to Fixed Rate Notes and references to “Notes” in this Condition 5(a) shall be construed accordingly.

Each Note will bear 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 arrears 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 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.

If interest is required to be calculated for a period other than an 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.

(b) **Interest on Floating Rate Notes**

This Condition 5(b) applies only to Floating Rate Notes and references to “Notes” in this Condition 5(b) shall be construed accordingly.

(i) **Interest Payment Dates**

Each 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. If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month on 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 5(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.

(ii) **Rate of Interest**

The Rate of Interest payable from time to time in respect of the Notes will be determined in the manner specified in the applicable Final Terms.

- (A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), **ISDA**

**Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

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

For the purposes of this sub-paragraph (A), **Floating Rate**, **Calculation Agent**, **Floating Rate Option** and **Designated Maturity** have the meanings given to those terms in the ISDA Definitions.

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

(B) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject 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 (being either the London interbank offered rate (**LIBOR**), the Euro-zone interbank offered rate (**EURIBOR**), the Norwegian interbank offered rate (**NIBOR**) or the Stockholm interbank offered rate (**STIBOR**), as specified in the applicable Final Terms) 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 the Specified Time 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 the Relevant Screen Page is not available or if, in the case of Condition 5(b)(ii)(B)(1), no offered quotation appears or, in the case of Condition 5(b)(ii)(B)(2), fewer than three offered quotations appear, in each case as at the Specified Time, the Reference Banks Agent shall request each of the Reference Banks to provide the Reference Banks Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Reference Banks Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

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 London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), the Norwegian inter-bank market (if the Reference Rate is NIBOR) or the Swedish inter-bank market (if the Reference Rate is STIBOR) 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 in the opinion of the Issuer suitable for the purpose) informs the Reference Banks Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), the Norwegian inter-bank market (if the Reference Rate is NIBOR) or the Swedish inter-bank market (if the Reference Rate is STIBOR) 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 this paragraph (iii) 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 this paragraph (iii) 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 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 will calculate the amount of interest (the **Interest Amount**) payable on the 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.

**(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 Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent

shall determine such rate at such time and by reference to such sources as it determines appropriate.

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

The Calculation Agent 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, the VPS Agent, the VPS Trustee and any stock exchange on which the relevant Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business 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 be promptly notified to each stock exchange on which the relevant Notes are for the time being listed and to the VPS Noteholders in accordance with Condition 14.

**(vii) 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, 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.

**(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 5, by the Calculation Agent, shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on all parties and (in the absence of wilful default or bad faith) 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) Reference Rate Replacement**

If:

- (i) Reference Rate Replacement is specified in the applicable Final Terms and Screen Rate Determination is specified in the applicable Final Terms as being applicable; and
- (ii) notwithstanding the provisions of Condition 5(b)(ii)(B), a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or component part thereof) remains to be determined by reference to such Original Reference Rate,

then the following provisions shall apply to the VPS Notes:

- (A) The Issuer shall use its reasonable endeavours to appoint an Independent Adviser (on the terms described in Condition 5(c)(ii)(B) below), as soon as reasonably practicable, to consult with the Issuer in determining:
  - (1) a Successor Reference Rate; or
  - (2) if the Issuer fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in either case, an Adjustment Spread (in any such case, acting in good faith and in a commercially reasonable manner) no later than twelve Business Days prior to the Interest Determination Date relating to the next Interest Period (the **Issuer Determination Cut-off Date**), for the purposes of determining all future payments of interest on the VPS Notes (subject to the subsequent operation of, and adjustment as provided in, this Condition 5(c)).

- (B) The Independent Adviser appointed pursuant to this Condition 5(c) shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the VPS Agent, the VPS Trustee, the Calculation Agent and all VPS Noteholders, as applicable, for any determination made by the Issuer pursuant to this Condition 5(c).
- (C) If a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) and, in either case, an Adjustment Spread is determined by the Issuer in accordance with this Condition 5(c):
- (1) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the VPS Notes (subject to the subsequent operation of, and adjustment as provided in, this Condition 5(c));
  - (2) such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future payments of interest on the VPS Notes (subject to the subsequent operation of, and adjustment as provided in, this Condition 5(c));
  - (3) the Issuer (following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner) may in its discretion specify:
    - (x) changes to the Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (i) the Additional Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Additional Financial Centre(s) and/or Relevant Screen Page applicable to the VPS Notes and (ii) the method for determining the fallback to the Rate of Interest in relation to the VPS Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and
    - (y) any other changes which the Issuer determines are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),

which changes shall apply to the VPS Notes for all future payments of interest on the VPS Notes (subject to the subsequent operation of, and adjustment as provided in, this Condition 5(c)); and
  - (4) promptly (and in any event no later than ten Business Days prior to the relevant Interest Determination Date) following the occurrence of a Benchmark Event and the determination of any Successor Reference Rate or Alternative Reference Rate (as applicable) and, in either case, any Adjustment Spread, the Issuer shall give notice thereof (including, in the case of the appointment of an Independent Adviser, the name and contact details of such Independent Adviser) and of any changes (and the effective date thereof) pursuant to Condition 5(b)(iv)(C)(3) to the Calculation Agent, the VPS Agent, the VPS Trustee and the VPS Noteholders in accordance with Condition 14.
- (D) If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) a Successor Reference Rate or an Alternative Reference Rate (as applicable) and, in either case, an Adjustment Spread is not determined pursuant to the operation of this Condition 5(c) prior to the relevant Issuer Determination Cut-off Date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 5(b)(ii)(B).

No consent of the VPS Noteholders or the VPS Trustee shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and, in either case, the relevant Adjustment Spread as described in this Condition 5(c) or such other relevant changes pursuant to Condition 5(c)(ii)(C)(3), including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the VPS Agency Agreement or the VPS Trustee Agreement (if required).

Notwithstanding any other provision of this Condition 5(c), the Agent is not obliged to concur with the Issuer or the Independent Advisor in respect of any changes or amendments as contemplated under this Condition 5(c) which would have the effect of (i) exposing the Agent to any liability or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Agent in the Agency Agreement and/or these Conditions.

Notwithstanding any other provision of this Condition 5(c), if in the Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(c), the Agent shall promptly notify the Issuer and/or the Independent Advisor thereof and the Issuer shall direct the Agent in writing as to which alternative course of action to adopt. If the Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer and/or the Independent Advisor (as the case may be) thereof and the Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

Notwithstanding any other provision of this Condition 5(c):

- (i) no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the VPS Notes will be made pursuant to this Condition 5(c), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the VPS Notes as:
  - (A) in the case of Restricted Senior Preferred VPS Notes and Senior Non-Preferred VPS Notes, MREL Eligible Liabilities; or
  - (B) in the case of Subordinated VPS Notes, Tier 2 Capital; and
- (ii) in the case of Restricted Senior Preferred VPS Notes and Senior Non-Preferred VPS Notes only, no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 5(c), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Relevant Regulator treating the next Interest Payment Date as the effective maturity of the VPS Notes, rather than the relevant Maturity Date.

(d) **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:

- (1) the date on which all amounts due in respect of such VPS Note have been paid; and
- (2) five days after the date on which the full amount of the moneys 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 14.

(e) **Calculation Agent**

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in respect of the VPS Notes and for so long as any VPS Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the 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 or Optional Redemption Amount, 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 inter-bank 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.

## 6. 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 a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively); 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.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

(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 the VPS and will be effected through and in accordance with and subject to the rules and regulations from time to time governing the VPS. The VPS Agent and the 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 the 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 the VPS, (ii) one or more Calculation Agent(s) where the VPS Conditions so require, 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 14.

(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.

**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;
- (iv) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(g)); and
- (v) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the VPS Notes.

Any reference in these VPS Conditions to interest in respect of the VPS Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

**7. REDEMPTION AND PURCHASE**

(a) **Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below or (if applicable, pursuant to Condition 7(l) or Condition 7(m)) substituted, each VPS Note will be redeemed by the Issuer at its

Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

(b) **Redemption for tax reasons**

Subject, if applicable to the provisions of Condition 7(g), the VPS Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this VPS Note is not a Floating Rate Note) or on an Interest Payment Date (if this VPS Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the VPS Agent and in accordance with Condition 14, the VPS Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment date due under the VPS Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in 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 VPS Notes; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measure 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 Agent 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.

VPS Notes redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount referred to in Condition 7(g) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) **Redemption at the option of the Issuer (Issuer Call)**

This Condition 7(c) is not applicable for Subordinated VPS Notes prior to five years from their Issue Date and references to “VPS Notes” in this Condition 7(c) shall be construed accordingly.

If Issuer Call is specified as being applicable in the applicable Final Terms, subject, if applicable, to the provisions of Condition 7(l), the Issuer may, having given not less than the minimum notice period nor more than the maximum period of notice specified in the applicable Final Terms to the VPS Noteholders in accordance with Condition 14 (which notice 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 a Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

If **Sterling Make-Whole Redemption Amount** is specified in the applicable Final Terms as the Optional Redemption Amount, the Optional Redemption Amount shall be equal to the higher of (i) 100 per cent. of the principal amount outstanding of the VPS Notes to be redeemed or (ii) the principal amount outstanding of the VPS Notes to be redeemed multiplied by the price, as reported to the Issuer by the Financial Adviser, at which the Gross Redemption Yield on such VPS Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time specified in the applicable Final Terms on the Reference Date of the Reference Bond, plus the Redemption Margin, all as determined by the Financial Adviser.

If **Non-Sterling Make-Whole Redemption Amount** is specified in the applicable Final Terms as the Optional Redemption Amount, the Optional Redemption Amount shall be an amount calculated by the VPS Agent equal to the higher of (i) 100 per cent. of the principal amount outstanding of the VPS Notes to be redeemed or (ii) the sum of the present values of the principal amount outstanding of the

VPS Notes to be redeemed and the Remaining Term Interest on such VPS Note (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on an annual basis at the Reference Bond Rate, plus the Redemption Margin.

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent, shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on all parties and (in the absence of wilful default or bad faith) no liability shall attach to the Calculation Agent or in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

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 the 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**).

(d) **Redemption upon Capital Event – Subordinated VPS Notes**

This Condition 7(d) applies only to Subordinated VPS Notes and where this Condition 7(d) is specified as being applicable in the applicable Final Terms and references to “VPS Notes” and “VPS Noteholders” in this Condition 7(d) shall be construed accordingly.

Subject, if applicable, to the provisions of Condition 7(k), the VPS Notes may be redeemed at the option of the Issuer, in whole, but not in part, at any time (in the case of all VPS Notes other than Floating Rate VPS Notes) or on any Interest Payment Date (in the case of Floating Rate VPS Notes) on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 14, the VPS Noteholders (which notice shall be irrevocable) if a Capital Event has occurred.

Prior to the publication of any notice of redemption pursuant to this Condition 7(d), the Issuer shall deliver to the Agent to make available at its specified office to the VPS Noteholders 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 a Capital Event has occurred.

Notes redeemed pursuant to this Condition 7(d) will be redeemed at their Early Redemption Amount referred to in Condition 7(g) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(e) **Redemption upon MREL Disqualification Event – Senior Preferred VPS Notes and Senior Non-Preferred VPS Notes, where applicable**

This Condition 7(e) applies only to Senior Preferred VPS Notes and Senior Non-Preferred VPS Notes, in each case, only where this Condition 7(e) is specified as being applicable in the applicable Final Terms and references to “VPS Notes” and “VPS Noteholders” in this Condition 7(e) shall be construed accordingly.

Subject, if applicable, to the provisions of Condition 7(k), the VPS Notes may be redeemed at the option of the Issuer, in whole, but not in part, at any time (in the case of all VPS Notes other than Floating Rate VPS Notes) or on any Interest Payment Date (in the case of Floating Rate VPS Notes) on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 14, the VPS Noteholders (which notice shall be irrevocable) if a MREL Disqualification Event has occurred.

Prior to the publication of any notice of redemption pursuant to this Condition 7(e), the Issuer shall deliver to the Agent to make available at its specified office to the VPS Noteholders 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 a MREL Disqualification Event has occurred.

Notes redeemed pursuant to this Condition 7(e) will be redeemed at their Early Redemption Amount referred to in Condition 7(g) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(f) **Redemption at the option of the VPS Noteholders (Investor Put)**

This Condition 7(f) is only applicable to Senior Preferred VPS Notes which are not Restricted Senior Preferred VPS Notes and references to “VPS Notes” in this Condition 7(f) shall be construed accordingly.

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any VPS Note giving to the Issuer in accordance with Condition 14 not less than the minimum notice period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem 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 the VPS from time to time.

Any Put Notice given by a holder of any VPS Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 10.

(g) **Early Redemption Amounts**

For the purpose of Condition 7(b), 7(d), 7(e) and Condition 10:

- (i) each VPS Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and
- (ii) each Zero Coupon Note will be redeemed at an amount (the “**Amortised Face Amount**”) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

**y** is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the VPS Notes to (but excluding) the date fixed for redemption (or as the case may be) the date upon which such VPS Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the VPS Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such VPS Note becomes due and repayable and the denominator will be 360) or (iii) actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of VPS Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such VPS Note becomes due and repayable and the denominator will be 365).

(h) **Purchases**

Subject, if applicable to the provisions of Condition 7(k), the Issuer or any Subsidiary of the Issuer may at any time purchase VPS Notes at any price in the open market or otherwise. Such VPS Notes may be held, reissued, resold or, at the option of the Issuer, cancelled by causing such VPS Notes to be deleted from the records of the VPS.

(i) **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 the 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.

(j) **Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph 7(a), 7(b), 7(c) or 7(f) or upon its becoming due and repayable as provided in

Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount as provided in Condition 7(g)(ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the VPS Noteholders in accordance with Condition 14.

(k) **Consent**

This Condition 7(k) applies to (i) Senior Preferred VPS Notes where Regulatory Consent is specified as being applicable in the applicable Final Terms (“**Restricted Senior Preferred VPS Notes**”), (ii) Senior Non-Preferred VPS Notes and (iii) Subordinated VPS Notes.

In the case of (i) Restricted Senior Preferred VPS Notes, (ii) Senior Non-Preferred VPS Notes and (iii) Subordinated VPS Notes, no early redemption in any circumstances, purchase under Condition 7(h), substitution or variation under Condition 7(l) (in the case of Subordinated VPS Notes) or substitution or variation under Condition 7(m) (in the case of Senior Non-Preferred VPS Notes and Restricted Senior Preferred VPS Notes) shall take place without the prior written permission of the Relevant Regulator (in each case, if, and to the extent, then required by the Relevant Regulator and, in the case of Restricted Senior Preferred VPS Notes and Senior Non-Preferred VPS Notes, by the Applicable MREL Regulations). In addition, in respect of any redemption of Subordinated VPS Notes pursuant to Condition 7(b) or 7(d) only, and except to the extent the Relevant Regulator no longer so requires, the Issuer may only redeem the Subordinated VPS Notes before five years after the Issue Date if the Issuer demonstrates to the satisfaction of the Relevant Regulator that the circumstance that entitles it to exercise such right of redemption was not reasonably foreseeable as at the Issue Date. For the avoidance of doubt, redemption of Senior Preferred VPS Notes, Senior Non-Preferred VPS Notes or Subordinated VPS Notes under Condition 7(a) or repayment pursuant to Condition 10 or Condition 11, as the case may be, shall not require the consent of the Relevant Regulator.

(l) **Substitution or Variation – Subordinated VPS Notes**

This Condition 7(l) applies only to Subordinated VPS Notes and where this Condition 7(l) is specified as being applicable in the applicable Final Terms, and references to “VPS Notes” and “VPS Noteholders” in this Condition 7(l) shall be construed accordingly.

If at any time a Capital Event occurs and is continuing, or in order to ensure the effectiveness and enforceability of Condition 20, the Issuer may, subject to the provisions of Condition 7(k) (without any requirement for the consent or approval of the VPS Noteholders) on giving not less than 30 nor more than 60 days’ notice to the Agent and, in accordance with Condition 14, the VPS Noteholders (which notice shall be irrevocable) either substitute all (but not some only) of the VPS Notes for, or vary the terms of the VPS Notes (including changing the governing law of Condition 20, from English law to Norwegian law) so that they remain or, as appropriate, become, Qualifying Subordinated Securities (as defined below), provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem the substituted or varied securities that are inconsistent with the redemption provisions of the Notes.

Any such substitution of the VPS Notes for, or variation of the terms of the VPS Notes so that they remain or, as appropriate, become, Qualifying Subordinated Securities as aforesaid, is subject to the Issuer delivering to the Agent in advance of any such substitution or variation, a certificate in the form described in the definition of Qualifying Subordinated Securities in accordance with the provisions thereof which the Agent shall make available at its specified office to the VPS Noteholders.

(m) **Substitution or Variation – Senior Preferred VPS Notes and Senior Non-Preferred VPS Notes, where applicable**

This Condition 7(m) applies only to Senior Preferred VPS Notes and Senior Non-Preferred VPS Notes, in each case, only where this Condition 7(m) is specified as being applicable in the applicable Final Terms and references to “VPS Notes” and “VPS Noteholders” in this Condition 7(m) shall be construed accordingly.

If at any time a MREL Disqualification Event occurs and is continuing, or in order to ensure the effectiveness and enforceability of Condition 20, the Issuer may, subject to the provisions of Condition

7(k) (without any requirement for the consent or approval of the VPS Noteholders) on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 14, the VPS Noteholders (which notice shall be irrevocable) either substitute all (but not some only) of the VPS Notes for, or vary the terms of the VPS Notes (including changing the governing law of Condition 19, from English law to Norwegian law) so that they remain or, as appropriate, become, Qualifying MREL Securities (as defined below), provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem the substituted or varied securities that are inconsistent with the redemption provisions of the VPS Notes.

Prior to any such substitution or variation of the VPS Notes, the Issuer shall deliver to the Agent a certificate in the form described in the definition of Qualifying MREL Securities in accordance with the provisions thereof.

## **8. TAXATION**

### **8.1 Gross-up**

Subject as provided in Condition 8.2 below, 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 or duties 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 in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any VPS Note:

- (a) presented for payment in Norway;
- (b) the holder of which is liable for such taxes in respect of such VPS Note by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such VPS Note; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6(c)).

As used herein:

**Tax Jurisdiction** means Norway or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer); 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 Agent 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 14.

### **8.2 Senior Non-Preferred VPS Notes, Subordinated VPS Notes and Restricted Gross-Up Senior Preferred VPS Notes**

This Condition 8.2 shall only apply to (i) Senior Preferred VPS Notes where Restricted Gross-Up Senior Preferred VPS Notes is specified as being applicable in the applicable Final Terms, (ii) Senior Non-Preferred VPS Notes and (iii) Subordinated VPS Notes.

Notwithstanding the remainder of Condition 8.1, the obligation to pay additional amounts under Condition 8.1 will be limited to payments of interest.

## **9. PRESCRIPTION**

The VPS Notes will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 21) therefor.

**10. EVENTS OF DEFAULT AND ENFORCEMENT RELATING TO SENIOR PREFERRED VPS NOTES WHERE APPLICABLE**

This Condition 10 shall apply only to Senior Preferred VPS Notes where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms and references to “VPS Notes” and “VPS Noteholders” in this Condition 10 shall be construed accordingly.

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing with respect to any VPS Note:

- (a) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the VPS Notes or any of them and in the case of interest that default continues for a period of seven days or more; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Conditions and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the VPS Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) any payment obligation under any indebtedness (including deposits) of the Issuer becomes due and repayable prematurely by reason of an event of default (howsoever described) or the Issuer fails to make any payment in respect of any indebtedness (including deposits) within 30 days of the due date for payment (or within the applicable grace period, if such period is longer than 30 days) or any security given by the Issuer for any indebtedness (including deposits) becomes enforceable or if default is made by the Issuer in making any payment due under any guarantee and/or indemnity given by it in relation to any obligation of any other person for 30 days (or within the applicable grace period, if such period is longer than 30 days), PROVIDED that no such event shall constitute an Event of Default unless the indebtedness (including deposits) or other relative liability either alone or when aggregated with other indebtedness (including deposits) and/or liabilities relating to all (if any) other events which shall have occurred and be outstanding shall amount to at least €10,000,000 (or its equivalent in any other currency) and PROVIDED further that, for the purposes of this Condition 10(c), the Issuer shall not be deemed to be in default with respect to any such indebtedness (including deposits), guarantee or indemnity if it shall be contesting in good faith by appropriate means its liability to make payment thereunder; or
- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved by a VPS Noteholders Meeting of the VPS Noteholders; or
- (e) if the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved by a VPS Noteholders Meeting of the VPS Noteholders, or the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (f) if (A) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (B) in any case (other than the appointment of an administrator) is not discharged within 14 days; or
- (g) if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is

convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors),

then the VPS Trustee may, by written notice to the Issuer declare any VPS Notes to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 7(g)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

**11. EVENTS OF DEFAULT RELATING TO SENIOR PREFERRED VPS NOTES, WHERE APPLICABLE, AND SENIOR NON-PREFERRED VPS NOTES**

This Condition 11 shall apply only to Senior Preferred VPS Notes unless Unrestricted Events of Default is specified as being applicable in the applicable Final Terms and Senior Non-Preferred VPS Notes and references to “VPS Notes” and “VPS Noteholders” in this Condition 11 shall be construed accordingly.

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing with respect to any VPS Note:

- (a) if any order is made by any competent court or resolution passed by any competent authority for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved by a VPS Noteholders Meeting of the VPS Noteholders; or
- (b) if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors),

then the VPS Trustee may, by written notice to the Issuer declare any VPS Notes to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 7(g)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

**12. NO EVENTS OF DEFAULT; ENFORCEMENT RELATING TO SUBORDINATED VPS NOTES**

This Condition 12 shall apply only to Subordinated VPS Notes and references to “VPS Notes” and “VPS Noteholders” in this Condition 12 shall be construed accordingly.

**There are no events of default in relation to Subordinated VPS Notes.**

**13. 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 the VPS in accordance with the procedures and regulations, for the time being, of the VPS. A transfer of VPS Notes which is held in the VPS through Euroclear or Clearstream, Luxembourg is only possible by using an account operator linked to the VPS.

**(b) Registration of transfer upon partial redemption**

In the event of a partial redemption of VPS Notes under Condition 7, 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 VPS Register**

VPS Noteholders will not be required to bear the costs and expenses of effecting any registration, transfer or administration in relation to the VPS 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.



#### 14. NOTICES

Notices to the VPS Noteholders shall be valid if the relevant notice is given to the 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 the VPS.

#### 15. MEETINGS OF VPS NOTEHOLDERS AND MODIFICATION

##### (a) Provisions with respect to Holders of VPS Notes

The VPS Trustee Agreement contains provisions for convening meetings of the VPS Noteholders to consider any matter affecting their interests, including sanctioning by a majority of votes (as more fully set out in the VPS Trustee Agreement) a 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 Issuer, the VPS Trustee, Oslo Børs or by VPS Noteholders holding not less than 10 per cent. of the Voting VPS Notes. (For the purpose of this Condition, **Voting VPS Notes** means the aggregate nominal amount of the total number of VPS Notes not redeemed or otherwise deregistered in the VPS, less the VPS Notes owned by the Issuer, any party who has decisive influence over the Issuer or any party over whom the Issuer has decisive influence.)

The quorum at a meeting for passing a resolution is one or more persons holding not less than 50 per cent. in aggregate nominal amount of the Voting VPS Notes or at any adjourned meeting one or more persons being or representing holders of Voting VPS Notes 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, 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 Voting 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 Voting VPS Notes. 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(f) 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 15(b)(i) above, the VPS Trustee may agree to amendments to the VPS Trustee Agreement or the VPS Conditions without prior approval of the affected VPS Noteholders

provided that (i) such amendment is not detrimental to the rights and benefits of the affected VPS Noteholders in any material respect, or (ii) is made solely for the purpose of rectifying obvious errors and mistakes, or (iii) 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.

**16. 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.

**17. 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.

**18. 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.

**19. 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, 3, 4, 13, 14, 15, 16 and 17 (and any non-contractual obligations arising out of or in connection with such conditions) which are governed by and shall be construed in accordance with Norwegian law. The VPS Trustee Agreement is governed by and shall be 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”) (Nw. *verdipapirsentralloven*), which implements Regulation (EU) No. 909/2014 ( ) into Norwegian law, and, to the extent applicable the Norwegian Act on Registration of Financial Instruments of 5 July 2002 No. 64, as amended from time to time, and the holders of VPS Notes will be entitled to the rights and are subject to the obligations and liabilities which arise under these Acts and any related regulations and legislation.

**(b) Submission to jurisdiction**

(i) Subject to Condition 19(b)(iii) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the VPS Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non contractual obligations arising out of or in connection with the VPS Notes (a **Dispute**) and all Disputes will be submitted to the exclusive jurisdiction of the English courts.

(ii) For the purposes of this Condition 19(b), each of the Issuer and any holders of VPS Notes or Couponholders taking proceedings in relation to any Dispute waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(iii) This Condition 19(b)(iii) is for the benefit of the holders of VPS Notes only. To the extent allowed by law, the holders of VPS Notes may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

**(c) Appointment of Process Agent**

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London, EC2Y 7EX, United Kingdom as its agent for service of process

in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Proceedings. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## 20. CONTRACTUAL RECOGNITION OF NORWEGIAN STATUTORY LOSS ABSORPTION POWERS

Notwithstanding and to the exclusion of any other term of the VPS Notes or any other agreements, arrangements or understanding between the Issuer and any VPS Noteholder (which, for the purposes of this Condition 20, includes each holder of a beneficial interest in the VPS Notes), by its acquisition of any VPS Note, each VPS Noteholder acknowledges and accepts that any liability arising under the VPS Notes may be subject to the exercise of Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (a) the effect of the exercise of any Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise may include and result in (without limitation) any of the following, or a combination thereof:
  - (i) the reduction of all, or a portion, of the Relevant Amounts in respect of the VPS Notes;
  - (ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the VPS Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the VPS Noteholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the VPS Notes;
  - (iii) the cancellation of the VPS Notes or the Relevant Amounts in respect of the VPS Notes; and
  - (iv) the amendment or alteration of the maturity of the VPS Notes or amendment of the amount of interest payable on the VPS Notes, or the date(s) on which interest becomes payable, including by suspending payment for a temporary period; and
- (b) the variation of the terms of the VPS Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority.

## 21. DEFINITIONS

In the VPS Conditions the following words shall have the following meanings:

**Adjustment Spread** means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the relevant Successor Reference Rate or the relevant Alternative Reference Rate (as the case may be), and is the spread, formula or methodology which:

- (a) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Original Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Reference Rate);
- (b) the Issuer, following consultation with the Independent Adviser, determines is customarily applied to the relevant Successor Reference Rate or the relevant Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer determines that no such spread is customarily applied);
- (c) in the case of an Alternative Reference Rate, is in customary market usage in the international debt capital markets for transactions which reference the Original Reference Rate, where such rate has been replaced by such Alternative Reference Rate; or
- (d) the Issuer, following consultation with the Independent Adviser, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions

which reference the Original Reference Rate, where such rate has been replaced by the relevant Successor Reference Rate or the relevant Alternative Reference Rate (as the case may be); or

- (e) the Issuer determines that no such industry standard is recognised or acknowledged, the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate, having regard to the objective of reducing or eliminating, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to the VPS Noteholders;

**Agency Agreement** means an amended and restated agency agreement dated 29 June 2020 between the Issuer and the agents named therein, as amended and/or supplemented and/or restated from time to time;

**Alternative Reference Rate** means the rate that (i) the Issuer, following consultation with the Independent Adviser, determines 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) in respect of debt securities denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods, or (ii) the Issuer, following consultation with the Independent Adviser, determines is most comparable to the Original Reference Rate;

**Applicable MREL Regulations** means, at any time, the laws, regulations, requirements, guidelines and policies then in effect in Norway giving effect to any MREL Requirement or any successor regulations then applicable to the Issuer and/or the Group, including, without limitation to the generality of the foregoing, CRD IV, the BRRD and those regulations, requirements, guidelines and policies giving effect to any MREL Requirement or any successor regulations then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group);

**Benchmark Event** means, with respect to an Original Reference Rate:

- (a) such Original Reference Rate ceasing to exist or be published; or
- (b) a public statement by the supervisor or the administrator of such Original Reference Rate that such Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (c) a public statement by the supervisor or the administrator of such Original Reference Rate that means such Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (d) it has become unlawful for the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any VPS Noteholder using such Original Reference Rate;

**BRRD** means Directive 2014/59/EU of the European Parliament and of the Council on resolution and recovery of credit institutions and investment firms dated 15 May 2014 and published in the Official Journal of the European Union on 12 June 2014 (or, as the case may be, any provision of Norwegian law transposing or implementing such Directive), as amended or replaced from time to time (including, without limitation, by the Creditor Hierarchy Directive);

**Business Day** means:

- (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 London and each Additional Business Centre (other than TARGET2 System (as defined below)) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and
- (c) either (i) 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 (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and

Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open;

**Calculation Agency Agreement** in relation to any Series of VPS Notes 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, 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;

**Capital Event** means the determination by the Issuer, after consultation with the Relevant Regulator, that, as a result of a change in Norwegian law or Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date of the first Tranche of the VPS Notes, the VPS Notes are excluded in whole or in part from the Tier 2 capital of the Issuer and/or the Group;

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with Condition 5(b)(iv):

- (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:

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

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:

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

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;

- (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:

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

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; and

- (h) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:

- (1) 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 (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

- (2) 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:

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 that would occur in one calendar year; and

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;

**Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate;

**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);

**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 securities exchange or other reputable marketplace for securities, on which the VPS Notes are listed, or where the Issuer has applied for listing of the VPS Notes, as specified in the applicable Final Terms;

**FA Selected Bond** means a government security or securities selected by the Financial Adviser as having an actual or interpolated maturity comparable with the remaining term of the VPS Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the VPS Notes and of a comparable maturity to the remaining term of the VPS Notes;

**Financial Adviser** means a financial adviser selected by the Issuer;

**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;

**Gross Redemption Yield** means, in respect of a security, the gross redemption yield for such security, expressed as a percentage and calculated by the Financial Adviser on the basis set out by the United Kingdom Debt Management Office in the paper Formulae for Calculating Gilt Prices from Yields page 5, Section One: Price/Yield Formulae Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date (published 08/06/1998 and updated on 15/01/2002 and 16/03/2005 (as amended and supplemented from time to time)) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the Issuer may approve;

**Group** means the Issuer and its Subsidiaries;

**Independent Adviser** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(b)(iv);

**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);

**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;

**Issue Date** means, in respect of any VPS Note, the date of issue of the VPS Note;

**London Business 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;

**MREL Disqualification Event** means the determination by the Issuer that, as a result of a change in any Applicable MREL Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date of the first Tranche of the VPS Notes, the VPS Notes will be fully excluded or partially excluded from the “eligible liabilities” (or any equivalent or successor term) available to meet any MREL Requirement (however called or defined by then Applicable MREL Regulations) if the Issuer and/or the Group is then or, as the case may be, will be subject to such MREL Requirement, provided that a MREL Disqualification Event shall not occur where such exclusion is or will be caused by (1) the remaining maturity of the VPS Notes being less than any period prescribed by any applicable eligibility criteria under the Applicable MREL Regulations, or (2)

any applicable limits on the amount of “eligible liabilities” (or any equivalent or successor term) permitted or allowed to meet any MREL Requirement(s) being exceeded;

**MREL Eligible Liabilities** means “eligible liabilities” (or any equivalent or successor term) which are available to meet any MREL Requirement (however called or defined by then Applicable MREL Regulations) of the Issuer and/or the Group under Applicable MREL Regulations;

**MREL Requirement** means the minimum requirement for own funds and eligible liabilities which is or, as the case may be, will be applicable to the Issuer and/or the Group;

**NFSA** means the Financial Supervisory Authority of Norway (*Finanstilsynet*);

**Non-Preferred Junior Securities** means all classes of share capital of the Issuer and any obligations of the Issuer ranking or expressed to rank junior to the Senior Non-Preferred Notes (including, *inter alia*, Subordinated Notes and Subordinated Parity Securities);

**Non-Preferred Parity Securities** means any unsecured obligations of the Issuer which rank, or are expressed to rank, *pari passu* with the VPS Notes;

**Norwegian Statutory Loss Absorption Powers** means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Kingdom of Norway, relating to (i) the transposition into Norwegian law of the BRRD as amended or replaced from time to time, and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

**Original Reference Rate** means:

- (i) 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) of the relevant VPS Notes; or
- (ii) any Successor Reference Rate or Alternative Reference Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of Condition 5.4;

**Oslo Business Days** means 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 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 Conditions;
- (b) those VPS Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest (if any) accrued to the date for redemption and any interest (if any) payable under the Conditions after that date) have been duly paid to or to the order of the VPS Agent in the manner provided in these Conditions (and where appropriate notice to that effect has been given to the VPS Noteholders in accordance with the Conditions) and remain available for payment of the relevant Notes;
- (c) those VPS Notes which have been purchased and cancelled in accordance with the Conditions; and
- (d) those VPS Notes in respect of which claims have become prescribed under the Conditions;

**Payment Day** means (subject to Condition 6(c)):

- (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):
  - (i) in the case of VPS Notes in definitive form only, in the relevant place of presentation; and
  - (ii) in each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;



- (b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (c) either (A) 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 (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open;

**Qualifying MREL Securities** means securities issued directly or indirectly by the Issuer that:

- (a) other than in the case of a change to the governing law of Condition 20 to Norwegian law in order to ensure the effectiveness and enforceability of Condition 20 have terms not materially less favourable to the VPS Noteholders as a class than the terms of the VPS Notes (as reasonably determined by the Issuer, and provided that a certification to such effect of two authorised Directors of the Issuer shall have been delivered to the Agent not less than five Business Days prior to (i) in the case of a substitution of the VPS Notes, the issue of the relevant securities or (ii) in the case of a variation of the VPS Notes, such variation, as the case may be), and, subject thereto, they shall (1) have a ranking at least equal to that of the VPS Notes prior to such substitution or variation, as the case may be, (2) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the VPS Notes prior to such substitution or variation, as the case may be, (3) have the same redemption rights as the VPS Notes prior to such substitution or variation, as the case may be, (4) comply with the then current requirements in relation to “eligible liabilities” (or any equivalent or successor term) provided for in the Applicable MREL Regulations, (5) preserve any existing rights under the VPS Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, as the case may be, or, if none, the Interest Commencement Date, and (6) where VPS Notes which have been substituted or varied had a published rating from the Rating Agency immediately prior to such substitution or variation, such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Qualifying MREL Securities; and
- (b) are listed on a recognised stock exchange, if the VPS Notes were listed immediately prior to such substitution or variation, as selected by the Issuer;

**Qualifying Subordinated Securities** means securities issued directly or indirectly by the Issuer that:

- (a) other than in the case of a change to the governing law of Condition 20 to Norwegian law in order to ensure the effectiveness and enforceability of Condition 20 have terms not materially less favourable to the VPS Noteholders as a class than the terms of the VPS Notes (as reasonably determined by the Issuer, and provided that a certification to such effect of two authorised Directors of the Issuer shall have been delivered to the Agent not less than five Business Days prior to (i) in the case of a substitution of the VPS Notes, the issue of the relevant securities or (ii) in the case of a variation of the VPS Notes, such variation, as the case may be), and, subject thereto, they shall (1) have a ranking at least equal to that of the VPS Notes prior to such substitution or variation, as the case may be, (2) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the VPS Notes prior to such substitution or variation, as the case may be, (3) have the same redemption rights as the VPS Notes prior to such substitution or variation, as the case may be, (4) comply with the then current requirements of the Relevant Regulator in relation to Tier 2 capital, (5) preserve any existing rights under the VPS Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, as the case may be, or, if none, the Interest Commencement Date, and (6) where VPS Notes which have been substituted or varied had a published rating from the Rating Agency immediately prior to such substitution or variation, the Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Qualifying Subordinated Securities; and
- (b) are listed on a recognised stock exchange, if the VPS Notes were listed immediately prior to such substitution or variation, as selected by the Issuer;

**Rate of Interest** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the VPS Notes specified in the applicable Final Terms or calculated or determined in accordance with the provisions of the Conditions and/or the applicable Final Terms;

**Rating Agency** means Moody's Investors Service Limited or its successor;

**Redemption Margin** shall be as set out in the applicable Final Terms;

**Reference Banks** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in the case of a determination of NIBOR, the principal Oslo office of four major banks in the Norwegian inter-bank market and, in the case of a determination of STIBOR, the principal Stockholm office of four major banks in the Swedish inter-bank market, in each case selected by the Calculation 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 Bond** shall be as set out in the applicable Final Terms or shall be the FA Selected Bond;

**Reference Bond Price** means, with respect to any date of redemption, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

**Reference Bond Rate** means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

**Reference Date** will be set out in the relevant notice of redemption;

**Reference Government Bond Dealer** means each of five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

**Reference Government Bond Dealer Quotations** means, with respect to each Reference Government Bond Dealer and any date for redemption, the arithmetic average, as determined by the Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time specified in the applicable Final Terms on the Reference Date quoted in writing to the Agent by such Reference Government Bond Dealer;

**Relevant Amounts** means the outstanding principal amount of the VPS Notes, together with any accrued but unpaid interest and additional amounts due on the VPS Notes and any other amounts which may otherwise be or become payable at any time in connection with the VPS Notes. References to such amounts will include (but are not limited to) amounts that have become due and payable, but which have not been paid, prior to the exercise of any Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority;

**Relevant Date** means the date on which a payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent 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 14;

**Relevant Nominating Body** means, in respect of an Original Reference Rate:

- (a) the central bank for the currency to which such Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate; or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such Original Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof;

**Relevant Regulator** means the NFSA and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer and/or (in the case of Senior Non-Preferred Notes) the Relevant Resolution Authority (if applicable), in any case as determined by the Issuer;

**Relevant Resolution Authority** means the (or each) resolution authority with the ability to exercise any Norwegian Statutory Loss Absorption Powers in relation to the Issuer;

**Relevant Screen Page** means the page, section or other part of a particular information service (including, without limitation, the Reuters Money 3000 Service) specified as the Relevant Screen Page in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**Remaining Term Interest** means, with respect to any VPS Note, the aggregate amount of scheduled payment(s) of interest on such VPS Note for the remaining term of such VPS Note determined on the basis of the rate of interest applicable to such Note from and including the date on which such VPS Note is to be redeemed by the Issuer pursuant to Condition 7(c);

**Senior Creditors** means (a) depositors of the Issuer and (b) all unsubordinated creditors of the Issuer (including, *inter alia*, holders of Senior Preferred Notes other than creditors in respect of any Non-Preferred Parity Securities and any Statutory Non-Preferred Claims, if any);

**Specified Senior Creditors** means (a) depositors of the Issuer and (b) all other unsubordinated creditors of the Issuer (including, *inter alia*, (A) holders of Senior Preferred Notes and Senior Non-Preferred Notes (both before and after the giving of the Ranking Notice) and (B) creditors in respect of any Non-Preferred Parity Securities and any Statutory Non-Preferred Claims, if any);

**Specified Time** means 11.00 a.m. (London time, in the case of a determination of LIBOR, Brussels time, in the case of a determination of EURIBOR, or Stockholm time, in the case of a determination of STIBOR) or 12.00 p.m. (Oslo time, in the case of a determination of NIBOR);

**Statutory Non-Preferred Claims** means, upon Norway adopting legislation introducing a senior non-preferred ranking class as prescribed by Article 108(2) of the BRRD (as amended by Directive (EU) 2017/2399 of the European parliament and the Council of 12 December 2017 amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy), unsecured claims resulting from debt instruments that meet the following conditions:

- (a) the original contractual maturity of the debt instruments is at least one year;
- (b) the debt instruments contain no embedded derivatives and are not derivatives themselves; and
- (c) the relevant contractual documentation and, where applicable, the prospectus related to the issuance explicitly refer to the lower ranking under this paragraph;

**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;

**Subordinated Junior Securities** means all classes of share capital of the Issuer and any obligations of the Issuer ranking or expressed to rank junior to the Subordinated Notes;

**Subordinated Parity Securities** means any present or future instruments issued by the Issuer which are eligible to be recognised as Tier 2 Capital from time to time by the Relevant Regulator, any guarantee, indemnity or other contractual support arrangement entered into by the Issuer in respect of securities (regardless of name or designation) issued by a Subsidiary of the Issuer which are eligible to be recognised as Tier 2 Capital and any instruments issued, and subordinated guarantees, indemnities or other contractual support arrangements entered into, by the Issuer which rank, or are expressed to rank, *pari passu* therewith, but excluding Subordinated Junior Securities;

**Subsidiary** has the meaning ascribed to it in Section 1-3 of the Norwegian Public Limited Liability Companies Act 1997;

**Successor Reference Rate** means the rate that the Issuer, following consultation with the Independent Adviser, determines is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body; and

**Treaty** means the Treaty on the Functioning of the European Union, as amended.

## Use of proceeds

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

- (a) where “General Corporate Purposes” is specified in the applicable Final Terms, for its general corporate purposes; or
- (b) where “Sustainability Senior Bonds” is specified in the applicable Final Terms, to finance or re-finance, in whole or in part, Sustainability Loans pursuant to a framework relating to investments in Sustainability Loans or the issuance of Sustainability Senior Bonds which at such time has been published by the Issuer and made available on the Issuer’s website and which is in effect at the time of issuance of the Sustainability Senior Bonds (the **Issuer’s Sustainability Senior Bond Framework**).

**Sustainability Loans** are loans and investments within the Sustainability Loan categories to be set out in the Issuer’s Sustainability Senior Bond Framework.

# Sparebanken Sør Group

## INTRODUCTION

The Sparebanken Sør Group (the **Group**) consists of the Issuer, Sparebanken Sør Boligkreditt AS and Sørmeglere Holding AS (which owns the real estate broker Sørmeglere AS).

## SPAREBANKEN SØR

### *Overview*

Sparebanken Sør is an independent savings bank with its head office in Kristiansand in the Kingdom of Norway.

Sparebanken Sør is registered in Norway under company registration number 937 894 538 (LEI: 549300U497VKMF6R3Q14) and has its registered office at Rådhusgaten 7-9, N- 4611 Kristiansand, Norway, phone number +47 977 09 200.

The Bank is operating under the Norwegian Financial Undertakings Act of 2015 (the **Act**) and the regulation of 9 December 2016 (the **Regulations**), and is under the supervision of the NFSA.

As at 31 March 2020, the Group's total assets were NOK 142,001 million, of which NOK 107,590 million were net loans to customers.

There are no controlling shareholder(s) of Sparebanken Sør. As at 31 March 2020, the Bank has a total equity of NOK 13,215 million, and a core equity capital (CET1) of NOK 11,606 million. NOK 1,749 million is equity certificate capital listed on the Oslo Stock Exchange. 51 per cent. of the equity certificate capital is owned by Sparebankstiftelsen Sparebanken Sør, which is a foundation established for the purpose of being a long-term owner of the Bank and to support good causes and projects in the local community.

Sparebanken Sør's equity certificates are listed on the Oslo Stock Exchange Regulated Market under the ticker code «SOR».

Sparebanken Sør's long term deposit rating from Moody's is affirmed as A1.

### *Principal activities*

Sparebanken Sør is a supplier of all core services within financing, including savings and domestic and international payments. The Bank offers general insurance, occupational pensions and group life insurance in Frende Forsikring, and leasing in Brage Finans.

### *History*

The story of Sparebanken Sør goes back to 1824 when Christianssands Sparebank was established as one of the first savings banks in Norway. Sparebanken Agder was formed in 1984 as a result of a merger between Christianssands Sparebank and several other local banks. Two other savings banks became part of Sparebanken Agder in 1985 and 1986. The name of the Bank was later changed to Sparebanken Pluss in 1988.

Sparebanken Pluss merged with the former Sparebanken Sør with effect from 1 January 2014. Sparebanken Pluss was the surviving entity in the merger, but was renamed Sparebanken Sør, being the same name as the non-surviving entity.

## SUBSIDIARIES OF SPAREBANKEN SØR

### *Sparebanken Sør Boligkreditt AS*

Sparebanken Sør Boligkreditt AS is a wholly-owned subsidiary of Sparebanken Sør, and the company is licensed to operate as a mortgage credit institution with the right to issue covered bonds in accordance with the Act and Regulations (as amended, varied or supplemented from time to time). The main objective of the company is to ensure stable and long-term funding on competitive terms.

### *Sørmeglere*

Sørmeglere is the Bank's real estate agency. During the six years Sørmeglere has been in the market, it has become the leading real estate agency in Southern Norway, with a market share close to 30 per cent. In the Grenland district, its cooperation with Porsgrunn Boligbyggelag has proved very successful, with a market share now approaching 15 per cent. Sørmeglere holds a dominant position in the new-build market in Agder, and particularly in Kristiansand.

Sørmeglere has a total of 17 branches. Sørmeglere has 83 employees.

## **PRODUCT COMPANIES PARTLY OWNED BY SPAREBANKEN SØR**

### *Frende Holding AS*

Frende Holding AS is the parent company of Frende Skadeforsikring AS and Frende Livsforsikring AS, which offer general and life insurance to retail and corporate customers. Frende Holding is owned by 15 independent savings banks. Sparebanken Sør has a 20.2 per cent. ownership interest in Frende Holding AS.

### *Brage Finans AS*

Brage Finans is a financing company which offers leasing and secured loans to the corporate and retail markets. Brage Finans is owned by 12 independent savings banks. Sparebanken Sør has a 20.8 per cent. ownership interest.

### *Norne Securities AS*

Norne Securities is an investment firm that provides online trading, traditional brokerage and corporate finance services. The company is owned by 14 independent Norwegian savings banks along with one private investment company. Sparebanken Sør has an ownership of 17.4 per cent.

### *Balder Betaling AS*

Balder Betaling is owned by Sparebanken Sør together with 14 other banks. The company is a shareholder in Vipps AS, and is responsible for further development of the mobile payment application Vipps, together with the other stakeholders. Sparebanken Sør has an ownership of 22.2 per cent.

## **MARKET POSITION**

The Group's branch offices are located in the counties of Agder, Vestfold and Telemark and Rogaland. The Group also has customers in other geographical areas, who are served by the established offices. Sparebanken Sør's core market consists of a total population of approximately 580,000 inhabitants. 34 branches in this region service the customers via state-of-the-art internet and mobile banking services. The Bank's market share in Agder is around 30 per cent. and in Vestfold and Telemark approximately 9 per cent.

Of total loans and credits, loans to retail customers account for 66 per cent., whereas the share of lending to small and medium-sized companies is 34 per cent.

According to its internal reports, the Bank has a strong market position in the retail banking market in the regions in which it has operations. Digital platforms have, to an increasing extent, characterised the Bank's communication and sales channels. Use of self-service solutions on mobile phones and the internet has grown rapidly, and the Bank's customer service department has seen an influx of enquiries via electronic channels in addition to enquiries via the traditional switchboard service. Applications of digital platforms, customer service and the Bank's wide distribution network, have together formed a complete consultancy and service option for its customers.

Through the merger between Sparebanken Pluss and Sparebanken Sør, the Bank has reinforced its position as a regional bank for Agder, Vestfold and Telemark. This is due to a doubling of the Bank's financial capacity and a strengthening of its expertise in the corporate market.

Sparebanken Sør has continued cooperation with Norway Christian Purchasing Society (**KNIF**) and will continue to focus on this customer segment in the whole of Norway. These customers include hospitals and enterprises within the health sector, schools, kindergartens, church organisations and missionary organisations, and children and youth organisations.

## **STRATEGIC OBJECTIVES OF THE GROUP**

The Group's strategy is to maintain the Bank's leading position in the Agder region and to further develop the activities in Vestfold and Telemark, Rogaland and its cooperation with KNIF. The overall goal is to strengthen the Bank's strategic position by focusing on long-lasting business relationships, expertise and financial strength.

## **BOARD OF DIRECTORS OF SPAREBANKEN SØR**

Stein Andreas Hannevik	Chairman
Inger Johansen	Deputy Chairman
Erling Holm	
Marit Kittilsen	
Tom Erik Jebsen	

Mette Ramfjord Harv

Jan Erling Tobiassen

Gunnhild Tveiten Golid

The business address of the members of the Board of Directors of Sparebanken Sør is the registered address of Sparebanken Sør.

#### **MANAGEMENT OF SPAREBANKEN SØR**

Geir Bergskaug	CEO
Lasse Kvinlaug	Deputy CEO/Director Corporate Market
Gunnar Thomassen	Director Retail Market
Rolf H. Søraker	Director Group Support
Marianne Lofthus	Director Capital Market
Bjørn A. Friestad	Director Risk Management
Gry Moen	Director Business Support
Steinar Breen	Director Strategy and Compliance

#### **AUDITORS**

The auditors of Sparebanken Sør are PricewaterhouseCoopers AS.

#### **CONFLICT OF INTEREST WITHIN ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES**

There are no conflicts of interest between any commitments to Sparebanken Sør by any members of the Board of Directors or management and their private interests and other duties.

#### **JURISDICTION**

Sparebanken Sør is organized under the laws of the Kingdom of Norway.

## **Book entry settlement in respect of VPS Notes**

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of VPS currently in effect. The information in this section concerning VPS has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of VPS are advised to confirm the continued applicability of the rules, regulations and procedures of VPS. Neither the Issuer nor any other party to the VPS Trustee Agreement or the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the VPS Notes held through the facilities of VPS or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### **VERDIPAPIRSENTRALEN (VPS)**

Verdipapirsentralen ASA is a Norwegian public limited liability company which is licensed to register financial instruments in Norway in accordance with the Act of 5 July 2002 no. 64 on the Registration of Financial Instruments (the **VPS Act**). The VPS Act requires that, among other things, all notes and bonds issued in Norway shall be registered in the VPS (the **VPS Securities**), except notes and bonds (i) issued by Norwegian issuers outside Norway and (A) denominated in Norwegian Kroner with subscription limited to non-Norwegian tax residents only or (B) denominated in a currency other than Norwegian Kroner, or (ii) issued by foreign issuers in a currency other than Norwegian Kroner.

From 1 January 2020, the VPS Act has been repealed and replaced by the CSD Act, which implements Regulation (EU) No. 909/2014 into Norwegian law. However, transitional rules have been passed to allow the VPS to operate under the old rules in the VPS Act until such time when VPS has been authorised as a CSD under the CSD Act/CSDR.

VPS is a paperless securities registry and registration of ownership, transfer and other rights to financial instruments are evidenced by book entries in the registry. Any issuer of VPS Securities will be required to have an account (issuer's account) where all the VPS Securities are registered in the name of the holder and each investor is required to have her/his own account (investor's account) showing such person's holding of VPS Securities at any time. Both the issuer and the investor will, for the purposes of registration in the VPS, have to appoint an account operator which will normally be a Norwegian bank or Norwegian investment firm.

It is possible for investors to register a holding of VPS Securities through a nominee approved by the NFSAs.



# Taxation

## NORWAY

The following is a general description of certain Norwegian 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 of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary 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.

### Taxation on Interest

Interest paid to a non-resident holder of Notes will not be subject to Norwegian income or withholding 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 or managed from Norway.

Such tax liability may be modified through an applicable tax treaty.

On 27 February 2020, the Norwegian Ministry of Finance published a proposal for the introduction of withholding tax on certain interest payments from Norway. The proposal as published will not affect interest payments on Notes issued by the Issuer. However, the proposal will be subject to a hearing followed by a final legislative proposal, which may deviate from the current proposal.

### 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 or managed from 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 or managed from 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.

## 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. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of FATCA provisions and IGAs to instruments such as Notes, including whether withholdings would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the 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 two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal income tax purposes 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 (including by reason of a substitution of the Issuer). However, if additional Notes (as described under “*Terms and Conditions of the 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.

#### **THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)**

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

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in 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 Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in 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.

## Subscription and Sale

The Dealers have, in an amended and restated programme agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 29 June 2020, 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 Notes other than VPS 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 and any future update 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 arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in the Programme Agreement. Any such agreement will *inter alia* make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Programme Agreement makes provision for the resignation or renewal of existing Dealers and the appointment of additional Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

### 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 or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes (other than VPS 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. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. In the case of Notes other than VPS Notes, 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 Notes (a) as part of their distribution at any time or (b) 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 AND UK RETAIL INVESTORS

Unless the Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA and UK Retail Investors” as “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 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 the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA or in the UK. 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) (**MiFID II**); or

- (ii) a customer within the meaning of 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; 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.

## UNITED KINGDOM

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

- (a) in relation to any Notes which have 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 as agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the FSMA) by the Issuer;
- (b) 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
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

## 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 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

The Notes shall be registered with the VPS in dematerialised form or in another central securities depository which is properly authorised and recognised by the Financial Supervisory Authority of Norway as being entitled to register the Notes 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. See also the selling restriction “*Prohibition of Sales to EEA and UK Retail Investors*” above.

## FRANCE

Each of the Dealers and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the applicable Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties and/or (b) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 and D.411-4 of the French Code *monétaire et financier*.

## 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 and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## General Information

### AUTHORISATION

The update of the Programme and the issue of Notes have been duly authorised by resolutions of the board of directors of the Issuer dated 19 December 2019 respectively.

### LISTING OF NOTES

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Regulated Market of Euronext Dublin will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. Application has been made to Euronext Dublin for Notes issued under the Programme to be admitted to the official list of Euronext Dublin and to trading on the Regulated Market of Euronext Dublin. Application has also been made to the Oslo Børs ASA for Notes issued under the Programme to be admitted to trading on the Oslo Stock Exchange Regulated Market. Each of the Regulated Market of Euronext Dublin and the Oslo Stock Exchange Regulated Market is a regulated market in the EEA for the purposes of MiFID II.

### DOCUMENTS AVAILABLE

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from <https://www.sor.no/english>:

- (a) the constitutional documents of the Issuer;
- (b) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons, the Talons and the VPS Trustee Agreement;
- (c) a copy of this Base Prospectus; and
- (d) any future Base Prospectuses, prospectuses, information memoranda, supplements and Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference.

Any English translation referred to in (a) above constitutes an accurate and direct translation of the Norwegian original.

### CLEARING SYSTEMS

The Notes have been accepted for settlement through Euroclear and Clearstream, Luxembourg.

The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to settle through an additional or alternative clearing system (including the VPS) the appropriate information will be specified in the applicable Final Terms. Euroclear, Clearstream, Luxembourg and the 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-1 855 Luxembourg. The address of the VPS is Fred. Olsens gate 1, 0152 Oslo, Norway.

### CONDITIONS FOR DETERMINING PRICE

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

### YIELD

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

### SIGNIFICANT OR MATERIAL CHANGE

There has been no significant change in the financial performance or financial position of the Issuer since 31 March 2020 and no material adverse change in the prospects of the Issuer since 31 December 2019.

## **LITIGATION**

There are no 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.

## **AUDITORS**

The auditors of the Issuer are PricewaterhouseCoopers AS (**PwC**). The responsible partners at PwC are members of the Norwegian Institute of Public Accountants (*Den norske Revisorforening*). PwC audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in Norway for the financial year ended 31 December 2018 and the financial year ended 31 December 2019.

## **DEALERS TRANACTING 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 other services for, the Issuer and its affiliates in the ordinary course of business.

## **SALES IN FRANCE**

This Base Prospectus prepared in connection with the Notes has not been submitted to the clearance procedures of the *Autorité des marchés financiers*.

## **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.

## **URLs**

References to websites or uniform resource locators (**URLs**) are inactive textual references and are included for information purposes only. The contents of any such website or URL shall not form part of, or be deemed to be incorporated into, this Base Prospectus.

## **IRISH LISTING AGENT**

Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Programme and is not itself seeking admission of the Notes issued under the Programme to the Official List or trading on the Regulated Market of Euronext Dublin for the purposes of the Prospectus Regulation.

**ISSUER**

**Sparebanken Sør**  
Rådhusgaten 7-9  
4611 Kristiansand  
Norway

**AGENT**

**Deutsche Bank AG, London Branch**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**VPS AGENT**

**Sparebanken Sør**  
Rådhusgaten 7-9  
4611 Kristiansand  
Norway

**VPS TRUSTEE**

**Nordic Trustee AS**  
Kronprinsesse Märthas plass  
0160 Oslo  
Norway

**LEGAL ADVISERS**

*To the Issuer as to Norwegian law*

**Advokatfirmaet BAHR AS**  
Tjuvholmen Allé 16  
NO-0252 Oslo  
Norway

*To the Dealers as to English law*

**Allen & Overy LLP**  
One Bishops Square  
London E1 6AD  
United Kingdom

**AUDITORS**

**PricewaterhouseCoopers AS**  
Dronning Eufemias gate 8,  
PwC-bygget, Bjørvika  
0106 Oslo  
Norway



## **DEALERS**

### **Commerzbank Aktiengesellschaft**

Kaiserstraße 16 (Kaiserplatz)  
60311 Frankfurt am Main  
Germany

### **Landesbank Baden-Württemberg**

Am Hauptbahnhof 2  
70173 Stuttgart  
Germany

### **Société Générale**

29, boulevard Haussmann  
75009 Paris  
France

### **Danske Bank A/S**

2-12 Holmens Kanal  
DK – 1092 Copenhagen K  
Denmark

### **Natixis**

30 Avenue Pierre Mendès France  
75013 Paris  
France

### **Swedbank AB (publ)**

SE-105 34 Stockholm  
Sweden

### **UniCredit Bank AG**

Arabellastrasse 12  
81925 Munich  
Germany

## **IRISH LISTING AGENT**

### **Walkers Listing Services Limited**

5th Floor, The Exchange  
George's Dock  
I.F.S.C.  
Dublin 1  
Ireland