

# eika.

(formerly known as Terra Boligkreditt AS)

## EIKA BOLIGKREDITT AS

(incorporated with limited liability in Norway)

€20,000,000,000

### Euro Medium Term Covered Note Programme

Under this €20,000,000,000 Euro Medium Covered Term Note Programme (the **Programme**), Eika Boligkreditt AS (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

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

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €20,000,000,000 (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 Offering Circular 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 Offering Circular has been approved by the Central Bank of Ireland as competent authority under the Prospectus Directive (as defined herein). The Central Bank of Ireland only approves this Offering Circular as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus Directive. Such approval relates only to Notes that are to be admitted to trading on the regulated market of Euronext Dublin (the **Main Securities Market**) or on another regulated market for the purposes of Directive 2014/65/EU, as amended and/or that are to be offered to the public in any member state of the European Economic Area in circumstances that require the publication of a prospectus.

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to its official list (the **Official List**) and trading on the Main Securities Market. References in this Offering Circular to the Notes being **listed** (and all related references) shall mean that, unless otherwise specified in the applicable Final Terms, the Notes have been admitted to the Official List and trading on the Main Securities Market. VPS Notes may be listed on the Oslo Stock Exchange’s regulated market and, in this case, listed (and all related references) shall be construed accordingly.

The requirement to publish a prospectus under the Prospectus Directive only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the **EEA**) and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive. References in this Offering Circular to **Exempt Notes** are to Notes for which no prospectus is required to be published under the Prospectus Directive. The Central Bank of Ireland has neither approved nor reviewed information contained in this Offering Circular in connection with Exempt Notes.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under “*Terms and Conditions of the Notes other than VPS Notes*” and “*Terms and Conditions of the VPS Notes*”) of Notes will (other than in the case of Exempt Notes, as defined above) be set out in a final terms document (the **Final Terms**) which will be delivered to the Central Bank of Ireland and, where listed, Euronext Dublin. Copies of Final Terms in relation to Notes to be listed on Euronext Dublin will also be published on the website of the Central Bank of Ireland. In the case of Exempt Notes, 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 will be set out in a pricing supplement document (the **Pricing Supplement**).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other regulated markets (within the meaning of Directive 2014/65/EU, as amended as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Exempt Notes not admitted to trading on any market.

On or around the date of this Offering Circular, the Issuer shall request that the Central Bank of Ireland send to the Financial Supervisory Authority of Norway in its capacity as the competent authority in Norway (i) a copy of this Offering Circular and (ii) a certificate of approval pursuant to Article 18 of the Prospectus Directive attesting that the Offering Circular has been drawn up in accordance with national law implementing the Prospectus Directive.

The Programme has been rated Aaa by Moody’s Investors Service Limited (**Moody’s**). In addition, the Issuer has an issuer rating of Baa1, a long-term Counterparty Risk Assessment of A3 (cr), a short-term Counterparty Risk Assessment of P-2 (cr) and a long-term Counterparty Risk Rating of A3 (cr), each from Moody’s. Notes issued under the Programme may be rated or unrated. Where a certain Series of Notes is rated, such rating will be specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) and its rating will not necessarily be the same as the rating assigned to the Programme. 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 credit rating agency. For the purposes of any credit ratings included and referred to in this Offering Circular and/or the Final Terms (or, in the case of Exempt Notes, the Pricing Supplement), Moody’s is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).

The language of this Offering Circular 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.

*Arranger and Dealers*

**COMMERZBANK  
AKTIENGESELLSCHAFT**

**NATIXIS**

**UBS INVESTMENT BANK**

The date of this Offering Circular is 12 October 2018.

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This Offering Circular comprises a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive. When used in this Offering Circular, **Prospectus Directive** means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in a relevant Member State of the EEA.

The Issuer accepts responsibility for the information contained in this Offering Circular and the Final Terms (or, in the case of Exempt Notes, the Pricing Supplement) for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of Final Terms will be available from the registered office of the Issuer and (in the case of Notes other than VPS Notes) the specified office set out below of each of the Paying Agents (as defined herein) or (in the case of VPS Notes) the VPS Agent (as defined herein), as applicable.

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 Offering Circular 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 Offering Circular or any other information provided by the Issuer in connection with the Programme.

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 Offering Circular 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 Offering Circular 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 Offering Circular 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 Offering Circular 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 Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer is correct at any time subsequent to its date 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 — EEA RETAIL INVESTORS —** If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a **retail investor** means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded **IMD**), 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 Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MiFID II PRODUCT GOVERNANCE/TARGET MARKET –** The Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) will include a legend entitled “MiFID II product governance”

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which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID 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.

This Offering Circular 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 Offering Circular 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 Offering Circular 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 Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular 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 Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom, Belgium and the Kingdom of 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 Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of 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.

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

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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 compliance with the regulations relating to the offer of VPS Notes and the registration in the VPS (as defined herein) of VPS Notes.

All references in this document to **U.S. dollars**, **U.S.\$** and **\$** refer to United States dollars and to **NKR**, **NKr** or **NOK** refer to Norwegian Krone. In addition, all references to **Sterling** and **£** refer to pounds sterling and to **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.

Amounts payable on Floating Rate Notes (including Notes where the Extended Maturity Interest Provisions are Floating Rate) may, if so specified in the Final Terms (or Pricing Supplement, in the case of Exempt Notes), be calculated by reference to a Reference Rate. As at the date of this Offering Circular, the administrator of LIBOR is included in ESMA’s register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**).

As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the European Money Markets Institute (as administrator of EURIBOR), the Swedish Bankers’ Association (as administrator of STIBOR), Norske Finansielle Referanser AS (as administrator of NIBOR) and Finance Denmark (as administrator of CIBOR) are not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

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**In connection with the issue of any Tranche of Notes, one or more relevant Dealers named as the Stabilisation Manager(s) (the Stabilisation Manager(s)), (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms or Pricing Supplement 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 Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).*

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing Directive 2003/71/EC.

Words and expressions defined in “*Form of the Notes*” and “*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:	Eika Boligkreditt AS
Issuer Legal Entity Identifier (LEI):	549300T7MMTBQXCJOQ79
Risk Factors:	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” below and include credit risk, liquidity risk, operational risks and competition. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Euro Medium Term Covered Note Programme
Arranger:	UBS Limited
Dealers:	Commerzbank Aktiengesellschaft Natixis UBS AG UBS Limited  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 Offering Circular.  <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 (FSMA) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “ <i>Subscription and Sale</i> ”.
Issuing and Principal Paying Agent:	Citibank, N.A, London Branch
VPS Agent:	DNB Bank ASA
VPS Trustee:	Nordic Trustee AS

## Overview of the Programme

Programme Size:	Up to €20,000,000,000 (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 Krone, U.S. dollars, yen and, subject to any applicable legal or regulatory restrictions, 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.
Extendable Obligation:	The applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) may also provide that the Issuer's obligations to pay the Final Redemption Amount of the applicable Series of Notes on their Maturity Date shall be deferred until the Extended Final Maturity Date (as defined under " <i>Terms and Conditions of the Notes other than VPS Notes</i> " and " <i>Terms and Conditions of the VPS Notes</i> "), provided that any amount representing the amount due on the Maturity Date (the <b>Final Redemption Amount</b> ) as set out in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date thereafter up to (and including) the relevant Extended Final Maturity Date. Such deferral will occur automatically if the Issuer fails to pay the Final Redemption Amount of the relevant Series of Notes on their Maturity Date. Interest will continue to accrue on any unpaid amount and will be payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date.
Issue Price:	Notes will 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 Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).</p> <p>Each Note (other than VPS Notes) will on issue be represented by a Temporary Global Note which will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), for Definitive Notes.</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.

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Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"><li>(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</li><li>(b) on the basis of the reference rate set out in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).</li></ul> <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 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>
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>
Exempt Notes:	<p>The Issuer may issue Exempt Notes which are unlisted, denominated in Swiss francs and offered to the public in Switzerland and/or listed on the SIX Swiss Exchange Ltd. The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.</p>
Redemption:	<p>The applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity or that such Notes will be redeemable at the option of the Issuer and/or 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 and on such other terms as may be agreed between the Issuer and the relevant Dealer.</p> <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>
Denomination of Notes:	<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 (other than an Exempt 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 as</p>

## Overview of the Programme

	<p>provided in Condition 6 of the Terms and Conditions of the Notes other than VPS Notes and Condition 6 of the Terms and Conditions of the VPS Notes, unless such withholding or deduction is required by law. In the event of any such withholding or deduction, the Issuer will not pay additional amounts to cover the amounts so withheld or deducted.</p>
Events of Default:	The terms of the Notes will not contain events of default.
Status of the Notes:	The Notes are issued on an unconditional and unsubordinated basis and in accordance with Chapter 11, Sub-chapter II of the Act and Chapter 11, Sub-chapter I of the Regulations (as defined under “ <i>Terms and Conditions of the Notes other than VPS Notes</i> ” and “ <i>Terms and Conditions of the VPS Notes</i> ”). The Notes and any other covered bonds ( <i>obligasjoner med fortrinnsrett</i> ) issued by the Issuer in accordance with the Act (together, the <b>Covered Bonds</b> ), together with the Issuer’s obligations under the swaps and any other derivative instruments entered into by the Issuer in connection with the Covered Bonds (the <b>Swaps</b> ), have the benefit of priority of claim to a cover pool of certain registered eligible assets (the <b>Cover Pool</b> ) upon public administration of the Issuer. See also “ <i>Summary of the Norwegian Legislation regarding Covered Bonds (obligasjoner med fortrinnsrett)</i> ” below.
Rating:	The Programme has been rated Aaa by Moody’s. Notes issued under the Programme may be rated by Moody’s or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) and will not necessarily be the same as the rating assigned to the Programme. 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. For the purposes of any credit ratings included or referred to in this Offering Circular and/or the Final Terms (or, in the case of Exempt Notes, the Pricing Supplement), Moody’s is established in the European Union and is registered under the CRA Regulations.
Listing:	<p>Application has been made for Notes (other than VPS Notes) issued under the Programme to be listed on Euronext Dublin.</p> <p>Applications may be made to list VPS Notes and admit VPS Notes to trading on the regulated market of the Oslo Stock Exchange. Any such applications will be in accordance with applicable laws and regulations governing the listing of VPS Notes on the Oslo Stock Exchange from time to time.</p> <p>Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Exempt Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) will state whether or not the relevant Notes are to be VPS Notes or not and whether such Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.</p>
Governing Law:	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 construed in accordance with, English law save for Condition 2 of the Terms and Conditions of the Notes other than VPS Notes which will be governed by, and construed in accordance with, Norwegian Law.

## Overview of the Programme

VPS Notes and all non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law, save for Conditions 2, 10, 11 and 12 of the Terms and Conditions of the VPS Notes and all non-contractual obligations arising out of or in connection with them which will be governed by, and construed in accordance with, Norwegian law.

The VPS Notes must comply with the Norwegian Securities Register Act 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 this act and any related regulations and legislation.

### Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom, Belgium and Norway), Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See “*Subscription and Sale*”.

### Liquidity requirements:

The Issuer has established systems for prudent liquidity management for the purpose of meeting its payment obligations in respect of interest and principal due and payable on the Covered Bonds issued by it from time to time in accordance with the requirements of the Act and Regulations. See also “*Summary of the Norwegian Legislation regarding Covered Bonds (obligasjoner med fortrinnsrett)*”.

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## Risk Factors

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.*

### **FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME**

The Issuer's business mainly involves the risks outlined below. In the context of Covered Bonds it should be noted that the provisions in Chapter 11, Sub-chapter II of the Norwegian Financial Undertakings Act of 2015 (*lov 10. april 2015 nr. 17 om finansforetak og finanskonsern (finansforetaksloven)*) (the **Act**) and Chapter 11, Sub-chapter I of the regulations dated 9 December 2016 nr. 1502 on Financial Undertakings (*forskrift 9. desember 2016 nr. 1502 om finansforetak og finanskonsern (finansforetaksforskriften)*) (the **Regulations**) impose several obligations on the Issuer (such as matching and overcollateralisation requirements) that are designed to mitigate some of those risks, see "*Summary of the Norwegian Legislation Regarding Covered Bonds*".

#### **Credit risk**

This business risk principally pertains to credit risks on the Issuer's customers in the domestic market for residential mortgages. Due to low interest rate levels and significant increases in disposable incomes house prices have increased significantly for several years. There is thus a risk of decreasing house prices, particularly if interest rates rise and/or there is a downturn in the Norwegian economy. Significant growth in levels of indebtedness has increased the financial vulnerability for some residential mortgage borrowers. There is thus a risk of loan losses due to reduced debt service capabilities as well as foreclosures. This risk is mitigated by the Issuer's conservative lending policies regarding debt-to-income ratios and loan-to-value ratios.

#### **Financial markets and economic environment risks**

There is significant macro economic uncertainty impacting credit institutions. Since 2007, international capital markets have been affected by ongoing turbulence accompanied by high market volatility and reduced liquidity. As at the date of this Offering Circular, high levels of government debt in many European countries and slow growth has caused renewed concerns. In order to reduce the high levels of government debt, many countries have been forced to implement austerity programs resulting in high levels of unemployment and poor growth prospects in the short to medium term. The Norwegian economy has so far, driven by oil revenues, been less impacted by the financial unrest, but uncertainty is also high for Norway.

Losses in Norwegian banks are low, and financial positions have been strengthened in recent years. Norwegian banks have retained part of their profits to strengthen their capital base. However, the Financial Supervisory Authority in Norway has stress tested Norwegian banks, and the results show that loan losses may increase sharply in the event of a downturn in the Norwegian economy. Norwegian banks must be prepared for the possibility of a new period of tight lending markets, and Norwegian banks should, according to the Financial Supervisory Authority in Norway, make their funding even more robust by expanding their liquidity buffers, putting their funding on a longer-term footing and improving their liquidity management.

On the whole, the Norwegian economy has been strong, mainly due to a high oil price stimulating strong growth in the petroleum sector, including suppliers to the petroleum sector, and the construction sector. Nonetheless, the Norwegian economy and the Norwegian financial system are vulnerable in a number of areas. Over the last years the oil price has fluctuated significantly, and growth in the Norwegian economy has slowed down. The Norwegian Krone has depreciated sharply with a lower oil price. Since Norway has its own currency,

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the weakening of the Krone has improved Norwegian competitiveness. Unemployment is still relatively low, but is anticipated to increase in the short to medium term. The continued existence of these vulnerabilities could have an adverse effect on the Issuer's future results.

The markets continue to be concerned about deflation, declining oil prices, rising unemployment, limited availability and higher cost of credit, continued pressure on the real estate and mortgage markets, geopolitical and other risks. As a consequence, volatility may remain high or may even increase and the prospects for the global economy and global capital markets remain challenging. There is a risk that the global economic recovery will remain subdued, or even turn into a recession. If conditions and circumstances deteriorate this could also lead to a decline in available funding, credit quality and increases in defaults and non-performing debts, which may have a negative impact on the rating, business and results of operations of the Issuer.

### Refinancing risks

The Issuer's lending is to some extent made on longer terms than the Issuer's borrowing. Therefore, the Issuer is dependent on the ability to refinance borrowings upon maturity. If the Issuer fails to refinance its borrowings, it may defer repayment of any redemption amount due in respect of certain Notes on the Maturity Date (as specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement) provided an Extended Final Maturity Date is also specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). Such an extension will give the Issuer time for asset sales before the relevant redemption amount is due on the Extended Final Maturity Date. The Issuer has responded to refinancing risk by preparing internal guidelines and models for the redemption profile and maximum size of a single redemption, maintaining a liquidity portfolio of highly liquid assets in order to pre-fund upcoming redemptions and a liquidity facility under which the Issuer may require its covered bonds to be purchased by the Eika Boligkreditt Distributors (as defined below) up to a maximum aggregate nominal amount equivalent to the aggregate nominal amount of any Notes issued under the Programme that will mature in any rolling 12 month period (although the commitment of each individual Eika Boligkreditt Distributor in respect of any such covered bonds will be based on the relevant Eika Boligkreditt Distributor's *pro rata* share of the total contributed lending volume to the Issuer) (see "*Eika Boligkreditt AS — Risk management*").

### Operational risks

The Issuer's business involves operational risks. Operational risks are defined by the Issuer as the risk of incurring losses, including damaged reputation, due to deficiencies or errors in internal processes and control routines or by external events that affect operations.

### Political risk

The Issuer's business is subject to regulation and regulatory supervision. Any significant regulatory developments could have an effect on how the Issuer conducts its business and on the Issuer's results of operations. The Issuer is subject to financial services laws, regulations, administrative actions and policies in Norway. This supervision and regulation, if changed, could materially affect the Issuer's business, the products and services it offers or the value of its assets.

### Political uncertainty in the United Kingdom

On 23 June 2016 the United Kingdom (the UK) held a referendum to decide on the UK's membership of the European Union and the UK Government invoked article 50 of the Lisbon Treaty relating to withdrawal on 29 March 2017. Under article 50, the Treaty on the European Union and the Treaty on the Functioning of the European Union cease to apply in the relevant state from the date of entry into force of a withdrawal agreement, or, failing that, two years after the notification of intention to withdraw, although this period may be extended in certain circumstances. The UK vote was to leave the European Union. There are a number of uncertainties in connection with the future of the UK and its relationship with the European Union. The negotiation of the UK's exit terms is likely to take a number of years. Until the terms and timing of the UK's exit from the European Union are clearer, it is not possible to determine the impact that the referendum, the UK's departure from the European Union and/or any related matters may have on the business of the Issuer. As such, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market.

### Competition

The Issuer's business is subject to risks related to the competitive position of the Issuer. The Norwegian market for retail mortgages have experienced increased pressure on lending margins. The Issuer believes it is well positioned to compete with its competitors, particularly since the issuance of covered bonds enables competitive

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funding levels, however there can be no assurance that increased competition will not adversely affect the Issuer. In addition, if competitors undercut prices offered to retail customers significantly in the long term the Issuer might lose market share and a significant reduction in the mortgage portfolio might have an adverse effect on the ability to effectively service the Notes issued.

### Ownership

The Issuer is a separate legal entity which is wholly owned by the Eika Boligkreditt Distributors, see “*Eika Boligkreditt AS — Organisational Structure*”. Each Eika Boligkreditt Distributor’s identity and respective shareholdings may vary from time to time.

Each Eika Boligkreditt Distributor’s ownership share is rebalanced at least once a year in accordance with the Shareholders Agreement to reflect each Eika Boligkreditt Distributor’s share of the total volume of mortgage loans distributed by the Eika Boligkreditt Distributors.

Accordingly, the identity and obligation of each Eika Boligkreditt Distributor to provide financial support to the Issuer pursuant to the Shareholders Agreements may change over time. The credit rating of the Issuer is affected by the participation of the Eika Boligkreditt Distributors.

In the event that:

- (i) an Eika Boligkreditt Distributor significantly reduces its portfolio of mortgage loans; or
- (ii) an Eika Boligkreditt Distributor, or a group of Eika Boligkreditt Distributors, holding a significant portfolio of mortgage loans choose to terminate its or their agreement with the Eika Alliance or with the Issuer; or
- (iii) the credit profile of a significant portion of Eika Boligkreditt Distributors weakens significantly, as evidenced by worsening financial fundamentals including profitability, asset quality and capital, or a reduced likelihood of the Eika Boligkreditt Distributors supporting the Issuer,

the credit ratings of the Issuer, the Programme and/or of any outstanding Notes may be adversely affected.

Some of these risks are mitigated by distribution agreements between the Issuer and the Eika Boligkreditt Distributors, requiring each Eika Boligkreditt Distributor to maintain a portfolio of mortgage loans adjusted for the Issuer’s redemption of Notes.

As at the date of this Base Prospectus, Moody’s has assigned the Issuer an issuer rating of Baa1, a long- and short-term Counterparty Risk Assessment of A3 (cr) and Prime-2(cr), respectively, as well as a long-term Counterparty Risk Rating (CRR) of A3 (cr).

## **FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME**

### **Notes obligations of the Issuer only**

The Notes will be solely obligations of the Issuer and will not be obligations of or guaranteed by any other entity. In particular, the Notes will not be obligations of, and will not be guaranteed by, the Arranger, the Dealers, the Swap Providers, the 67 small and medium sized Norwegian savings banks and OBOS BBL (OBOS) which together own the Issuer (the **Eika Boligkreditt Distributors**) or any company in the same group of companies as such entities or any other party to the transaction documents relating to the Programme. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the Arranger, the Dealers, the Swap Providers, the Eika Boligkreditt Distributors or any company in the same group of companies as such entities or any other party to the transaction documents relating to the Programme.

### **Credit risk**

Credit risk, or counterparty default risk, is the risk of a loss that occurs due to default by a business partner or the downgrading of a business partner’s credit rating. The term “credit risk” also includes replacement risk and settlement risk.

### **Currency exchange rate risk and currency exchange control**

The Issuer will pay the principal amount and interest of the Notes in the Specified Currency. This involves certain risks relating to currency conversion if an investor's financial activities are denominated principally in a currency or a currency unit other than the Specified Currency.

Exchange rate risks occur for the Issuer if the present value of assets and liabilities, including derivatives, in foreign currencies do not coincide. However, the risk is limited by the use of Currency Swaps and by matching interest rate flow with the maturity of loan and other assets of the Issuer.

### **Interest rate risk**

Investments in Notes with fixed interest involves a risk that subsequent changes in market interest rates may adversely affect the value of fixed interest Notes. Investments in Notes with floating interest involve a risk of interest rate changes.

Interest rate risks occur when fixed interest periods of interest basis for assets and liabilities do not coincide. The Issuer will enter into the Interest Rate Swaps to ensure that the risks do not exceed the limit values approved by the board of directors and to ensure that matching is maintained in accordance with the Act.

### **Liquidity risk**

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

### **No gross-up**

Under the Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes, all payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by the Kingdom of Norway or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law, in which case such deduction will be made by the Issuer.

In the event that any such withholding or deduction is required by law, the Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes do not require the Issuer to pay additional amounts in respect of such withholding or deduction.

In a white paper to the Norwegian Parliament in October 2015 (Meld. St. 4 (2015-2016)), the Norwegian government advised that it will look further into the possible introduction of a Norwegian withholding tax on interest. A detailed proposal is expected to be submitted for public consultation when ready. In the event of the withholding tax being implemented and the payments of interest in respect of an issue of Notes is subject to withholding tax, the Issuer would not be required to gross up such payments.

## **RISKS RELATING TO THE COVER POOL**

### **Non-compliance with matching and overcollateralisation rules and public administration of the Issuer**

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

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

In the event of public administration of the Issuer, timely payments shall be made on the Notes so long as the Cover Pool is in material compliance with the statutory requirements under the Act and the Regulations. Public administration of the Issuer will not in itself be sufficient cause for termination or similar remedy by the holders of Notes or Swap Providers. The public administration board may take any action considered necessary to ensure that the holders of the Notes and the Swap Providers receive agreed and timely payment on the Notes and the Swaps, including selling assets in the Cover Pool and issuing new Notes and entering into new derivative instruments with a right of priority in respect of the assets in the Cover Pool.

The public administration board is required to notify the Noteholders and the Swap Providers of all decisions that are deemed to be of material significance to them.

If it is not possible to make contractual payments due to Noteholders and Swap Providers up to the agreed redemption or termination date and an imminent change in the financial condition of the Issuer that would ensure such contractual payments is unlikely, the public administration board shall set a date to halt payments. A halt to payments shall in such scenarios be introduced even if the Cover Pool assures timely ongoing payments in the short term. Where a halt to payments is introduced, the further administration in respect of the Issuer shall continue in accordance with Norwegian bankruptcy law. The public administration board shall inform the Noteholders and the Swap Providers of the halt to payments and the date on which such halt to payments will take effect at the earliest opportunity, and it shall consult with them in relation to any material decisions in respect thereof.

The amount of claims with a right of priority over the assets in the Cover Pool will be calculated as at the date on which the halt to payments takes effect. The calculation shall establish the present value of the relevant claim, duly discounted in accordance with the terms of the Act and the Regulations (as defined in “*Summary of the Norwegian Legislation Regarding Covered Bonds (obligasjoner med fortrinnsrett)*” below). These provide that settlement of interest rate and foreign exchange contracts shall be made at prudent market value based on the pricing of comparable interest rate contracts and foreign exchange contracts (although investors should note that any termination payment under the relevant Swap Agreement shall be calculated in accordance with the terms of such Swap Agreement), and that settlement of amounts due on the Notes shall include payment of accrued interest and costs, as well as the agreed future cash flow (principal and interest) to the Maturity Date (excluding, for this purpose, any applicable Extended Final Maturity Date, except where the Extended Final Maturity Date has already been invoked in respect of that Series of Notes), discounted by the market rate for comparable bonds in the relevant currency.

To the extent that Noteholders are not fully paid from the proceeds of the liquidation of the assets comprising the Cover Pool, they will be able to prove for the balance of their claims as unsecured creditors of the Issuer and will be entitled to receive payment from the proceeds of the liquidation of the other assets of the Issuer not comprising the Cover Pool (or any other cover pool maintained by the Issuer). The Noteholders would in such case rank *pari passu* with any other holder of Covered Bonds, providers of Swap Providers and the other unsecured, unsubordinated creditors of the Issuer. In such circumstance, Noteholders may be unable to collect the full balance of their claims against the Issuer.

If timely payments continue to be made following public administration of the Issuer, the public administration board may dispose of all of the assets in the Cover Pool if this is deemed necessary for the payment of the claims of other creditors of the Issuer, provided that the consideration obtained enables no less than full payment to the Noteholders and the Swap Providers. In this context, the Act and the Regulations provide that “full payment” means settlement of interest rate contracts and foreign exchange contracts at market value based on the pricing of comparable interest rate contracts and foreign exchange contracts (although investors should note that any termination payment under the relevant Swap Agreement shall be calculated in accordance with the terms of such Swap Agreement), and settlement of amounts due on the Notes including payment of accrued interest and costs, as well as the agreed future cash flow (principal and interest) to the Maturity Date (excluding, for this purpose, any applicable Extended Final Maturity Date except where the Extended Final Maturity Date has already been invoked in respect of that Series of Notes), discounted by the market rate for comparable bonds in the relevant currency.

### **Risks relating to the Issuer's collateral**

Given that a considerable part of the Issuer's loans are granted with mortgages as collateral, the credit risk is partly related to the performance of the real estate and housing markets. There can be no guarantees regarding the future development of the value of the collateral. When collateral is enforced, a court order may be needed to establish the borrower's obligation to pay and to enable a sale by executive measures. The Issuer's ability to make use of the collateral without the consent of the borrower is thus dependent on the above mentioned decisions from a court, the executive measures as well as on other relevant circumstances in the mortgage market and in the demand for the relevant real property. Should the prices of real property and the housing market substantially decline, this would affect the Issuer. There are many circumstances that affect the level of credit loss, early repayments, withdrawals and final payments of interest and principal amounts, such as changes in the economic climate, both nationally and internationally, changes regarding taxation, interest rate developments, inflation and political changes.

### **The ability of the Eika Boligkreditt Distributors to maintain a dynamic pool of Mortgages**

The mortgages originated by the Eika Boligkreditt Distributors represent a dynamic pool, particularly because of the high refinancing ratio in the Norwegian mortgage market. The Eika Boligkreditt Distributors' ability to originate the mortgages on behalf of the Issuer depends on the competitive market position of the Eika Boligkreditt Distributors and the demand for their products. The Cover Pool of the Issuer may be influenced if an Eika Boligkreditt Distributor terminates the agreement to transfer Mortgages to the Issuer or if an Eika Boligkreditt Distributor fails to comply with its servicing or other obligations under such agreement.

### **The Cover Pool consists of limited assets**

The Cover Pool will consist of loans which are secured on residential property or on title documents relating to residential property (**Residential Mortgages**), holiday homes, claims which the Issuer holds, or may acquire, against Covered Bond Swap Providers and certain substitute assets. All assets in the Cover Pool must comply with the terms of the Act and the Regulations. In particular, the Regulations determine maximum debt to value ratios of mortgages included in the Cover Pool (currently maximum debt is 75 per cent. of the prudent market value in the case of residential mortgages). At the date of this Offering Circular, the properties over which mortgages are created are located in Norway. The value of the Cover Pool may therefore decline in the event of a general downturn in the value of property in Norway.

### **Limited description of the Cover Pool**

Investors will not receive detailed statistics or information in relation to the mortgage loans and other assets included in the Cover Pool and it is expected that the constitution of the Cover Pool will change from time to time. However, the Financial Supervisory Authority of Norway (*Finanstilsynet*) (the **Norwegian FSA**) has approved an independent inspector ("*Uavhengig gransker*") to monitor the Issuer's compliance with the matching and overcollateralisation requirements, eligibility criteria and certain other material provisions of the Act and the Regulations.

### **Overcollateralisation**

The Issuer has undertaken in Condition 2 of the Terms and Conditions of the Notes other than VPS Notes and Condition 2 of the Terms and Conditions of the VPS Notes to ensure that, for as long as the Notes are outstanding, the value of the Cover Pool shall at all times be at least (i) 105 per cent. of the outstanding principal amount of the Notes and any other covered bonds issued by the Issuer having recourse to such Cover Pool (taking into account the effect of derivative contracts) or (ii) such other Alternative Overcollateralisation Percentage as may be selected by the Issuer from time to time in accordance with Condition 2.2 of the Terms and Conditions of the Notes other than VPS Notes or Condition 2(b) of the Terms and Conditions of the VPS Notes, as the case may be. The ratings of the Covered Bonds are based, amongst other things, on an assumption of a certain level of overcollateralisation and the relevant rating agencies may change the level of overcollateralisation that is required for maintaining the ratings of the Notes from time to time. The Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes do not require the Issuer to maintain the overcollateralisation of the Notes at the original level or the level required by the relevant rating agencies (subject to compliance with Condition 2 of the Terms and Conditions of the Notes other than VPS Notes or Condition 2 of the Terms and Conditions of the VPS Notes, as the case may be) or to increase the overcollateralisation of the Notes in the event that the rating agencies require an increase to maintain the rating, and the Issuer cannot guarantee that a certain rating of the Notes will be maintained throughout the term of the Notes.

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The contractually agreed level of overcollateralisation will be subject to change in accordance with any higher level imposed by applicable Norwegian legislation from time to time.

### No due diligence

None of the Dealers or the Arranger has or will undertake any investigations, searches or other action in respect of the loans and other assets comprising the Cover Pool, but will instead rely on the obligations of the Issuer under the Act and the Regulations.

### RISKS RELATING TO THE NORWEGIAN MORTGAGE MARKET

In recent years, low interest rates, low inflation, higher house prices, a favourable tax regime and increased disposable income for households have led to a continued strong growth in demand for real estate, and consequently loans, especially in the residential mortgage market. One of the main risks related to the Norwegian residential mortgage market is the credit risk associated with borrowers' creditworthiness and their ability to pay under the mortgage loan as well as with the value of the mortgaged properties. The relatively low risk profile among Norwegian mortgage institutions reflects the high degree of lending to single-family homes and low loan to value ratios with a high expectation of incoming cash flow for the borrower. A high percentage of Norwegian residential mortgage borrowers have floating interest rate mortgages, and are consequently exposed to the risk of interest rate increases. A significant increase in interest rates could affect the value of Norwegian properties. In addition, property values are subject to political risk and could change if a modification to the current favourable tax regime is enacted.

### RELIANCE ON SWAP PROVIDERS

The Swaps entered into for hedging purposes are included in the Cover Pool so long as they comply with the requirements of the Act and the Regulations and the Swap Providers' claims rank *pari passu* with the Noteholder's claims.

A brief description of certain risks relating to the Swaps is set out below:

#### Reliance on Currency Swaps

The Issuer may rely on the Currency Swap Providers under the Currency Swaps to provide payment on Covered Bonds denominated in currencies other than NOK. If the Issuer fails to make timely payments of amounts due or certain other events occur in relation to the Issuer under a Currency Swap and any applicable grace period has expired, then the Issuer will have defaulted under that Currency Swap. If the Issuer defaults under a Currency Swap due to non-payment or otherwise, the relevant Currency Swap Provider will not be obliged to make further payments under that Currency Swap and may terminate that Currency Swap. If a Currency Swap Provider is not obliged to make payments, or if it defaults in its obligations to make payments under a Currency Swap, the Issuer will be exposed to changes in currency exchange rates and in the associated interest rates on the currencies. In addition, if the Currency Swap Provider or its guarantor, as applicable, is downgraded and fails to comply with the requirements of the ratings downgrade provisions contained in the relevant Currency Swap Agreement, such Currency Swap Agreement may be terminated. The Issuer may encounter difficulties entering into a replacement swap. Unless a replacement swap is entered into, the Issuer may have insufficient funds to make payments due on the Covered Bonds.

#### Reliance on Interest Rate Swaps

In order to hedge the Issuer's interest rate risks in NOK and/or other currencies to the extent that these have not already been hedged by a Currency Swap, the Issuer may enter into the Interest Rate Swaps. If the Issuer fails to make timely payments of amounts due or certain other events occur in relation to the Issuer under an Interest Rate Swap and any applicable grace period has expired, then the Issuer will have defaulted under that Interest Rate Swap. If the Issuer defaults under an Interest Rate Swap due to non-payment or otherwise, the relevant Interest Rate Swap Provider will not be obliged to make further payments under that Interest Rate Swap and may terminate that Interest Rate Swap. If an Interest Rate Swap Provider is not obliged to make payments, or if it exercises any right of termination it may have under the relevant Interest Rate Swap Agreement, or if it defaults in its obligations to make payments under an Interest Rate Swap, the Issuer will be exposed to changes in interest rates. In addition, if the Interest Rate Swap Provider or its guarantor, as applicable, is downgraded and fails to comply with the requirements of the rating downgrade provisions contained in the relevant Interest Rate Swap Agreement, such Interest Rate Swap Agreement may be terminated. The Issuer may encounter difficulties entering into a replacement swap. Unless a replacement swap is entered into, the Issuer may have insufficient funds to make payments due on the Covered Bonds.

### **Termination payments for Swaps**

If any of the Interest Rate Swaps or the Currency Swaps are terminated, the Issuer may as a result be obliged to make a termination payment to the relevant Swap Provider. The amount of the termination payment will be based on the cost of entering into a replacement Interest Rate Swap or Currency Swap as the case may be. Any termination payment to be made by the Issuer to a Swap Provider will rank *pari passu* with claims for payments due to the Covered Bondholders.

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

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

#### **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 those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### **If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned**

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 as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the 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 Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

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

The market values of securities issued at a substantial discount or premium from their principal 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 the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### **Extendable obligations under the Notes**

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

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

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

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interest on such amount on any Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date shall constitute a default in payment by the Issuer.

Furthermore, in relation to all amounts constituting accrued interest due and payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date, as provided in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), the Issuer may pay such interest pursuant to the Floating Rate set out in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) notwithstanding that the relevant Note was a Fixed Rate Note as at its relevant Issue Date.

In addition, following deferral of the Maturity Date, the Interest Payment Dates and Interest Periods may change as set out in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).

### **RISKS RELATED TO NOTES GENERALLY**

Set out below is a brief description of certain risks relating to the Notes generally:

#### **Notes issued under the Programme**

Notes issued under the Programme (save in respect of the first issue of Notes) will either be fungible with an existing Series of Notes or have different terms to an existing Series of Notes (in which case they will constitute a new Series). All Notes issued from time to time will rank *pari passu* with each other and with any other Covered Bonds which may be issued by the Issuer in accordance with the Act and the Regulations.

#### **No events of default**

The Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes do not include any events of default relating to the Issuer, the occurrence of which would entitle the Noteholders to accelerate the Notes and it is envisaged that Noteholders would only be paid the scheduled interest payments under the Notes as and when they fall due under the Terms and Conditions of the Notes other than VPS Notes or the Terms and Conditions of the VPS Notes, as the case may be.

#### **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 matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

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 of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law. Any such modification shall be binding on the holders of Notes other than VPS Notes, the Couponholders as described in Condition 12 of the Terms and Conditions of the Notes other than VPS Notes.

The VPS Trustee Agreement (as defined below) provides that the Issuer and the VPS Trustee may agree to amend the VPS Trustee Agreement or the Terms and Conditions of the VPS Notes without prior approval of the affected VPS Noteholders provided that:

- such amendment is not detrimental to the rights and benefits of the affected VPS Noteholders in any material respect, or is made solely for the purpose of rectifying obvious errors and mistakes; or
- such amendment or waiver is required by applicable law, court ruling or a decision by a relevant authority.

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

#### **Change of law**

The Terms and Conditions of the Notes other than VPS Notes are based on English law save for Condition 2 of such Conditions, which is governed by Norwegian law in effect as at the date of this Offering Circular.

## Risk Factors

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The Terms and Conditions of the VPS Notes are based on English law, save for Conditions 2, 10, 11 and 12 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 in England or Norway after the date of this Offering Circular.

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

In relation to any issue of Notes 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 definitive Notes 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 RELATED TO THE MARKET GENERALLY**

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### **The secondary market generally**

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

#### **Exchange rate risks and exchange controls**

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

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

#### **Interest rate risks**

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

#### **Credit ratings may not reflect all risks**

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered

under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority (ESMA) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

### Regulatory Considerations

The European Market Infrastructure Regulation 648/2012 (EMIR) entered into force on 16 August 2012. EMIR aims to increase stability in European over-the-counter (OTC) derivatives markets and includes measures to require the clearing of certain OTC derivatives contracts through central clearing counterparties and to increase the transparency of OTC derivatives transactions. EMIR applies to OTC derivatives contracts falling within its scope entered into by financial counterparties, regardless of the identity of the other counterparty to the contract. EMIR has been included in the EEA Agreement and was implemented in Norway as of 1 July 2017. The EMIR requirements have been phased in gradually, with the final requirement (variation margining requirements for non-centrally cleared trades) having been effective from 1 March 2017. However, issuers of covered bonds are exempted from the collateral and central clearing requirements otherwise applicable to counterparties to OTC derivative contracts, subject to satisfaction of certain conditions as set out in the relevant technical standards and delegated acts.

Prospective investors should be aware that the regulatory changes arising from EMIR may in due course significantly increase the cost for the Issuer of entering into derivative contracts and may adversely affect their ability to engage in derivative contracts.

### Other Regulatory Developments

In Europe, the U.S. and elsewhere, there is significant focus on fostering greater financial stability through increased regulation of financial institutions and their corresponding capital and liquidity positions. This has resulted in a number of regulatory initiatives which are currently at various stages of implementation and which may have an impact on the regulatory position for certain investors in covered bond exposures and/or on the incentives for certain investors to hold covered bonds, and may thereby affect the liquidity of such securities.

In particular, it should be noted that the Basel Committee on Banking Supervision (BCBS) has approved significant changes to the Basel regulatory capital and liquidity framework (such changes being commonly referred to as Basel III (Basel III)). Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio “backstop” for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR)). BCBS member countries agreed to implement Basel III from 1 January 2013, subject to transitional and phase-in arrangements for certain requirements (e.g. the LCR requirements refer to implementation from the start of 2015, with full implementation by January 2019, and the NSFR requirements refer to implementation from January 2018). As implementation of Basel III requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of covered bonds (e.g. as LCR eligible assets or not), may be subject to some level of national variation. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework for Europe.’

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

### **The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks”**

Interest rates and indices which are deemed to be “benchmarks” (including LIBOR, EURIBOR, NIBOR, STIBOR and CIBOR) 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 was published in the Official Journal of the EU on 29 June 2016 and applies from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require 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) prevent 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 “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” (including LIBOR, EURIBOR, NIBOR, STIBOR and CIBOR): (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”.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a “benchmark”.

### **Future discontinuance of certain benchmark rates (for example, LIBOR or EURIBOR) may adversely affect the value of Floating Rate Notes which are linked to or which reference any such benchmark rate**

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences that cannot be predicted.

Investors should be aware that, if a benchmark rate were discontinued or otherwise unavailable, the rate of interest Floating Rate Notes (including Notes where the Extended Maturity Interest Provisions are Floating Rate) which are linked to or which reference such benchmark rate will be determined for the relevant period by the fallback provisions applicable to such Notes. The Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes provide for certain fallback arrangements in the event that a published benchmark (including any page on which such benchmark may be published (or any successor service)), such as LIBOR or EURIBOR, becomes unavailable.

If the circumstances described in the preceding paragraph occur and Reference Rate Replacement is specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) as being applicable and Screen Rate Determination is specified in the applicable Final Terms as the manner in which the rate of interest

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is to be determined (any such Notes **Relevant Notes**), such fallback arrangements will include the possibility that:

- a) the relevant rate of interest (or, as applicable, component thereof) could be set or, as the case may be, determined by reference to a successor rate or an alternative rate (as applicable) determined by an Independent Adviser or, if the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed by the Issuer fails to make such determination, the Issuer; and
- b) such successor rate or alternative rate (as applicable) may be adjusted (if required) by the relevant Independent Adviser or the Issuer (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark,

in any such case, acting in good faith and in a commercially reasonable manner as described more fully in the Conditions of the Relevant Notes.

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

No consent of the Noteholders shall be required in connection with effecting any relevant successor rate or alternative 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 may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes (including Notes where the Extended Maturity Interest Provisions are Floating Rate) based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes (including Notes where the Extended Maturity Interest Provisions are Floating Rate) or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes (including Notes where the Extended Maturity Interest Provisions are Floating Rate). Investors should note that, in the case of Relevant Notes, the relevant Independent Adviser or the Issuer (as applicable) will have discretion to adjust the relevant successor rate or alternative rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Noteholder, any such adjustment will be favourable to each Noteholder.

Investors should consider all of these matters when making their investment decision with respect to the relevant Floating Rate Notes (including Notes where the Extended Maturity Interest Provisions are Floating Rate).

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## Documents Incorporated by Reference

The following documents, which have previously been filed with the Central Bank of Ireland, shall be incorporated in, and form part of, the Offering Circular:

- a) the audited non-consolidated financial statements of the Issuer for the financial year ended 31 December 2016, (prepared in accordance with IFRS) together with the independent auditors' report thereon, which can be viewed online at:

<https://eikabk.no/-/media/banker/eika-boligkreditt/pdf/financialreports/2016/Eika-Boligkreditt-AS-Annual-report-2016.pdf?la=en>;

- b) the audited non-consolidated financial statements of the Issuer for the financial year ended 31 December 2017, (prepared in accordance with IFRS) together with the independent auditors' report thereon, which can be viewed online at:

<https://eikbol.no/-/media/banker/eika-boligkreditt/pdf/financialreports/2017/Eika-Boligkreditt-AS---Annual-report-2017.pdf?la=en&hash=60AB5004240C4AFD96410868BA3A69A811736C9C>;

- c) the unaudited non-consolidated interim financial statements of the Issuer for the six months ended 30 June 2018, as set out in the Issuer's Interim report for the second quarter and first half of 2018, which can be viewed online at:

<https://eikbol.no/-/media/banker/eika-boligkreditt/pdf/financialreports/2018/Eika-Boligkreditt-AS--Report-english-2Q-2018.pdf?la=en&hash=C5DD7F79D84BE2A224A65A7EE97052721442D63B>;

- d) (i) the Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes set out on pages 35 to 70 of the Offering Circular dated 13 August 2008, which can be viewed online at:

[https://www.rns-pdf.londonstockexchange.com/rns/2114R\\_6-2010-8-17.pdf](https://www.rns-pdf.londonstockexchange.com/rns/2114R_6-2010-8-17.pdf),

- (ii) the Terms and Conditions of the Notes other than the VPS Notes and the Terms and Conditions of the VPS Notes set out on pages 36 to 71 of the Offering Circular dated 2 September 2009, which can be viewed online at:

[https://www.rns-pdf.londonstockexchange.com/rns/2114R\\_7-2010-8-17.pdf](https://www.rns-pdf.londonstockexchange.com/rns/2114R_7-2010-8-17.pdf),

- (iii) the Terms and Conditions of the Notes other than the VPS Notes and the Terms and Conditions of the VPS Notes set out on pages 37-72 of the Offering Circular dated 17 August 2010, which can be viewed online at:

[https://www.rns-pdf.londonstockexchange.com/rns/8572N\\_8-2011-9-8.pdf](https://www.rns-pdf.londonstockexchange.com/rns/8572N_8-2011-9-8.pdf),

- (iv) the Terms and Conditions of the Notes other than the VPS Notes and the Terms and Conditions of the VPS Notes set out on pages 37-72 of the Offering Circular dated 7 September 2011, which can be viewed online at:

[https://www.rns-pdf.londonstockexchange.com/rns/8572N\\_2-2011-9-8.pdf](https://www.rns-pdf.londonstockexchange.com/rns/8572N_2-2011-9-8.pdf),

- (v) the Terms and Conditions of the Notes other than the VPS Notes and the Terms and Conditions of the VPS Notes set out on pages 30-62 of the Offering Circular dated 19 October 2012, which can be viewed online at:

[https://www.rns-pdf.londonstockexchange.com/rns/6361U\\_6-2014-10-17.pdf](https://www.rns-pdf.londonstockexchange.com/rns/6361U_6-2014-10-17.pdf),

## Documents incorporated by reference

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- (vi) the Terms and Conditions of the Notes other than the VPS Notes and the Terms and Conditions of the VPS Notes set out on pages 40 to 73 of the Offering Circular dated 3 September 2013, which can be viewed online at:

<https://eikabk.no/-/media/banker/eika-boligkreditt/pdf/EMTCN/ICM17887739v1EIKAFINALCLEANOFFERINGCIRCULAR3SEPTEMBER2013.pdf?la=en>

- (vii) the Terms and Conditions of the Notes other than the VPS Notes and the Terms and Conditions of the VPS Notes set out on pages 40 to 75 of the Offering Circular dated 17 October 2014, which can be viewed online at:

<https://eikabk.no/-/media/banker/eika-boligkreditt/pdf/EMTCN/164108-Eika-Boligkreditt-AS-EMTN-PU-CL.pdf?la=en>,

- (viii) the Terms and Conditions of the Notes other than the VPS Notes and the Terms and Conditions of the VPS Notes set out on pages 41 to 76 of the Offering Circular dated 1 October 2015, which can be viewed online at:

<https://eikabk.no/-/media/banker/eika-boligkreditt/pdf/EMTCN/emtcnfinalterms/Eika-Boligkreditt-AS--Offering-Circular-2015-finalclean.pdf?la=en>

- (ix) the Terms and Conditions of the Notes other than the VPS Notes and the Terms and Conditions of the VPS Notes set out on pages 40 to 75 of the Offering Circular dated 13 October 2016, which can be viewed online at:

[https://eikabk.no/-/media/banker/eika-boligkreditt/pdf/EMTCN/ICM25416066v1OfferingCircularFinal-\(1\).pdf?la=en](https://eikabk.no/-/media/banker/eika-boligkreditt/pdf/EMTCN/ICM25416066v1OfferingCircularFinal-(1).pdf?la=en) and

- (x) the Terms and Conditions of the Notes other than the VPS Notes and the Terms and Conditions of the VPS Notes set out on pages 45 to 80 of the Offering Circular dated 13 October 2017, which can be viewed online at:

<https://eikbol.no/-/media/banker/eika-boligkreditt/pdf/EMTCN/Eika-Boligkreditt-AS-EMTN-2017.pdf?la=en&hash=47E9882FF17F3A900F83FDC83478C53E2656112C>.

The auditor's reports outlined above constitute accurate and direct translations of the Norwegian originals.

Following the publication of this Offering Circular a supplement may be prepared by the Issuer and approved by the Central Bank of Ireland in accordance with Article 16 of the Prospectus Directive. 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 Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

Certain information contained in the documents listed above has not been incorporated by reference in this Offering Circular. Such information is either (i) not relevant for prospective investors in the Notes to be issued under the Programme or (ii) is covered elsewhere in this Offering Circular.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

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## Form of the Notes

*Any reference in this section to “applicable Final Terms” shall be deemed to include a reference to “applicable Pricing Supplement” where relevant.*

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.

### **BEARER NOTES**

Each Tranche of Notes other than VPS Notes will be in bearer form and will be initially 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, *société anonyme* (**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.

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 the Temporary Global 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 and subject, in the case of definitive Notes, to such notice period as is specified 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) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (ii) 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 11 of the Terms and Conditions of the Notes other than VPS Notes and Condition 9 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 of a Permanent Global Note for definitive Notes upon notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder) or at any time at the request of the Issuer, should not be expressed to be applicable in the applicable Final Terms if the Notes are issued with 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 on all interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Note, or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

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.

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes other than VPS Notes*” and “*Terms and Conditions of the 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.

Any reference herein 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 the applicable Final Terms.

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

## Form of the Notes

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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 1 October 2015 and executed by the Issuer.

Notwithstanding the above, a single Global Note in respect of each Tranche of Notes issued in Swiss francs and listed on the SIX Swiss Exchange Ltd. (the **SIX Swiss Exchange**) will be delivered to the SIX SIS Ltd, the Swiss Securities Services Corporation in Olten, Switzerland (**SIS**) or any such other intermediary in Switzerland recognised for such purposes by Six Swiss Exchange (SIS or such other intermediary, the **Intermediary**) and will be exchanged for definitive Notes only in the limited circumstances set out in such Global Note.

### 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 VPS Agent (the VPS Letter), which letter will set out the terms of the relevant issue of VPS Notes in the form of a Final Terms supplement attached thereto. On delivery of a copy of such VPS Letter including the relevant Final Terms to the VPS and notification to the VPS of the subscribers and their VPS account details by the relevant Dealer, the account operator acting on behalf of the Issuer will credit each subscribing account holder with the VPS with a nominal amount of VPS Notes equal to the nominal amount thereof for which it has subscribed and paid.

Settlement of sale and purchase transactions in respect of VPS Notes in 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 for the time being of the VPS.

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

### GENERAL

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

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## Applicable Final Terms

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes other than Exempt Notes issued under the Programme.*

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS]** — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a **retail investor** means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **IMD**), 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 Directive 2003/71/EC (as amended or superseded, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.<sup>1</sup>

**[MIFID II Product Governance/Professional investors and 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)][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.]<sup>2</sup>**

[ ]

### **Eika Boligkreditt AS**

### **Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the €20,000,000,000 Euro Medium Term Covered Note Programme**

**Legal Entity Identifier (LEI): 549300T7MMTBQXCJOQ79**

### **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 Offering Circular dated 12 October 2018 [and the supplement[s] to it dated [ ] [and [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Offering Circular**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular has been published on the website of Euronext Dublin at [www.ise.ie](http://www.ise.ie).]

[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] (the **Conditions**) set forth in the Offering Circular dated [13 August 2008/2 September 2009/17 August 2010/7 September 2011/19 October 2012/3 September 2013/17 October 2014/1 October 2015/13 October 2016/13 October 2017] which are incorporated by reference in the Offering Circular dated 12 October 2018. This document constitutes the Final

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1 Legend to be included on front of the Final Terms if the Notes potentially constitute “packaged” products or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

2 Legend to be included on front of the Final Terms if following ICMA 1 “all bonds to all professionals” target market approach.

## Applicable Final Terms

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Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular dated 12 October 2018 [and the supplement[s] to it dated [ ] [and [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Offering Circular**), including the Conditions incorporated by reference in the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular dated 12 October 2018. The Offering Circular has been published on the website of Euronext Dublin at [www.ise.ie](http://www.ise.ie).]

1. Issuer: Eika Boligkreditt AS
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/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in item 22 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 [ ]]
6. (a) Specified Denominations: [ ]  
(b) Calculation Amount: [ ]  
*(in relation to calculation of interest in global form see Conditions)*
7. (a) Issue Date: [ ]  
(b) Interest Commencement Date: [ ]
8. Maturity Date: [ ]
9. (a) Extended Final Maturity: [Applicable/Not Applicable]  
(b) Extended Final Maturity Date: [ ] [Not Applicable]
10. Interest Basis: [In respect of the period from (and including) the Interest Commencement Date to (but excluding) the Maturity Date:  
[[ ] per cent. Fixed Rate]  
[[[ ] month [ ]  
LIBOR/EURIBOR/NIBOR/STIBOR/CIBOR] +/- [ ]  
per cent. Floating Rate]  
[Zero Coupon]  
(see paragraph [15]/[16]/[18] below)]  
  
[In respect of the period from (and including) the Maturity Date to (but excluding) the Extended Final Maturity Date (if applicable):

## Applicable Final Terms

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[[ ] per cent. Fixed Rate]  
[[[ ] month [ ]  
LIBOR/EURIBOR/NIBOR/STIBOR/CIBOR] +/- [ ]  
per cent. Floating Rate]  
(see paragraph 17 below)]

11. 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
12. Change of Interest Basis: [ ] [Not Applicable]
13. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Not Applicable]  
(see paragraph [19]/[20] below)]
14. Date [Board] approval for issuance of Notes obtained: [ ] [and [ ] , respectively] [Not Applicable]

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

15. 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 up to and including the Maturity Date
- (c) Fixed Coupon Amount(s): [ ] per Calculation Amount  
*For Notes in definitive form (and in relation to Notes in global form see Conditions)*
- (d) Broken Amount(s): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]] [Not Applicable]  
*For Notes in definitive form (and in relation to Notes in global form see Conditions)*
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[ ] in each year] [Not Applicable]
16. Floating Rate Note Provisions: [Applicable/Not Applicable]
- (a) Specified Period(s)/Specified Interest Payment Dates: [ ] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (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): [ ]

## Applicable Final Terms

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- (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): [ ]
- (f) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [ ] month  
[LIBOR/EURIBOR/NIBOR/STIBOR/CIBOR]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ]
- (g) Reference Rate Replacement: [Applicable/Not Applicable]
- (h) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (i) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (j) Margin(s): [+/-] [ ] per cent. per annum
- (k) Minimum Rate of Interest: [ ] per cent. per annum
- (l) Maximum Rate of Interest: [ ] per cent. per annum
- (m) 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. Extended Maturity Interest Provisions: [Applicable from (and including) the Maturity Date to (but excluding) the Extended Final Maturity Date (if applicable)] [Not Applicable]
- (a) Fixed Rate: [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
  - (ii) Interest Payment Date(s): [ ]
  - (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount  
*For Notes in definitive form (and in relation to Notes in global form see Conditions)*

## Applicable Final Terms

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- (iv) Broken Amount(s): *For Notes in definitive form (and in relation to Notes in global form see Conditions)*  per Calculation Amount, payable on the Interest Payment Date falling [in/on]  [Not Applicable]
- (v) Day Count Fraction: 30/360
- (b) Floating Rate: [Applicable/Not Applicable]
- (i) Specified Period(s)/Specified Interest Payment Dates:  [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
- (iii) Additional Business Centre(s):
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):
- (vi) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate:  month  
[LIBOR/EURIBOR/NIBOR/STIBOR/CIBOR]
  - Interest Determination Date(s):
  - Relevant Screen Page:
- (vii) Reference Rate Replacement: [Applicable/Not Applicable]
- (viii) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option:
  - Designated Maturity:
  - Reset Date:
- (ix) Margin(s): [+/-]  per cent. per annum
- (x) Minimum Rate of Interest:  per cent. per annum
- (xi) Maximum Rate of Interest:  per cent. per annum
- (xii) Day Count Fraction: [[Actual/Actual (ISDA)],[Actual/Actual] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360][360/360][Bond Basis]

## Applicable Final Terms

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- [30E/360][Eurobond basis]  
30E/360 (ISDA)]
18. 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

19. Issuer Call: [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount: [ ] per Calculation Amount
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [ ]
- (ii) Maximum Redemption Amount: [ ]
20. Investor Put: [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount: [ ] per Calculation Amount
21. Final Redemption Amount: [ ] per Calculation Amount

### GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes:
- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]  
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]  
[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]  
[VPS Notes]
- (b) New Global Note: [Yes/No]
23. Additional Financial Centre(s): [Not Applicable/[ ]]

Signed on behalf of Eika Boligkreditt AS:

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

### 2. RATINGS

- Ratings: [The Notes to be issued [[have been] / [are expected to be]] rated [ ] by Moody's Investors Service Limited (Moody's).  
Moody's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).]  
[Not Applicable]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business]

### 4. YIELD (*Fixed Rate Notes only*)

- Indication of yield: [ ]

### 5. OPERATIONAL INFORMATION

- (i) ISIN: [ ]
- (ii) Common Code: [ ]
- (iii) Any clearing system(s) other than Euroclear, Clearstream, Luxembourg or Swiss Securities Services Corporation and the relevant identification number(s): [ ] [Not Applicable]  
[Verdipapirsentralen, Norway  
VPS Identification number [ ]]
- (iv) Names and addresses of additional Paying Agent(s) (if any): [ ] [Not Applicable]
- (v) 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 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.]

(vi) CFI: [ ]

(vii) FISN: [ ]

**6. DISTRIBUTION**

(i) U.S. Selling Restrictions: [TEFRA D/TEFRA C/TEFRA not applicable]

(ii) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

*(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)*

(iii) Stabilisation Manager(s) (if any): [Not Applicable/give name(s)]

(iv) Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]

*(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)*

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## APPLICABLE PRICING SUPPLEMENT

### EXEMPT NOTES OF ANY DENOMINATION

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes, whatever the denomination of those Notes, issued under the Programme.

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF NOTES DESCRIBED BELOW.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a **retail investor** means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (IMD), 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 Directive 2003/71/EC (as amended or superseded, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>3</sup>

[MIFID II Product Governance / Target Market – *[appropriate target market legend to be included]*]

[Date]

### EIKA BOLIGKREDITT AS

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €20,000,000,000  
Euro Medium Term Covered Note Programme

Legal Entity Identifier (LEI): 549300T7MMTBQXCJOQ79

### PART A – CONTRACTUAL TERMS

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Offering Circular dated 12 October 2018 [as supplemented by the supplement[s] dated [date[s]]] (the **Offering Circular**). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular. Copies of the Offering Circular may be obtained from [address].

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular [dated [original date] which are incorporated by reference in the Offering Circular]. Any reference in the Conditions to “applicable Final Terms” shall be deemed to include a reference to “applicable Pricing Supplement”, where relevant.

*[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]*

*[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]*

1. Issuer: Eika Boligkreditt AS
2. (a) Series Number: [ ]

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<sup>3</sup> Legend to be included on front of the Pricing Supplement if the Notes potentially constitute “packaged” products or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

## Applicable Pricing Supplement

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- (b) Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
- (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 *[identify earlier Tranches]* on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in item 22 below, which is expected to occur on or about *[date]*]]  
[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 *[insert date (if applicable)]*]]
6. (a) Specified Denominations: [ ]  
*(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*
- “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”*
- (N.B. As Exempt Notes are (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €100,000 minimum denomination is not required.)*
- (b) Calculation Amount: [ ]  
*(If only one Specified Denomination, insert the Specified Denomination.*
- If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (a) Issue Date: [ ]
- (b) Interest Commencement Date: [ ]
8. Maturity Date: [ ]  
*[Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to *[specify month]*]]*
9. (a) Extended Final Maturity: [Applicable/Not Applicable]

- (b) Extended Final Maturity Date: [ ]  
[Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month]; in each case falling one year after the Maturity Date]  
  
[Not Applicable]
10. Interest Basis: [In respect of the period from (and including) the Interest Commencement Date to (but excluding) the Maturity Date:  
[[ ] per cent. Fixed Rate]  
[[[ ] month [ ] LIBOR/EURIBOR/NIBOR/STIBOR/CIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
(see paragraph [15]/[16]/[18] below)]
- [In respect of the period from (and including) the Maturity Date to (but excluding) the Extended Final Maturity Date (if applicable):  
[[ ] per cent. Fixed Rate]  
[[[ ] month [ ] LIBOR/EURIBOR/NIBOR/STIBOR/CIBOR] +/- [ ] per cent. Floating Rate]  
(see paragraph 17 below)]
11. 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
12. Change of Interest Basis: [ ] [Not Applicable]  
[Specify details of any provision for change of Notes into another Interest Basis or cross refer to items 16 and 17 below if details are included there]
13. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Not Applicable]  
(see paragraph [19]/[20] below)
14. Date [Board] approval for issuance of Notes obtained: [ ] [and [ ], respectively] [Not Applicable]  
(N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes)

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

15. Fixed Rate Note Provisions: [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (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 up to and including the Maturity Date  
(Amend appropriately in the case of irregular coupons)

## Applicable Pricing Supplement

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- (c) Fixed Coupon Amount(s):  per Calculation Amount  
*For Notes in definitive form (and in relation to Notes in global form see Conditions)*
- (d) Broken Amount(s):  per Calculation Amount, payable on the Interest Payment Date falling [in/on]  [Not Applicable]  
*For Notes in definitive form (and in relation to Notes in global form see Conditions)*
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s):  in each year [Not Applicable]  
*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
16. Floating Rate Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified Interest Payment Dates:  [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (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):
- (f) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate:  month  
[LIBOR/EURIBOR/NIBOR/STIBOR/CIBOR/ *specify other Reference Rate*]  
*(Either LIBOR, EURIBOR, NIBOR, STIBOR, CIBOR or other, although additional information is required if other, including fallback provisions in the Agency Agreement)*
  - Interest Determination Date(s):   
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
  - Relevant Screen Page:

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

- (g) Reference Rate Replacement: [Applicable/Not Applicable]
- (h) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*
- (i) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (j) Margin(s): [+/-] [ ] per cent. per annum
- (k) Minimum Rate of Interest: [ ] per cent. per annum
- (l) Maximum Rate of Interest: [ ] per cent. per annum
- (m) 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. Extended Maturity Interest Provisions: [Applicable from (and including) the Maturity Date to (but excluding) the Extended Final Maturity Date (if applicable)] [Not Applicable]  
*(If not applicable, delete remaining subparagraphs of this paragraph)*
- (a) Fixed Rate: [Applicable/Not Applicable]  
*(If not applicable, delete remaining subparagraphs of this paragraph (a))*
- (i) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
  - (ii) Interest Payment Date(s): [ ]
  - (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount  
*For Notes in definitive form (and in relation to Notes in global form see Conditions)*
  - (iv) Broken Amount(s): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]] [Not Applicable]  
*For Notes in definitive form (and in relation to Notes in global form see Conditions)*
  - (v) Day Count Fraction: 30/360

## Applicable Pricing Supplement

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- (b) Floating Rate: [Applicable/Not Applicable]  
*(If not applicable, delete remaining subparagraphs of this paragraph (b))*
- (i) Specified Period(s)/Specified Interest Payment Dates: [ ] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
- (iii) Additional Business Centre(s): [ ]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ]
- (vi) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [ ] month  
[LIBOR/EURIBOR/NIBOR/STIBOR/CIBOR[*specify other Reference Rate*]]
  - Interest Determination Date(s): [ ]  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
  - Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (vii) Reference Rate Replacement: [Applicable/Not Applicable]
- (viii) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]  
*(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*
- (ix) Margin(s): [+/-] [ ] per cent. per annum
- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum

## Applicable Pricing Supplement

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- (xii) 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)]
18. Zero Coupon Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (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

19. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount: [ ] per Calculation Amount
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [ ]
- (ii) Maximum Redemption Amount: [ ]
20. Investor Put: [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount: [ ] per Calculation Amount
21. Final Redemption Amount: [ ] per Calculation Amount

### GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes:
- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

[VPS Notes]

*(Ensure that this is consistent with the wording in the “Form of the Notes” section in the Offering Circular and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].” Furthermore, such Specified Denomination construction is not applicable in relation to any issue of Notes which is to be represented by a Temporary Global Note exchangeable for Definitive Notes.)*

(b) New Global Note:

[Yes/No]

23. Additional Financial Centre(s):

[Not Applicable/[give details]]

*(Note that this item relates to the place of payment and not Interest Period end dates to which items 16(c) and 17 (b)(iii) relate)*

Signed on behalf of Eika Boligkreditt AS:

By: .....  
*Duly authorised*

**PART B – OTHER INFORMATION**

**1. LISTING**

- (i) Listing and Admission to trading:  [Not Applicable]
- (ii) Estimate of total expenses related to admission to trading:

**2. RATINGS**

Ratings: [The Notes to be issued [[have been] / [are expected to be]] rated [*insert details*] by Moody’s Investors Service Limited (**Moody’s**).

Moody’s is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).]

[Not Applicable]

**3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business – *Amend as appropriate if there are other interests*]

*(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*

**4. YIELD (Fixed Rate Notes Only)**

Indication of yield:

**5. OPERATIONAL INFORMATION**

- (i) ISIN:
- (ii) Common Code:
- (iii) Any clearing system(s) other than Euroclear, Clearstream, Luxembourg or Swiss Securities Services Corporation and the relevant identification number(s):  [Not Applicable]

[Verdipapirsentralen, Norway  
VPS Identification number [ ]]

- (iv) Names and addresses of additional Paying Agent(s) (if any):  [as [Principal] Swiss Paying Agent] [Not Applicable]

- (v) 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 this Pricing Supplement, should the Eurosystem

eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. 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.]

(vi) CFI: [ ]

(vii) FISN: [ ]

*(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be “Not Applicable”)*

## 6. DISTRIBUTION

(i) U.S. Selling Restrictions: [TEFRA D/TEFRA C/TEFRA not applicable/TEFRA D (Swiss practice)]

(ii) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

*(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)*

(iii) Stabilisation Manager(s) (if any): [Not Applicable/give name(s)]

(iv) Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]

*(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)*

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## 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 Pricing Supplement in relation to any Tranche of Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. 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 “Applicable Final Terms” 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.*

The Notes are covered bonds (*obligasjoner med fortrinnsrett*) issued by Eika Boligkreditt AS (the **Issuer**) in accordance with Chapter 11, Sub-chapter II of the Norwegian Financial Undertakings Act of 2015 (*lov 10. april 2015 nr. 17 om finansforetak og finanskonsern (finansforetaksloven)*) (the **Act**) and Chapter 11, Sub-chapter I of the Regulations of 9 December 2016 nr. 1502 on Financial Undertakings (*forskrift 9. desember 2016 nr. 1502 om finansforetak og finanskonsern (finansforetaksforskriften)*) (the **Regulations**).

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

References herein to the **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 Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 12 October 2018 and made between the Issuer, and Citibank N.A., London Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

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.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) attached to or endorsed on this Note and must be read in conjunction with these Terms and Conditions (the **Conditions**) or, if this Note is a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (an **Exempt Note**), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed on this Note and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. 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. Any reference in the Conditions to **applicable Final Terms** shall be deemed to include a reference to **applicable Pricing Supplement** where relevant.

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 (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The 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 restated from time to time, the **Deed of Covenant**) dated 1 October 2015 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary or common safekeeper as the case may be 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 ([www.ise.ie](http://www.ise.ie)). If this Note is an Exempt Note, the applicable Pricing Supplement will only be obtainable from the registered office of the Issuer and of the Agent by a Noteholder holding one or more Notes and such Noteholder producing evidence satisfactory to the Issuer and the Agent as to its holding of such Notes and identity. 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 denominations (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.

Unless this Note is an Exempt Note, this 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.

If this Note is an Exempt Note, this Note may also be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Note denominated in Swiss francs and offered to the public in Switzerland and/or listed on the SIX Swiss Exchange Ltd. or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

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.

For so long as any of the Notes is represented by a Global Note which is deposited with SIX SIS Ltd. (**SIS**) or any intermediary in Switzerland recognised for such purposes by the SIX Swiss Exchange Ltd. (the **SIX Swiss Exchange**, and SIS or any such other intermediary the **Intermediary**) and entered into the accounts of one or more participants of the Intermediary, such Global Note will constitute intermediated securities (*Bucheffekten*) (**Intermediated Securities**) in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

Each holder of the Notes deposited with the Intermediary shall have a quotal co-ownership interest (*Miteigentumsanteil*) in such Global Note to the extent of his claim against the Issuer, provided that for so long as such Global Note remains deposited with the Intermediary the co-ownership interest shall be suspended and such Notes may only be transferred or otherwise disposed of in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*), i.e. by entry of the transferred Notes in a securities account of the transferee.

The records of the Intermediary will determine the number of Notes held through each participant in that Intermediary. In respect of the Notes held in the form of Intermediated Securities, the holders of such Notes will be the persons holding the Notes in a securities account (*Effektenkonto*) which is in their own name or, in the case of intermediaries (*Verwahrungsstellen*), the intermediaries (*Verwahrungsstellen*) holding the Notes for their own account in a securities account (*Effektenkonto*) which is in their own name.

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, Clearstream, Luxembourg and the Intermediary, 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 NOTES AND OVERCOLLATERALISATION

### 2.1 Status of the Notes

The Notes of each Tranche constitute unconditional and unsubordinated obligations of the Issuer and rank *pari passu* with all other outstanding unsubordinated obligations of the Issuer that have been provided equivalent priority of claim to covered bonds (*obligasjoner med fortrinnsrett*) issued in accordance with the terms of the Act.

### 2.2 Overcollateralisation

For so long as the Notes are outstanding, the value (as calculated in accordance with the Act and the Regulations) of the Cover Pool (as defined below) entered into the Register (as defined below) with respect to the Notes, any other covered bonds issued by the Issuer and derivative contracts having recourse to such Cover Pool shall at all times be a minimum of (a) 105 per cent. of the outstanding principal amount of the Notes and any other covered bonds issued by the Issuer having recourse to such Cover Pool (taking into account the effect of derivative contracts) or (b) such other percentage as may be selected by the Issuer from time to time and notified to the Agent and each of the Rating Agencies (the **Alternative Overcollateralisation Percentage**), provided that:

- (i) the Alternative Overcollateralisation Percentage shall not, for so long as the Notes are outstanding, be less than 102.75 per cent. of the outstanding principal amount of the Notes and any other covered bonds

issued by the Issuer having recourse to such Cover Pool (taking into account the effect of derivative contracts); and

- (ii) without prejudice to (i) above, the Issuer shall not at any time select an Alternative Overcollateralisation Percentage unless (A) the credit rating assigned to the Notes at such time by each of the Rating Agencies which has assigned a credit rating to the Notes at such time is Aaa (in the case of Moody's Investor Service Limited or its successors), AAA (in the case of S&P Global Ratings Europe Limited or its successors) or AAA (in the case of Fitch Ratings Ltd or its successors), and (B) each of the Rating Agencies which has assigned a credit rating to the Notes at such time has confirmed in writing to the Issuer that, at the time of their confirmation, the selection of such Alternative Overcollateralisation Percentage would not in and of itself result in any credit rating then assigned to the Notes by such Rating Agency being reduced, removed, suspended or placed on creditwatch.

To the extent a higher level of minimum overcollateralisation is stipulated in any applicable legislation from time to time, such level of overcollateralisation shall be the minimum level required to be maintained by the Issuer pursuant to this Condition 2.2.

### 2.3 Definitions

In this Condition, the following expressions shall have the following meanings:

**Cover Pool** means assets of the Issuer falling within the requirements of Section 11-8 of the Act, Section 11-4 of the Regulations and otherwise as set out in the Act and Regulations from time to time (other than any such asset in respect of which an amount has become due and payable to the Issuer, and such amount is not paid within 90 days of becoming due and payable); and

**Register** means the register of covered bonds of the Issuer required to be maintained pursuant to the Act and Regulations.

## 3. INTEREST

### 3.1 Interest on Fixed Rate Notes

Each Fixed Rate 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 Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

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 Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate 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 Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate 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.

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

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**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 3.1:

- (a) 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; and
- (b) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

**Determination Period** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

### 3.2 Interest on Floating Rate Notes

#### (a) Interest Payment Dates

Each Floating Rate 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. In the Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If 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 3.2(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.

In these Conditions, **Business Day** means a day which is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (ii) 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
- (iii) 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.

**(b) Rate of Interest**

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

*(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 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 LIBOR, EURIBOR, NIBOR, STIBOR or CIBOR in each case for the relevant currency and/or period, all 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 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR, or Stockholm time, in the case of STIBOR, or Copenhagen time, in the case of CIBOR) or 12.00 noon (Oslo time, in the case of NIBOR) 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 Condition 3.2(b)(ii)(A), no offered quotation appears or, in the case of Condition 3.2(b)(ii)(B), fewer than three offered quotations appear, in each case as at the Specified Time, the Agent shall request each of the Reference Banks to provide the 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 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.

(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) **Reference Rate Replacement**

If:

- (i) Reference Rate Replacement is specified in the applicable Final Terms as being applicable and Screen Rate Determination is specified in the applicable Final Terms as being applicable; and
- (ii) notwithstanding the provisions of Condition 3.2(b)(ii), the Agent (in consultation with the Issuer) determines that the Reference Rate (being either LIBOR, EURIBOR, NIBOR, STIBOR or CIBOR) has ceased to be published on the Relevant Screen Page as a result of the Reference Rate ceasing to be calculated or administered when any Rate of Interest (or component thereof) remains to be determined by reference to the Reference Rate,

then the following provisions shall apply to the relevant Series of Notes:

- (1) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine:
  - (A) a Successor Reference Rate; or
  - (B) if such Independent Adviser fails so to determine a Successor Reference Rate, an Alternative Reference Rate,  
  
and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the **IA Determination Cut-off Date**), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 3.2(d) during any other future Interest Period(s));
- (2) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by the Issuer fails to determine a Successor Reference Rate or an Alternative Reference Rate (as applicable) prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine:
  - (A) a Successor Reference Rate; or
  - (B) if the Issuer fails so to determine a Successor Reference Rate, an Alternative Reference Rate,  
  
and, in each case, an Adjustment Spread (if any) no later than three 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 the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 3.2(d) during any other future Interest Period(s)). Without prejudice to the definitions thereof, for the purposes of determining any Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;
- (3) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser or the Issuer (as applicable) in accordance with this Condition 3.2(d):
  - (A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be the Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 3.2(d));
  - (B) if the relevant Independent Adviser or the Issuer (as applicable):
    - (x) determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 3.2(d)); or
    - (y) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 3.2(d)); and
  - (C) the relevant Independent Adviser or the Issuer (as applicable) (acting in good faith and in a commercially reasonable manner) may in its discretion specify:

- (x) changes to these 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 (1) 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 Notes and (2) 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
- (y) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),

which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 3.2(d)); and

- (4) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 3.2(d)(3)(C) to the Agent and the Noteholders in accordance with Condition 11.

No consent of the Noteholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) as described in this Condition 3.2(d) or such other relevant changes pursuant to Condition 3.2(d)(3)(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).

For the avoidance of doubt, if a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 3.2(d) 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 3.2(b)(ii).

**(e) 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 Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate 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 Floating Rate 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 Floating Rate 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 amounts (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.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 3.2:

- (i) 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);

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

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- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) 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;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) 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;

- (vi) 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;

- (vii) 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.

**(f) Linear Interpolation**

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

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

**(g) 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 Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 11 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 Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 11. For the purposes of this paragraph, the expression **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.

**(h) Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3.2, whether by the Agent or, in the circumstances described in Condition 3.2(d), an Independent Advisor or the Issuer 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 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, the Independent Adviser or the Issuer (as applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

### 3.3 Exempt Notes

In the case of Exempt Notes which are also Floating Rate Notes where the applicable Pricing Supplement identifies that Screen Rate Determination applies to the calculation of interest, if the Reference Rate from time to time is specified in the applicable Pricing Supplement as being other than LIBOR, EURIBOR, NIBOR, STIBOR or CIBOR, the Rate of Interest in respect of such Exempt Notes will be determined as provided in the applicable Pricing Supplement.

The rate or amount of interest payable in respect of Exempt Notes which are not also Fixed Rate Notes or Floating Rate Notes shall be determined in the manner specified in the applicable Pricing Supplement, provided that where such Notes are denominated in Swiss francs and offered to the public in Switzerland and/or listed on the SIX Swiss Exchange the provisions of Condition 3.2 shall, save to the extent amended in the applicable Pricing Supplement, apply as if the references therein to Floating Rate Notes and to the Agent were references to Notes denominated in Swiss francs and offered to the public in Switzerland and/or listed on the SIX Swiss Exchange and the Calculation Agent, respectively, and provided further that the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

### 3.4 Interest Rate and Payments from the Maturity Date in the event of extension of maturity of a Series of Notes

- (a) If Extended Final Maturity is specified as applicable in the Final Terms for a Series of Notes and the Issuer has failed to pay the Final Redemption Amount on the Maturity Date specified in the applicable Final Terms, each Note shall bear interest in accordance with this Condition 3.4 on its outstanding nominal amount from (and including) the Maturity Date to (but excluding) the earlier of the Interest Payment Date upon which the Notes are redeemed in full and the Extended Final Maturity Date, subject to Condition 3.5. In such circumstances, the Rate of Interest for any Interest Period falling after the Maturity Date, and the amount of interest payable on each Interest Payment Date in respect of such Interest Period, shall be determined by the Agent in accordance with (i) if the applicable Final Terms specify that “Fixed Rate” is applicable for the period from (but excluding) the Maturity Date to (and including) the Extended Final Maturity Date, Condition 3.1 *mutatis mutandis* or (ii) if the applicable Final Terms specify that “Floating Rate” is applicable for the period from (but excluding) the Maturity Date to (and including) the Extended Final Maturity Date, Condition 3.2 *mutatis mutandis*, as applicable, and the applicable Final Terms.
- (b) In the case of Notes which are Zero Coupon Notes up to (and including) the Maturity Date, for the purposes of this Condition 3.4, the outstanding nominal amount shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.
- (c) All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3.4, whether by the Agent shall (in the absence of wilful default, bad faith and manifest 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 in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.
- (d) This Condition 3.4 shall only apply to a Series of Notes if the Issuer fails to redeem such Series of Notes (in full) at their Final Redemption Amount (as specified in the applicable Final Terms) on the Maturity Date and the maturity of such Notes is automatically extended to the Extended Maturity Date in accordance with Condition 5.1.

### 3.5 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 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 11.

#### **4. PAYMENTS**

##### **4.1 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 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.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6 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 (without prejudice to the provisions of Condition 6) any law implementing an intergovernmental approach thereto.

##### **4.2 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 4.1 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 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 6) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 7) 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 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.

### 4.3 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 or otherwise in the manner specified in the relevant Global Note, where applicable, 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 either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

### 4.4 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, Clearstream, Luxembourg or the Intermediary as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg, or the Intermediary 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.

### 4.5 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. For these purposes, **Payment Day** means any day which (subject to Condition 7) is:

- (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:
  - (i) in the case of Notes in definitive form only, the relevant place of presentation;
  - (ii) each Additional Financial Centre (other than the 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.

### 4.6 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 Optional Redemption Amount(s) (if any) of the Notes;
- (c) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 5.7); and
- (d) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

### 4.7 Exempt Notes

Payments on any Notes which are denominated in Swiss Francs and offered to the public in Switzerland and/or listed on the SIX Swiss Exchange will be made irrespective of any present or future transfer restrictions and regardless of any bilateral or multilateral payment or clearing agreement which may be applicable at any time to such payment.

In respect of Notes denominated in Swiss Francs and offered to the public in Switzerland and/or listed on the SIX Swiss Exchange, the receipt by the Principal Swiss Paying Agent of the due and punctual payment of the funds in Swiss francs in Zurich shall release the Issuer from its obligation under such Notes and Coupons for the payment of the principal and interest due on the respective payment dates to the extent of such payments and except to the extent that there is default in the subsequent payment thereof to the Noteholders or Couponholders, as the case may be.

Except to the extent required by law, payments of principal and interest in respect of any Notes denominated in Swiss Francs shall be made in freely disposable Swiss francs without collection costs and, whatever the circumstances may be, irrespective of the nationality, domicile or residence of the holder of the Notes and without requiring any certification, affidavit or the fulfilment of any other formality.

## 5. REDEMPTION AND PURCHASE

### 5.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, 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.

If an Extended Final Maturity is specified as applicable in the Final Terms for a Series of Notes and the Issuer has failed to pay the Final Redemption Amount on the Maturity Date specified in the applicable Final Terms, then (subject as provided below) payment of the unpaid amount by the Issuer shall be deferred until the Extended Final Maturity Date specified in the applicable Final Terms, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Final Maturity Date.

The Issuer shall confirm to the Rating Agencies, any relevant Swap Provider and the Agent as soon as reasonably practicable and in any event at least 4 Business Days in London prior to the Maturity Date of any inability of the Issuer to pay in full the Final Redemption Amount in respect of a Series of Notes on that Maturity Date. Any failure by the Issuer to notify such parties (other than the Agent) shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

Where the applicable Final Terms for a relevant Series of Notes provides that such Notes are subject to an Extended Final Maturity Date, such failure to pay by the Issuer on the Maturity Date shall not constitute a default in payment.

### 5.2 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 11 (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.

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, or the Intermediary (to be reflected in the records of Euroclear, Clearstream, Luxembourg and the Intermediary 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 11 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 5.2 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 11 at least 5 days prior to the Selection Date.

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

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 11 not less than 15 nor more than 30 days' notice, 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, Clearstream, Luxembourg, and the Intermediary 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 to which payment is to be made under this Condition and the Put Notice must be 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, Clearstream, Luxembourg, or the Intermediary 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, Clearstream, Luxembourg and the Intermediary (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg and the Intermediary or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg or the Intermediary from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or the Intermediary given by a holder of any Note pursuant to this Condition 5.3 shall be irrevocable.

### **5.4 Specific redemption provisions applicable to certain types of Exempt Notes**

The Final Redemption Amount, any Optional Redemption Amount and the Early Redemption Amount in respect of Notes denominated in Swiss francs and offered to the public in Switzerland and/or listed on the SIX Swiss Exchange may be specified in, or determined in the manner specified in, the applicable Pricing Supplement.

### **5.5 Purchases**

The Issuer or any Subsidiary of the Issuer may at any time 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 a Paying Agent for cancellation.

### 5.6 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 5.5 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

### 5.7 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 5.1, 5.2 or 5.3 above is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

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

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 Effective Date 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 Effective Date 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 the Notes to (but excluding) the Effective Date and the denominator will be 365); and

**Effective Date** means 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 Noteholders in accordance with Condition 11.

## 6. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by 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. As used herein:

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

**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 11.

## 7. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made 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 6) 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 4.2 or any Talon which would be void pursuant to Condition 4.2.

## **8. 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.

## **9. PAYING AGENTS**

The names of the initial Paying Agents and their initial specified offices are set out above. 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 4.4. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 11.

In respect of any Notes denominated in Swiss francs and offered to the public in Switzerland and/or listed on the SIX Swiss Exchange, the Issuer will at all times maintain a Paying Agent having a specified office in Switzerland and will at no time maintain a Paying Agent having a specified address outside Switzerland. In addition, all references in these Conditions to “Agent” and the “Paying Agents” shall, to the extent specified in the applicable Pricing Supplement, and so far as the context permits, be construed as references to the “Principal Swiss Paying Agent” and the “Swiss Paying Agents”, respectively.

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.

## **10. 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 7.

## **11. 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. 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) 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 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.

Notwithstanding the provisions of this Condition 11, so long as the Notes are listed on the SIX Swiss Exchange and so long as the rules of the SIX Swiss Exchange so require (and provided that the Notes are not listed on another stock exchange or admitted to trading by another relevant authority (in which case the notice will also be published in accordance with the rules of such stock exchange or authority)), notices in respect of such Notes will be validly given through the Principal Swiss Paying Agent by means of electronic publication on the internet website of the SIX Swiss Exchange (*www.six-swiss-exchange.com*). In addition, the Principal Swiss Paying Agent may also publish any such notices by other means in accordance with the rules of the SIX Swiss Exchange. 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.

## **12. 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 of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 11 as soon as practicable thereafter.

## **13. 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.

### 14. 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.

### 15. GOVERNING LAW AND SUBMISSION TO JURISDICTION

#### 15.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes and the Coupons (and any non-contractual obligations arising out of or in connection with any of them) are governed by, and construed in accordance with, English law save as to Condition 2 which is governed by and shall be construed in accordance with Norwegian law.

#### 15.2 Submission to jurisdiction

- (a) Subject to Conditions 15.2(b) and 15.2(c), the English Courts are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with any of them) and accordingly submits to the exclusive jurisdiction of the English courts. The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.
- (b) This Condition 15.2(b) is for the benefit of Noteholders and Couponholders only. To the extent allowed by law, the Noteholders and the Couponholders may take any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Notes and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with any of them) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.
- (c) In respect of any Notes denominated in Swiss francs and offered to the public in Switzerland and/or listed on the SIX Swiss Exchange, the Issuer agrees to the additional jurisdiction of the Courts of the Canton of Zurich, the place of jurisdiction being Zurich, with the right of appeal to the Swiss Federal court of Justice in Lausanne where the law permits. In connection with such Notes, the Issuer elects legal and special domicile at UBS AG, Bahnhofstrasse 45, 8098, Zurich, Switzerland and agrees that, for the purposes of any proceedings brought in Switzerland, holders of all or some of the Notes shall have the option to be collectively represented (in accordance with all applicable laws and customary practice in Switzerland.) The holders of all such Notes (whether or not collectively represented) shall have equal status irrespective of their domicile.

#### 15.3 Appointment of Process Agent

The Issuer appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process, and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

### 16. DEFINITIONS

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

**Adjustment Spread** means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the relevant Independent Adviser or the Issuer (as applicable) determines is required to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) 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 Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognised or acknowledged, the relevant Independent Adviser or the Issuer (as applicable) in its discretion determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

**Alternative Reference Rate** means the rate that the relevant Independent Adviser or the Issuer (as applicable) determines has replaced the Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods, or, if such Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as such Independent Adviser or the Issuer (as applicable) determines in its discretion is most comparable to the Reference Rate;

**Currency Swap** means each currency swap which enables the Issuer to hedge currency risks arising from (a) Covered Notes which are issued in currencies other than NOK and (b) assets (other than loans) which are registered to the Cover Pool and are denominated in currencies other than NOK;

**Currency Swap Agreement** means the ISDA Master Agreement, schedule and confirmation(s) (as amended and supplemented from time to time) relating to the Currency Swap(s) entered into from time to time between the Issuer and each Currency Swap Provider;

**Currency Swap Provider** means any counterparty in its capacity as currency swap provider under a Currency Swap Agreement;

**euro** means 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;

**Independent Adviser** means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

**Interest Rate Swap** means each single currency interest rate swap which enables the Issuer to hedge the Issuer's interest rate risks in NOK and/or other currencies to the extent that they have not been hedged by a Currency Swap;

**Interest Rate Swap Agreement** means the ISDA Master Agreement, schedule and confirmation(s) (as amended and supplemented from time to time) relating to the Interest Rate Swap(s) entered into from time to time between the Issuer and each Interest Rate Swap Provider;

**Interest Rate Swap Provider** means any counterparty in its capacity as interest rate swap provider under an Interest Rate Swap Agreement;

**Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) to the extent implemented in a relevant Member State of the European Economic Area;

**Rating Agencies** means Moody's Investors Service Limited and/or S&P Global Ratings Europe Limited and/or Fitch Ratings Ltd, including in each case their successors;

**Reference Rate** means, subject as provided in Condition 3.2(d), the rate specified in the applicable Final Terms;

**Relevant Nominating Body** means, in respect of a reference rate:

- (i) the central bank for the currency to which such reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or
- (ii) 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 reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof;

**Successor Reference Rate** means the rate that the relevant Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body; and

**Swap Providers** means each Currency Swap Provider and each Interest Rate Swap Provider.

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## 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 “Applicable Final Terms” for a description of the content of the Final Terms which will specify which of such terms are to apply in relation to the relevant VPS Notes.*

The VPS Notes are covered bonds (*obligasjoner med fortrinnsrett*) issued by Eika Boligkreditt AS (the **Issuer**) in accordance with Chapter 11, Sub-chapter II of the Norwegian Financial Undertakings Act of 2015 (*lov 10. april 2015 nr. 17 om finansforetak og finanskonsern (finansforetaksloven)*) (the **Act**) and Chapter 11, Sub-chapter I of the Regulations of 9 December 2016 nr. 1502 on Financial Undertakings (*forskrift 9. desember 2016 nr. 1502 om finansforetak og finanskonsern (finansforetaksforskriften)*) (the **Regulations**). Each VPS Note will be one of a Series (as defined below) of notes issued by the Issuer under the Programme and each VPS Note will be issued in accordance with and subject to an agreement dated 2 September 2009 (such agreement as modified and/or supplemented and/or restated from time to time, the **VPS Agency Agreement**) between the Issuer and DNB Bank ASA (the **VPS Agent**).

References herein to the VPS Notes shall be references to the VPS Notes of this Series and shall mean notes cleared through the Norwegian Central Securities Depository, the Verdipapirsentralen (**VPS Notes** and the **VPS**, respectively).

The VPS Notes will have the benefit of the trustee agreement dated 13 October 2017 (such trustee agreement as modified and/or supplemented and/or restated from time to time, the **VPS Trustee Agreement**) made between the Issuer and Nordic Trustee AS (the **VPS Trustee**, which expression shall include any successor as Trustee).

Each Tranche of VPS Notes will be created and held in uncertificated book entry form in accounts with the VPS. The VPS Agent will act as agent of the Issuer in respect of all dealings with the VPS in respect of VPS Notes as detailed in the VPS Agency Agreement. 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.

The Final Terms of each Tranche of VPS Notes (or the relevant provisions thereof) are set out in Part A of the Final Terms and must be read in conjunction with these Terms and Conditions of the VPS Notes (the **VPS Conditions**). References to the **applicable Final Terms** are, unless otherwise stated, 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 for the time being (the **VPS Noteholders** and the **holders of VPS Notes**), in accordance with the provisions of the VPS Trustee Agreement and these VPS Conditions.

As used herein, **Tranche** means VPS Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of VPS Notes together with any further Tranche or Tranches of VPS Notes which (i) are expressed to be consolidated and form a single series and (ii) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the VPS Agency Agreement and the VPS Trustee Agreement are available for inspection during normal business hours at the specified office of the VPS Agent and at the registered office for the time being of the VPS Trustee at Haakon VII Gate 1, 0161, Oslo, Norway. Copies of the applicable Final Terms for VPS Notes will be published on the Issuer’s website at <http://eikabk.no>.

The VPS Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the VPS Agency Agreement, the VPS Trustee Agreement and the Final Terms which are applicable to them. The statements in these Terms and Conditions of the VPS Notes include summaries of, and are subject to, the detailed provisions of the VPS Agency Agreement and the VPS Trustee Agreement.

Words and expressions defined in the VPS Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these VPS Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the VPS Trustee Agreement and the VPS Agency Agreement, the VPS Trustee Agreement will prevail, and in the event of inconsistency between the VPS Trustee Agreement or the VPS Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

### 1. FORM, DENOMINATION AND TITLE

The VPS Notes are in uncertificated book entry form in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms and will be registered with a separate securities identification code in the VPS.

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.

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 or 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 for the time being of the VPS.

### 2. STATUS OF THE VPS NOTES AND OVERCOLLATERALISATION

#### (a) Status of the Notes

Each Tranche of VPS Notes will constitute unconditional and unsubordinated obligations of the Issuer and will rank *pari passu* with all other outstanding unsubordinated obligations of the Issuer that have been provided equivalent priority of claim to covered bonds (*Obligasjoner med fortrinnsrett*) issued in accordance with the terms of the Act.

#### (b) Overcollateralisation

For so long as the VPS Notes are outstanding, the value (as calculated in accordance with the Act and the Regulations) of the Cover Pool (as defined below) entered into the Register (as defined below) with respect to the VPS Notes, any other covered bonds issued by the Issuer and derivative contracts having recourse to such Cover Pool shall at all times be a minimum of (a) 105 per cent. of the outstanding principal amount of the VPS Notes and any other covered bonds issued by the Issuer having recourse to such Cover Pool (taking into account the effect of derivative contracts) or (b) such other percentage as may be selected by the Issuer from time to time and notified to the VPS Trustee and each of the Rating Agencies (the **Alternative Overcollateralisation Percentage**), provided that:

- (i) the Alternative Overcollateralisation Percentage shall not, for so long as the VPS Notes are outstanding, be less than 102.75 per cent. of the outstanding principal amount of the VPS Notes and any other covered bonds issued by the Issuer having recourse to such Cover Pool (taking into account the effect of derivative contracts); and
- (ii) without prejudice to (i) above, the Issuer shall not at any time select an Alternative Overcollateralisation Percentage unless (A) the credit rating assigned to the VPS Notes at such time by each of the Rating Agencies which has assigned a credit rating to the VPS Notes at such time is Aaa (in the case of Moody's

Investor Service Limited or its successors), AAA (in the case of S&P Global Ratings Europe Limited or its successors) or AAA (in the case of Fitch Ratings Ltd or its successors), and (B) each of the Rating Agencies which has assigned a credit rating to the VPS Notes at such time has confirmed in writing to the Issuer that, at the time of their confirmation, the selection of such Alternative Overcollateralisation Percentage would not in and of itself result in any credit rating then assigned to the VPS Notes by such Rating Agency being reduced, removed, suspended or placed on creditwatch.

To the extent a higher level of minimum overcollateralisation is stipulated in any applicable legislation from time to time, such level of overcollateralisation shall be the minimum level required to be maintained by the Issuer pursuant to this Condition 2(b).

### (c) Definitions

In this Condition, the following expressions shall have the following meanings:

**Cover Pool** means assets of the Issuer falling within the requirements of Section 11-8 of the Act, Section 11-4 of the Regulations and otherwise as set out in the Act and Regulations from time to time (other than any such asset in respect of which an amount has become due and payable to the Issuer, and such amount is not paid within 90 days of becoming due and payable); and

**Register** means the register of covered bonds of the Issuer required to be maintained pursuant to the Act and the Regulations.

## 3. INTEREST

### (a) Interest on Fixed Rate Notes

Each Fixed Rate 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 arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these VPS Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

In these VPS Conditions:

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 3:

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

- (a) in the case of VPS Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

- (b) in the case of VPS Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
- (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
  - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

**Determination Period** means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

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

**(i) Interest Payment Dates**

Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these VPS Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If 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 3(b)(i)(B), the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these VPS Conditions, **Business Day** means a day which is:

- (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 any Additional Business Centre (other than TARGET2 System) 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 (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(ii) **Rate of Interest**

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

(A) *ISDA Determination for Floating Rate Notes*

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

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

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

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

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

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject 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 LIBOR, EURIBOR, NIBOR, STIBOR or CIBOR in each case for the relevant currency and/or period, all 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 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR, or Stockholm time, in the case of STIBOR, or Copenhagen time, in the case of CIBOR) or 12.00 noon (Oslo time, in the case of NIBOR) 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 3(b)(ii)(B)(1), no offered quotation appears or, in the case of Condition 3(b)(ii)(B)(2), fewer than three offered quotations appear, in each case as at the Specified Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation 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 Calculation 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 Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Norwegian inter-bank market (if the Reference Rate is NIBOR) or the Stockholm inter-bank market (if the Reference Rate is STIBOR) or the Copenhagen inter-bank market (if the Reference Rate is CIBOR) 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) **Reference Rate Replacement**

If:

- (a) Reference Rate Replacement is specified in the applicable Final Terms as being applicable and Screen Rate Determination is specified in the applicable Final Terms as being applicable; and
- (b) notwithstanding the provisions of Condition 3(b)(ii)(B), the Calculation Agent (in consultation with the Issuer) determines that the Reference Rate (being either LIBOR, EURIBOR, NIBOR, STIBOR or CIBOR) has ceased to be published on the Relevant Screen Page as a result of the Reference Rate ceasing to be calculated or administered when any Rate of Interest (or component thereof) remains to be determined by reference to the Reference Rate,

then the following provisions shall apply to the relevant Series of Notes:

- (1) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine:
  - (A) a Successor Reference Rate; or
  - (B) if such Independent Adviser fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the **IA Determination Cut-off Date**), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 3(b)(iv) during any other future Interest Period(s));

- (2) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by the Issuer fails to determine a Successor Reference Rate or an Alternative Reference Rate (as applicable) prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine:
  - (A) a Successor Reference Rate; or
  - (B) if the Issuer fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (if any) no later than three 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 the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 3(b)(iv) during any other future Interest Period(s)). Without prejudice to the definitions thereof, for the purposes of determining any Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;

- (3) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser or the Issuer (as applicable) in accordance with this Condition 3(b)(iv):
  - (A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be the Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 3(b)(iv));

- (B) if the relevant Independent Adviser or the Issuer (as applicable):
  - (x) determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 3(b)(iv)); or
  - (y) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 3(b)(iv)); and
- (C) the relevant Independent Adviser or the Issuer (as applicable) (acting in good faith and in a commercially reasonable manner) may in its discretion specify:
  - (x) changes to these 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 (1) 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 Notes and (2) 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
  - (y) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 3(b)(iv)); and
- (4) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 3(b)(iv)(3)(C) to the Calculation Agent and the VPS Noteholders in accordance with Condition 9.

No consent of the Noteholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) as described in this Condition 3(b)(iv) or such other relevant changes pursuant to Condition 3(b)(iv)(3)(C), 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 (if required).

For the avoidance of doubt, if a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 3(b)(iv) 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 3(b)(ii)(B).

**(v) 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 such Floating Rate Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant

## Terms and Conditions of the VPS Notes

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Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

**Day Count Fraction** means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if “Actual/365” 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 (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) 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;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) 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;

- (vi) 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;

(vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

**(vi) Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the 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.

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

**(vii) 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 Floating Rate 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 9 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 Floating Rate Notes are for the time being listed and to the VPS Noteholders in accordance with Condition 9. For the purposes of this paragraph, the expression **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. The notification of any rate or amount, if applicable, shall be made to the VPS in accordance with and subject to the VPS rules and regulations for the time being in effect.

**(viii) 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.

**(ix) Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3, by the Calculation Agent or, in the circumstances described in Condition 3(b)(iv), an Independent Adviser or the Issuer, shall (in the absence of wilful default, bad faith or manifest error) be binding on all parties and (in the absence as aforesaid) no liability shall attach to the Calculation Agent, the Independent Advisor, the Issuer 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) Interest Rate and Payments from the Maturity Date in the event of extension of maturity of a Series of Notes**

- (a) If Extended Final Maturity is specified as applicable in the Final Terms for a Series of Notes and the Issuer has failed to pay the Final Redemption Amount on the Maturity Date specified in the applicable Final Terms, each Note shall bear interest in accordance with this Condition 3(c) on its outstanding nominal amount from (and including) the Maturity Date to (but excluding) the earlier of the Interest Payment Date upon which the Notes are redeemed in full and the Extended Final Maturity Date, subject to Condition 3(d). In such circumstances, the Rate of Interest for any Interest Period falling after the Maturity Date, and the amount of interest payable on each Interest Payment Date in respect of such Interest Period, shall be determined by the Agent in accordance with (i) if the applicable Final Terms specify that “Fixed Rate” is applicable for the period from (but excluding) the Maturity Date to (and including) the Extended Final Maturity Date, Condition 3(a) *mutatis mutandis* or (ii) if the applicable Final Terms specify that “Floating Rate” is applicable for the period from (but excluding) the Maturity Date to (and including) the Extended Final Maturity Date, Condition 3(b) *mutatis mutandis*, as applicable, and the applicable Final Terms.
- (b) In the case of Notes which are Zero Coupon Notes up to (and including) the Maturity Date, for the purposes of this Condition 3(c), the outstanding nominal amount shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.
- (c) All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3(c), whether by the Agent shall (in the absence of wilful default, bad faith and manifest 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 in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.
- (d) This Condition 3(c) shall only apply to a Series of Notes if the Issuer fails to redeem such Series of Notes (in full) at their Final Redemption Amount (as specified in the applicable Final Terms) on the Maturity Date and the maturity of such Notes is automatically extended to the Extended Maturity Date in accordance with Condition 5(a).

### **(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 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 9.

### **(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.

## **4. PAYMENTS**

### **(a) Method of payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with 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, but without prejudice to the provisions of Condition 6 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 (without prejudice to the provisions of Condition 6) any law implementing an intergovernmental approach thereto. Reference to Specified Currency will include any successor currency under applicable law.

### **(b) Payments in respect of VPS Notes**

Payments of principal and interest in respect of VPS Notes and notification thereof to VPS Noteholders will be made to the VPS Noteholders shown in the records of 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.

## Terms and Conditions of the VPS Notes

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Notice of any such change or of any change of any specified office shall promptly be given to the VPS Noteholders in accordance with Condition 9.

### **(c) Payment Day**

If the date for payment of any amount in respect of any VPS Note is not a Payment Day, the holder thereof shall not be entitled to payment of the relevant payment due until the next following Payment Day and shall not be entitled to any interest or other payment in respect of any such delay. For these purposes, **Payment Day** means any day which (subject to Condition 7) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (ii) 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
- (iii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

### **(d) Interpretation of principal and interest**

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

- (i) the Final Redemption Amount of the VPS Notes;
- (ii) the Optional Redemption Amount(s) (if any) of the VPS Notes;
- (iii) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 5(f)); and
- (iv) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the VPS Notes.

### **(e) Redenomination**

This Condition 4(e) has been intentionally deleted.

## **5. REDEMPTION AND PURCHASE**

### **(a) Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each VPS Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

If an Extended Final Maturity is specified as applicable in the Final Terms for a Series of Notes and the Issuer has failed to pay the Final Redemption Amount on the Maturity Date specified in the applicable Final Terms, then (subject as provided below) payment of the unpaid amount by the Issuer shall be deferred until the Extended Final Maturity Date specified in the applicable Final Terms, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Final Maturity Date.

The Issuer shall confirm to the Rating Agencies and the VPS Trustee, the VPS Agent and any relevant Swap Provider as soon as reasonably practicable and in any event at least 4 business days in London prior to the Maturity Date of any inability of the Issuer to pay in full the Final Redemption Amount in respect of a Series of Notes on that Maturity Date. Any failure by the Issuer to notify such parties (other than the VPS Agent) shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

Where the applicable Final Terms for a relevant Series of Notes provides that such VPS Notes are subject to an Extended Final Maturity Date, such failure to pay by the Issuer on the Maturity Date shall not constitute a default in payment.

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

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than 15 nor more than 30 days' notice to VPS Noteholders in accordance with Condition 9 (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the VPS Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner 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. 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**).

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

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 9 not less than 15 nor more than 30 days' notice to VPS Noteholders the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such VPS Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of the VPS Notes, the holder of the VPS Notes must, within the notice period, give notice (the **Put Notice**) to the VPS Agent of such exercise in accordance with the standard procedures of the VPS from time to time.

Any Put Notice given by a holder of any VPS Note pursuant to this paragraph shall be irrevocable.

### **(d) Purchases**

The Issuer or any Subsidiary of the Issuer may at any time purchase VPS Notes at any price in the open market or otherwise.

### **(e) 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.

### **(f) 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 5(a), 5(b) or 5(c) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

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

where:

**RP** means the Reference Price;

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

**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 Effective Date 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 Effective Date 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 the Notes to (but excluding) the Effective Date and the denominator will be 365); and:

**Effective Date** means 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 VPS Agent or the VPS Trustee and notice to that effect has been given to the VPS Noteholders in accordance with Condition 9.

## 6. TAXATION

All payments of principal and interest in respect of the VPS Notes by 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 the Kingdom of Norway or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

## 7. 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 15) therefor.

## 8. TRANSFER AND EXCHANGE OF VPS NOTES

### (a) Transfers of Interests in VPS Notes

Settlement of sale and purchase transactions in respect of VPS Notes will take place two Oslo Business Days after the date of the relevant transaction. VPS Notes may be transferred between accountholders at 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 5, 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.

## 9. 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.

## 10. MEETINGS OF VPS NOTEHOLDERS AND MODIFICATION

### 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

## Terms and Conditions of the VPS Notes

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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 at least one half 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 Voting VPS 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 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.

### 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 Rate of Interest and/or Maximum Rate of Interest specified in the applicable Final Terms;
  - (D) modification of the currency in which payments under the VPS Notes are to be made;
  - (E) 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);
  - (F) the transfer of rights and obligations under the VPS Conditions and the VPS Trustee Agreement to another Issuer; and/or
  - (G) a change of VPS Trustee;
- (ii) save as set out in paragraph 10 (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 Noteholder 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

## 11. VPS TRUSTEE

The VPS Trustee Agreement contains provisions for the indemnification of the VPS Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction. VPS Noteholders are deemed to have accepted and will be bound by the Conditions and the terms of the VPS Trustee Agreement.

### 12. FURTHER ISSUES

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

### 13. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this VPS Note, but this does not affect any right or remedy of any person which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

### 14. GOVERNING LAW AND SUBMISSION TO JURISDICTION

#### (a) Governing law

The VPS Notes (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law, save as to Conditions 2, 10, 11 and 12 (and any non-contractual obligations arising out of or in connection with them) which are governed by and shall be construed in accordance with Norwegian law. The VPS Trustee Agreement and VPS Agency Agreement are governed by and shall be construed in accordance with Norwegian law.

VPS Notes must comply with the Norwegian Securities Act of 5 July 2002 No. 64, as amended from time to time, and the holders of VPS Notes will be entitled to the rights and are subject to the obligations and liabilities which arise under this act and any related regulations and legislation.

#### (b) Submission to jurisdiction

Subject to the following paragraph the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the VPS Notes and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the VPS Notes (including any Proceedings relating to any non-contractual obligations arising out of or in connection with it) may be brought in such courts. The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

This paragraph is for the exclusive benefit of the VPS Trustee and the VPS Noteholders. To the extent allowed by law, the Issuer agrees that the courts of Norway are to have jurisdiction to settle any disputes which may arise out of, or in connection with, the VPS Trustee Agreement and the VPS Agency Agreement (including a dispute relating to any non-contractual obligations arising out of or in connection with it) and that nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

#### (c) Appointment of Process Agent

The Issuer appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process, and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

### 15. DEFINITIONS

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

**Adjustment Spread** means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the relevant Independent Adviser or the Issuer (as applicable) determines is required to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to VPS Noteholders as a result of the replacement of the Reference

Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) 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 Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognised or acknowledged, the relevant Independent Adviser or the Issuer (as applicable) in its discretion determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

**Agency Agreement** means an agency agreement dated 12 October 2018 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 the relevant Independent Adviser or the Issuer (as applicable) determines has replaced the Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods, or, if such Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as such Independent Adviser or the Issuer (as applicable) determines in its discretion is most comparable to the Reference Rate;

**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 and shall include any successor calculation agent appointed in respect of the VPS Notes;

**Currency Swap** means each currency swap which enables the Issuer to hedge currency risks arising from (a) Covered Notes which are issued in currencies other than NOK and (b) assets (other than loans) which are registered to the Cover Pool and are denominated in currencies other than NOK;

**Currency Swap Agreement** means the ISDA Master Agreement, schedule and confirmation(s) (as amended and supplemented from time to time) relating to the Currency Swap(s) entered into from time to time between the Issuer and each Currency Swap Provider;

**Currency Swap Provider** means any counterparty in its capacity as currency swap provider under a Currency Swap Agreement;

**euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

**Exchange** means, for the purpose of these VPS Conditions, the Oslo Stock Exchange (Oslo Børs);

**Extended Final Maturity Date** means, in relation to any Series of Notes, the date if any specified as such in the applicable Final Terms to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Maturity Date;

**Fixed Rate Note** means a VPS Note on which interest is calculated at a fixed rate payable in arrear on one or more Interest Payment Dates in each year as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Final Terms;

**Floating Rate Note** means a VPS Note on which interest is calculated at a floating rate, payable in arrear on one or more Interest Payment Dates in each year as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Final Terms;

**Independent Adviser** means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

**Interest Commencement Date** means, in the case of interest bearing VPS Notes, the date specified in the applicable Final Terms from and including which the VPS Notes bear interest, which may or may not be the Issue Date;

**Interest Rate Swap** means each single currency interest rate swap which enables the Issuer to hedge the Issuer's interest rate risks in NOK and/or other currencies to the extent that they have not been hedged by a Currency Swap;

**Interest Rate Swap Agreement** means the ISDA Master Agreement, schedule and confirmation(s) (as amended and supplemented from time to time) relating to the Interest Rate Swap(s) entered into from time to time between the Issuer and each Interest Rate Swap Provider;

**Interest Rate Swap Provider** means any counterparty in its capacity as interest rate swap provider under an Interest Rate Swap Agreement;

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

**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 Notes which have been redeemed and cancelled pursuant to the Conditions;
- (b) those 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 the VPS Agency Agreement (and where appropriate notice to that effect has been given to the Noteholders in accordance with the Conditions) and remain available for payment of the relevant Notes and/or Coupons;
- (c) those Notes which have been purchased and cancelled in accordance with the Conditions; and
- (d) those Notes in respect of which claims have become prescribed under the Conditions;

**Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) to the extent implemented in a relevant Member State of the European Economic Area;

**Rating Agencies** means Moody's Investors Service Limited and/or S&P Global Ratings Europe Limited and/or Fitch Ratings Ltd, including in either case their successors;

**Reference Banks** means (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, (ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, (iii) in the case of a determination of NIBOR, the principal Oslo office of four major banks in the Norwegian inter-bank market, (iv) in the case of a determination of STIBOR, the principal Stockholm office of four major banks in the Swedish inter-bank market and (v) in the case of a determination of CIBOR, the principal Copenhagen office of four major banks in the Copenhagen inter-bank market, in each case selected by the Calculation Agent;

**Reference Rate** means, subject as provided in Condition 3.2(d), the rate specified in the applicable Final Terms;

**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 9.

**Relevant Nominating Body** means, in respect of a reference rate:

- (i) the central bank for the currency to which such reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or
- (ii) 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 reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof;

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

**Subsidiary** means in relation to any person (the **first person**) at any particular time, any other person (the **second person**):

- (i) whose affairs and policies the first person controls or has power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person;

**Successor Reference Rate** means the rate that the relevant Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the 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.

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## Use of proceeds

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit.

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# Summary of the Norwegian Legislation regarding Covered Bonds

*(Obligasjoner med fortrinnsrett)*

The following is a brief overview of certain features of Norwegian law governing the issuance of covered bonds in Norway, at the date of this Offering Circular. The overview does not purport to be, and is not, a complete description of all aspects of the Norwegian legislative and regulatory framework pertaining to covered bonds.

As of the date of this Offering Circular, the main legislation which governs the issue of covered bonds in Norway is Chapter 11, Subsection II of the Norwegian Act on Financial Undertakings and Financial Groups of 10 April 2015 No 17 (*lov 10. april 2015 nr. 17 om finansforetak og finanskonsern (finansforetaksloven)*) (the **Act**) which came into legal effect on 1 January 2016, the Regulations of 9 December 2016 nr. 1502 on Financial Undertakings (*forskrift 9. desember 2016 nr. 1502 om finansforetak og finanskonsern (finansforetaksforskriften)*) (the **Regulations** and, together with the Act, the **Legislation**).

## **LEGISLATION**

Under the Legislation, certain Norwegian credit institutions which meet the general definitions of a **Financial Undertaking** (*finansforetak*) and **Credit Institution** (*kredittforetak*) contained in the Act, and whose articles of association comply with prescribed mandatory requirements may issue covered bonds (*obligasjoner med fortrinnsrett*). The Act defines Credit Institutions as credit businesses which are not banks (and whose activity is the receiving of repayable funds or other assets other than deposits and the granting of credit and loans in its own name). Credit Institutions must hold licences issued by the Ministry of Finance (or by the Norwegian FSA pursuant to delegation) in order to conduct business as a Credit Institution. However, they are not required to obtain any specific governmental licence or approval in order to issue covered bonds, save that they must notify the Norwegian FSA no less than 30 days in advance of their first issuance of covered bonds.

The Issuer is a “*kredittforetak*” (as defined by the Act), has received the required Credit Institution licence, and has adapted its articles of association to meet the mandatory requirements, and consequently may issue covered bonds.

The Legislation provides that holders of covered bonds (and also counterparties under derivative contracts entered into for hedging purposes in relation to the covered bonds) have an exclusive and prioritised right of claim, on a *pari passu* basis between themselves, over a pool of certain security assets (the **Cover Pool**). Under Norwegian law, an issuer of bonds, such as an issuer of covered bonds, must register the bonds in paperless book-entry form by registration in the Norwegian Central Securities Depository (**Verdipapirsentralen** or **VPS**) if the bonds are issued in Norway, unless such bonds are either (i) denominated in NOK and offered or sold outside of Norway to non-Norwegian tax residents only, or (ii) denominated in a currency other than NOK and offered or sold outside of Norway.

## **THE REGISTER**

The Credit Institution must maintain a register (the **Register**) of the issued covered bonds, the related derivative agreements, and the Cover Pool pertaining to such covered bonds and derivative agreements. In accordance with the Act, a Credit Institution may establish a separate Register for the issue of covered bonds relating to a different Cover Pool. If there is more than one Cover Pool, the Credit Institution must identify which Cover Pool a covered bondholder will hold a preferential claim over. Where a Credit Institution has made two or more issues of covered bonds which have a preferential claim over different Cover Pools, derivative agreements and substitute assets shall be held in a separate bank account for each Cover Pool.

Each Register relating to a Cover Pool must at all times contain detailed information on the nominal value of the covered bonds, the assets which constitute the Cover Pool, and the derivative agreements. Consequently, any Register for a Cover Pool must be updated on a regular basis to include any changes in relevant information.

Such registration is not in itself conclusive evidence of the contents of the Cover Pool pertaining to the covered bonds, but shall, according to statements in the preparatory works to the Norwegian covered bond legislation, serve as strong evidence.

### **BENEFIT OF A PRIORITISED CLAIM**

Pursuant to the Act, if a Credit Institution which has issued covered bonds is placed under public administration or is liquidated, the holders of covered bonds issued by the Credit Institution and the counterparties to relevant derivative agreements entered into by the Credit Institution will have an exclusive, equal and pro rata prioritised claim over the Cover Pool. The prioritised claims will rank ahead of all other claims, save for claims relating to the fees and expenses of the administration board. According to the provisions of section 6-4 of the Norwegian Liens Act of 1980 and section 11-15 of the Act, a future administration board of the Credit Institution will have a first priority lien over all of the assets included in the Cover Pool, as security for fees and expenses incurred by the administration board in connection with the administration of the Credit Institution. Such statutory lien will rank ahead of the claims of holders of covered bonds and of the counterparties to the relevant derivative agreements, but will, however, be limited to 700 times the standard Norwegian court fee (which at present equals NOK 791,000) in respect of each Cover Pool. Payment of expenses for operation, management recovery and realisation of the Cover Pool may also be demanded before the covered bondholders and counterparties to the relevant derivative agreements receive payment from the Cover Pool.

By virtue of the priority established by the Act, claims of the holders of covered bonds and of the counterparties to the relevant derivative agreements against a Credit Institution which has issued covered bonds will rank ahead of claims of all other creditors of the Credit Institution with respect to the Cover Pool (save for the priority described above granted to an administration board in respect of fees and expenses).

Pursuant to the Act, loans and receivables included in the Cover Pool may not be assigned, pledged, or made subject to any set-off, attachment, execution or other enforcement proceedings. However, an exemption regarding the prohibition against set-off has been made in relation to derivative agreements, as further described in the Regulations.

### **COVER POOL COMPOSITION OF ASSETS**

Pursuant to the Act, the Cover Pool may only consist of certain assets, which include loans secured by various types of Mortgages, loans granted to or guaranteed by certain governmental bodies (**Government Loans**), receivables in the form of certain derivative agreements and supplemental assets.

The Mortgages may include residential mortgages, mortgages over other title documents relating to residence (together with the former, **Residential Mortgages**) and mortgages over other real property (**Commercial Mortgages**). The real property and the registered assets which serve as security for the loans included in the Cover Pool must be located in a member state of either the European Economic Area (EEA) or the Organisation for Economic Co-operation and Development (OECD).

Government Loans must be either guaranteed or issued by governmental bodies which, in addition to belonging to a member state of either the EEA or the OECD, must meet certain additional requirements under the Regulations.

Supplemental assets may only consist of receivables of certain liquidity and certainty, and are as a main rule subject to a limit of 20 per cent. of the total value of the Cover Pool (see below). However, under certain circumstances, and for a limited period of time only, the Norwegian FSA may approve an increase in the mentioned limit to 30 per cent. of the total value of the Cover Pool. The supplemental assets must also meet certain risk category requirements under the Regulations in order to be included among the assets which form the basis for the value calculation of the Cover Pool.

### **LOAN TO VALUE RATIOS (AND OTHER RESTRICTIONS)**

Pursuant to the Regulations, when calculating the value of the Cover Pool assets consisting of loans secured by Mortgages, the following loan to value requirements apply to Cover Pool assets consisting of loans secured by Mortgages:

- (1) Loans secured by Residential Mortgages shall not exceed 75 per cent. of the value of the property; and
- (2) Loans secured by Commercial Mortgages shall not exceed 60 per cent. of the value of the property.

There is no restriction with regard to the proportion of the Cover Pool which may be represented by Residential Mortgages or Commercial Mortgages. According to the Act, the value of supplemental assets may not exceed 20 per cent. of the value of the Cover Pool. According to the Regulations, the proportion of the Cover Pool represented by Government Loans and receivables in the form of derivative agreements may vary, depending on the risk category pertaining to the relevant assets.

Additional provisions regarding quantitative and qualitative requirements placed on the assets forming part of the Cover Pool are set out in the Regulations. In order to qualify for inclusion in the Cover Pool all legislative requirements must be met. However, if the Cover Pool assets at a later stage cease to meet the requirements of the Act and/or the Regulations in relation to ratios, risk categories or proportion limits, such assets may nevertheless form part of the Cover Pool, but will be excluded from the calculation (which is required by the Act and described below) of the value of the Cover Pool.

### **OVERCOLLATERALISATION AND VALUATIONS**

The Legislation requires that the value of the Cover Pool at all times must exceed by at least 102 per cent. the aggregate value of covered bonds issued by the Credit Institution (taking into account the effects of relevant derivative contracts).

The calculation of the value of the Cover Pool assets, consisting of loans and secured mortgages, is required to be made on a prudent basis, and such prudent value may not exceed the market value of each individual asset. The estimation of the value is required to be made by a competent and independent person (i.e. a person without involvement in the credit granting process) and be documented, and such documentation is required to include information on who performed the calculation and the principles on which the calculation was based. The value of residential real property may, however, be based on generally applicable price levels, when this is considered justifiable based on the market situation.

Defaulted loans shall be disregarded for purposes of the valuation, and loans provided to one single customer, or secured by the same real estate property, shall never count in excess of 5 per cent. of the aggregate balance of a cover pool.

The value of derivative agreements and substitute assets included in the Cover Pool shall be set to by calculating the prudent market value of such assets, and in some cases by calculating the discounted present value of the asset. The Norwegian FSA may impose rules about the discount interest to be applied.

### **BALANCE AND LIQUIDITY REQUIREMENTS**

In order to ensure that the abovementioned requirement that the value of the Cover Pool at all times shall exceed the value of the covered bonds is complied with, each Credit Institution issuing covered bonds is required to establish systems for continued control of the development of the value of the Cover Pool assets, and to monitor the development of the relevant market situations. If developments in the market situation or in the situation pertaining to an individual asset so warrants, the Credit Institution is required to ensure that a renewed calculation of the value is performed.

The Act requires that the Credit Institution ensures that the cash flow from the Cover Pool at all times is sufficient to enable the Credit Institution to discharge its payment obligations towards the holders of covered bonds and counterparties under related derivative agreements. The Credit Institution must also establish a liquidity reserve which shall be included in the Cover Pool and determine a reasonable limit to its interest rates risk exposure based on its equity and subordinated capital and potential losses in connection with changes in applicable interest rates. The limit shall apply to each Cover Pool and to the Credit Institution as a whole. The ratio for each Cover Pool shall not exceed the level of interest rates risk applicable to the Credit Institution as a whole.

### **INSPECTOR**

An independent inspector (the **Inspector**) shall be appointed by the Norwegian FSA prior to a Credit Institution issuing any covered bonds. The Inspector is required to monitor the Register, and shall review compliance with the Act's provisions relating to the Register, including those which govern the composition and the balance of the Cover Pool.

The Credit Institution is required to give the Inspector all relevant information pertaining to its business. The Inspector must be granted access to the Register, and may also request additional information. The Inspector may perform inspections of the Credit Institution, and shall at least every three months determine if the requirements of sections 11-11 and 11-13 of the Act are complied with. Furthermore, the Inspector shall submit annual reports of observations and assessments to the Norwegian FSA.

### **COVER POOL ADMINISTRATION IN THE EVENT OF PUBLIC ADMINISTRATION**

Credit Institutions experiencing financial difficulties may be placed under public administration. Public administration requires that the institution's former governing bodies are replaced by an administration board (the **Board**) which assumes control over the institution. The Board will attempt to either restructure the institution and continue its business, or in absence of viable alternatives liquidate the institution and distribute its assets to the creditors.

Public administration of the Credit Institution does not in itself give the right to accelerate claims.

If a Credit Institution which has issued covered bonds is placed under public administration pursuant to the Act, and the Cover Pool meets the requirements of the Act and the Regulations, the Board shall ensure that, to the extent possible, the holders of covered bonds and counterparties to relevant derivative agreements receive timely payment of their respective claims, such payments being made from the Cover Pool for the duration of the administration of the Credit Institution.

If the Board is unable to make timely payments to the covered bondholders or the counterparties to relevant derivative agreements, the Board must set a date for a halt to payments, and inform interested parties of this as soon as possible. If a halt to payments is initiated, the further administration of the Credit Institution will be conducted in accordance with general Norwegian bankruptcy legislation. The covered bondholders and counterparties to relevant derivative agreements will in such event continue to have a prioritised claim against the Cover Pool. Any residual claims of covered bondholders and counterparties to related derivative agreements will remain claims against the Credit Institution, but will rank *pari passu* with other unsecured and unsubordinated creditors of the Credit Institution.

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# Eika Boligkreditt AS

## HISTORY

Eika Boligkreditt AS (the **Issuer**) was incorporated in Oslo, Norway, as a limited company (*aksjeselskap*), under Norwegian law with registration number 885 621 252 on 24 March 2003 (with an indefinite life). The registered address of the Issuer is PO Box 2349, Solli NO 0201, Oslo, Norway and its telephone number is +47 22 87 81 00.

The Issuer was formerly known as Terra BoligKreditt AS but changed its name to Eika Boligkreditt AS on 21 March 2013.

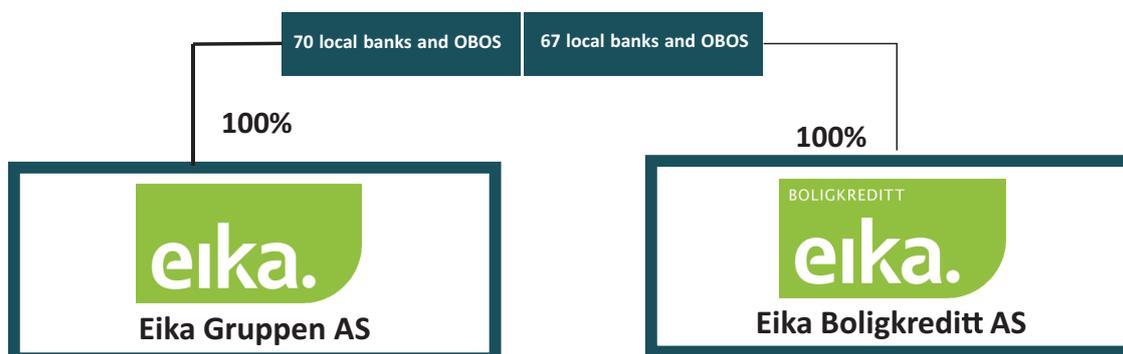
On 18 June 2007 the Issuer’s articles of association were approved by the Norwegian Financial Services Authority to enable the Issuer to issue covered bonds in accordance with the Financial Institutions Act. In addition, the Issuer counterparties under certain derivative contracts are also entitled to rights of priority in relation to the Cover Pool. See “*Summary of Norwegian Legislation regarding Covered Bonds*”.

## ORGANISATIONAL STRUCTURE

The Issuer is owned by 67 small and medium sized Norwegian banks (the **Eika Banks**) and OBOS (the Eika Banks and OBOS together the **Eika Boligkreditt Distributors** or **EBKD**).

The ownership of the Issuer by each individual Eika Boligkreditt Distributor is subject to re-allocation on an annual basis in accordance with that individual Eika Boligkreditt Distributor’s share of the total contributed lending volume of the Issuer (known as “dynamic ownership”).

The Issuer utilises services from Eika Gruppen AS and its subsidiaries within areas including information technology, accounting and human resources.



## BUSINESS OVERVIEW

The business of the Issuer entails the funding of the mortgages generated by the EBKDs in an inexpensive way by issuing covered bonds in the domestic and foreign debt capital markets. The concept is to use the existing retail distribution capabilities of the EBKDs to distribute the mortgages to the EBKDs’ existing and new customers. This setup helps the EBKDs to protect their market share by being able to offer their customers a competitive solution for their mortgage needs and eliminates the need for the Issuer to have its own distribution network. At the same time the concept is to offer the investors covered bonds issued by the Issuer with a lower level of risk. This is ensured by issuing Notes under the modern and investor-friendly regulatory framework implemented in Norway and by offering investors additional comfort by limited credit enhancement from the EBKDs that distribute the mortgages — see paragraph below.

The EBKDs, which distribute mortgages for the Issuer, sign standardised agreements regulating their rights and obligations. Important in this regard is the fact that the mortgages are legally the Issuer’s assets irrespective of whether the relevant EBKD is in financial distress or decides to terminate its relationship with the Issuer. These agreements state that the mortgages will be booked by the Issuer and that the Issuer will invoice the customers and collect payments. The EBKDs are compensated for their distribution of the mortgages by receiving a commission on the outstanding mortgages. This commission receivable is paid to the EBKDs on a quarterly basis subject to the mortgages being current.

The business concept of the Issuer is based on the idea that the Issuer shall be a vehicle for obtaining low cost funding for the EBKDs and not to be a medium for the transfer of credit risk. To try and avoid a situation where the EBKDs distribute the less creditworthy customers to the Issuer and retain the more creditworthy customers for themselves, the standardised agreement between the Issuer and the EBKDs includes certain measures to hold the distributors responsible for losses on mortgages they have distributed to the Issuer. The EBKDs accordingly have strong incentives to make thorough credit evaluations of their mortgage applicants before distributing it to the Issuer.

80 per cent. of any losses, including unpaid interest, on mortgages in the Issuer's portfolio will have to be covered by the EBKDs. Each guarantee from an EBKD will have a floor of NOK 5 million or 100 per cent. of the relevant EBKD's loan portfolio, if this is lower than NOK 5 million. Each guarantee is limited to 1 per cent. of the relevant EBKD's total portfolio distributed to the Issuer. The remaining 20 per cent. of the losses will be covered by a counter-claim on all commission receivables due from the Issuer to each EBKD, limited to a period of up to 12 months after such losses are incurred. The counter-claim against each EBKD will be based on the relevant EBKD's pro rata share of the total contributed lending volume of the Issuer.

The guarantee agreements described above provide extra comfort for the Issuer's investors because such agreements are not required for the issuance of covered bonds under Norwegian legislation but is an extra safety net provided by the EBKDs. However, for the avoidance of doubt, the agreements are between the Issuer and the EBKDs, and the holders of covered bonds have no direct rights against the EBKDs in respect of the agreements.

In accordance with the Act, the Issuer will ensure that the funds related to the Cover Pool will, at all times, be capable of separate identification from the Issuer's other funds within the bank to which the funds related to the Cover Pool are paid (the **Accounts Bank**). In addition, in the event that the unsecured, unsubordinated short-term credit rating of the Accounts Bank falls below Prime -1 by Moody's, the Issuer will also open an account with a bank meeting such requirement and transfer regularly to such suitably rated bank all funds related to the Cover Pool standing to the credit of the Issuer's account with the Accounts Bank.

### **The mortgage process**

The distribution of mortgages is undertaken by the EBKDs. Typically the relevant EBKD will recommend that its customers obtain financing by taking up a mortgage with the Issuer. This is done by requesting data from the customer and inputting this data into the Issuer's web-based mortgage system. The customer will have to provide verifiable data on income, net worth and tax as well as estimates on the value of the property serving as collateral. As for valuation of properties, the Issuer will currently accept transaction value, assessed value by a licensed real estate broker as well as an assessed value by a certified real estate surveyor and automatic valuation mechanism. The mortgage system checks that the LTV ratio is within the LTV ratio accepted by the Issuer, which is currently 60 per cent. Furthermore, the mortgage system is linked to an external credit scoring system which checks if the customer in question has an unsatisfactory payment record. If the predefined credit scoring test in the web-based system gives a satisfactory result, the customer is recommended for extension of credit. If the test gives a less convincing result, the mortgage application will be approved only if recommended by senior credit personnel in the relevant EBKD.

By sending the mortgage applications to the Issuer, the EBKDs assume responsibility for the accuracy of all the information given. If the said information proves incorrect, the EBKDs will be liable for any losses the Issuer might suffer from this, as regulated in the agreements between the parties. Furthermore, the EBKDs shall establish separate designated deposits at their premises for the custodianship of loan documentation relating to the mortgages with the Issuer.

The EBKDs will ensure that their credit processes are in conformity with the regulations set out in the credit handbook maintained by the Issuer which gives extensive guidelines for the lending process and acceptable lending criteria. If the mortgage application is in accordance with the guidelines in the credit handbook, the application will be automatically approved for disbursement. After the proceeds for the mortgage is transferred, the Issuer's personnel will check the application for any inconsistencies with the lending criteria as defined in the credit handbook. The EBKDs will handle the relationships with the customers, and the mortgage will not be included in the cover pool before the lien on the property is established. The customer will subsequently be invoiced on a monthly basis by the Issuer.

**Procedures for late payments**

By functioning as a local representative, the relevant EBKD is responsible for communicating with customers that default on their mortgage payments. When a mortgage is 14 days overdue the Issuer will send the customer a payment reminder. A copy of this reminder is sent to the EBKD and obliges the EBKD to address the fact that the mortgage is overdue with the relevant customer. A second warning is sent after a period of 28 days. When a mortgage payment is 49 days overdue the Issuer sends a warning of legal recovery proceedings to the relevant customer. However, if a mortgage remains in arrear 35 days after an instalment due date, the Issuer shall be entitled to invoke its rights (to the extent applicable) under the agreements with the EBKDs (as defined above). The EBKD shall in such situations either pay the total outstanding amount and overdue instalment, including accrued interest and charges, to the Issuer, assume the right and obligations of the Issuer under the loan agreement (assignment at a purchase price corresponding to outstanding mortgage amount including accrued interest) or pay the guarantee amounts pursuant to the agreements discussed above.

**Risk management**

The credit risks inherent in the mortgage portfolio are mitigated by strict application of the lending criteria and credit process rules described above. In addition, the Issuer evaluates the portfolio regularly in terms of having an appropriate geographical diversification.

Liquidity risk is limited due to the Issuer's status as a covered bond issuer, limiting the refinancing risk. Ample liquidity reserves will be held by investing in marketable securities and bank deposits within the conservative Norwegian legal framework for investing in substitute assets. In the unlikely event of financial distress and default of the Issuer, the liquidity risk will still be limited as post default refinancing by issuing new covered bonds is eligible under the Norwegian covered bond legislation.

Interest rate risk is limited by the fact that most mortgages are floating rate and matched by floating rate funding. Bond issues at fixed rate are swapped into floating rate to match a primarily floating rate mortgage portfolio. Mortgages at fixed rates are routinely matched by entering into fixed rate interest rate swaps. Counterparty risk is limited as the same conservative Norwegian legal credit framework for investing in substitute assets applies to counterparties. Additionally, counterparties must post collateral if downgraded to an unacceptable rating level and cannot terminate performing derivative contracts even under issuer default.

The Issuer will have virtually no currency risk in accordance with Norwegian covered bond legislation. All bond issues and investments in substitute assets denominated in foreign currencies will be fully swapped into NOK unless hedged by other positions.

Risk from other activities are limited as the Issuer is a specialist lender whose by-laws and the Norwegian covered bond legislation limit the activity to mortgage lending to the retail market, funding the activities primarily by issuing covered bonds.

There are risks for Noteholders related to the competitive position of the Issuer. If competitors undercut prices offered to retail customers significantly over a longer period, the Issuer might lose market share and over time have too low average yield on assets to effectively service the Notes issued.

The EBKD have entered into a Note Purchase Agreement (NPA) with the Issuer and a Shareholders Agreement (SA) with the Issuer and Eika Gruppen AS to ensure that the Issuer is liquid and sufficiently capitalised at all times.

Under the NPA, if the Issuer determines that there would be (or is reasonably likely to be) insufficient funds available to pay the Final Redemption Amount of any Notes issued under the Programme when due (including any amounts payable under any related swap agreements), the Issuer may sell to the EBKD and the EBKD shall purchase covered bonds issued by the Issuer in order to provide sufficient liquidity to cover any such shortfall. The commitment of each Eika Boligkreditt Distributor in respect of any such issue of covered bonds under the NPA will be based on the relevant Eika Boligkreditt Distributor's *pro rata* share of the total contributed lending volume of the Issuer (such amount to be adjusted quarterly for the purposes of the NPA). The maximum aggregate nominal amount of covered bonds that the Issuer may require the EBKD to purchase pursuant to the NPA is limited to the aggregate nominal amount of Notes issued under the Programme that will mature in any rolling 12 month period.

The SA regulates the relationship between the EBKD and the Issuer, and between the EBKD as the Issuer's shareholders, and is structured to ensure that the Issuer will maintain its capital adequacy ratio at all times. Under the SA, the EBKD are obligated to each pay a *pro rata* share of any capital increase adopted at the Issuer's general meeting and to subscribe for a *pro rata* share of any instruments to be issued by the Issuer for the purpose of maintaining its capital adequacy ratio.

## **MANAGEMENT**

The senior management of the Issuer, their functions in relation to the Issuer and background are as follows:

*Kjartan M. Bremnes*

CEO

Attorney at Law, University of Oslo, LLM, King's College London.

Previous experience: Bugge, Arentz-Hansen & Rasmussen, Senior Associate, Follo Consulting Team AS, Managing Director, Vital AS, Underwriter.

Employed since August 2004.

*Odd Arne Pedersen*

CFO

MBA General, BI Norwegian School of Management.

MBA Finance NHH Norwegian School of Economics and Business Administration.

CEFA, EFFAS European Federation of Financial Analysts Societies.

Authorised Stock Broker, The Banking, Insurance and Securities Commission of Norway.

Previous Experience: Terra Fondsforsvaltning AS, CEO, Terra Markets AS, CEO, Terra Securities ASA, CEO, Fearnley Fonds AS, Bond broker, DNH AS, Financial Consultant.

Employed since March 2008.

The business address of each of the senior managers of the Issuer is Eika Boligkreditt AS PO Box 2349 Solli NO 0201 Oslo.

There are no conflicts of interest between any duties of the senior managers to the Issuer and their private interests or duties.

## **BOARD OF DIRECTORS**

The Issuer has a Board of Directors which is responsible for the administration and operations of the Issuer. In accordance with the Articles of Association of the Issuer, the Board of Directors has a minimum of five and a maximum of six members.

The Board of Directors consists of:

*Tor Egil Lie*

Chairman of the Board

UIS University in Stavanger, Registered Auditor

Current position: CEO Jæren Sparebank

Previous experience: Revisor-Gruppen Stavanger AS, CEO, Fokus Bank ASA, Head of Department,

Gjensidige Forsikring, Marketing director

Member of the Board since April 2014

*Dag-Olav Løseth*

Deputy Chairman of the Board

Siviløkonom, NHH(Norwegian School of Economics) and authorized Financial analyst, NHH

Current position: CEO Orkla Sparebank

Previous experience: Arthur Andersen & Co – senior consultant (corporate finance), CI-Partners AS – corporate analyst, Meldal Sparebank – advisor, Salvesen & Thams – head of investments.

Member of the board since 2018

*Terje Svendsen*

Member of the Board  
Siviløkonom, NHH (Norwegian School of Economics)  
Current position: Consultant  
Previous experience: Deputy CEO, Fokus Bank, CFO, Fokus Bank  
Member of the Board since September 2011

*Olav Sem Austmo*

Member of the Board  
CEFA, EFFAS European Federation of Financial Analysts Societies  
MBA Finance, NHH (Norwegian School of Economics) MBE, BI Norwegian Business School  
Current position: CFO, TrønderEnergi AS  
Previous experience: Vice President Retail Banking, Glitnir Bank ASA, Executive Vice President Finance and Capital Markets, Sparebank 1 Midt-Norge, Vice President Strategic Alliances, Sparebank 1 Gruppen AS  
Member of the Board since April 2015

*Rune Iversen*

Member of the Board  
BSc BI, Master of Management BI  
Current position: CEO, Marker Sparebank  
Previous experience: Marker Sparebank – head of sales and products, Trøgstad Sparebank – CEO  
Member of the Board since 2018

*Torleif Lilløy*

Member of the Board  
Cand.jur – University of Oslo, BSC economics and administration – Høgskolen i Vestfold  
Current position: CEO, Odal Sparebank  
Previous experience: The Norwegian Defence – legal advisor, Finmark County Tax office – advisor, Tinn Sparebank – head of lending, Totens Sparebank – head of lending  
Member of the Board since 2018

The business address of each of the members of the Board of Directors is Eika Boligkreditt AS, P.O. Box 2349, Solli, NO 0201 Oslo, Norway.

There are no conflicts of interest between any duties of the members of the Board of Directors to the Issuer and their private interest or duties.

**MATERIAL CONTRACTS**

The Issuer has not entered into any material contracts outside the ordinary course of its business.

**RECENT DEVELOPMENTS**

There have been no events since 31 December 2017 which are particular to the Issuer and which are to a material extent relevant to the evaluation of the Issuer's solvency.

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# Summary of the Swap Agreements

## **CURRENCY SWAP AGREEMENTS**

The Issuer will enter into currency swaps from time to time with Currency Swap Providers by executing ISDA Master Agreements (including schedules, confirmations and, in each case, a credit support annex) (each such agreement, a **Currency Swap Agreement** and each of the transactions thereunder, a **Currency Swap**), in order to hedge currency risks arising between (a) Covered Bonds issued in currencies other than NOK and (b) assets forming part of the Cover Pool but denominated in NOK, subject always to the requirements as referred to in “*Summary of the Norwegian Legislation regarding Covered Bonds (Obligasjoner med fortrinnsrett)*” above.

### **Ratings downgrade**

Under each of the Currency Swap Agreements, in the event that the relevant rating(s) of a Currency Swap Provider are downgraded by a rating agency below the rating(s) specified in the relevant Currency Swap Agreement (in accordance with the requirements of the rating agencies) for such Currency Swap Provider, the relevant Currency Swap Provider will, in accordance with the relevant Currency Swap Agreement, be required to take certain remedial measures which may include providing additional collateral for its obligations under the relevant Currency Swap, arranging for its obligations under the relevant Currency Swap to be transferred to an entity with rating(s) required by the relevant rating agency as specified in the relevant Currency Swap Agreement (in accordance with the requirements of the relevant rating agency), procuring another entity with rating(s) required by the relevant rating agency as specified in the relevant Currency Swap Agreement (in accordance with the requirements of the relevant rating agency) to become a co-obligor or guarantor, as applicable, in respect of its obligations under the relevant Currency Swap or taking some other action as it may agree with the relevant rating agency.

### **Termination events**

The Currency Swap Agreements will or may be terminated under certain circumstances, including the following:

- at the option of one party to the relevant Currency Swap Agreement, if there is a failure by the other party to pay any amounts due under that Currency Swap Agreement and any applicable grace period has expired;
- at the option of the Issuer, upon the occurrence of an insolvency of the relevant Currency Swap Provider or its guarantor, or the merger of the relevant Currency Swap Provider without an assumption of its obligations under the relevant Currency Swap Agreement, or if a material misrepresentation is made by the relevant Currency Swap Provider under the Currency Swap Agreement, or if the relevant Currency Swap Provider defaults under an over-the-counter derivatives transaction under another agreement between the Issuer and such Currency Swap Provider or if a breach of a provision of the relevant Currency Swap Agreement by the Currency Swap Provider is not remedied within the applicable grace period;
- if a change in law results in the obligations of one party becoming illegal or if a *force majeure* event occurs;
- if withholding taxes are imposed on payments by the Issuer or by the relevant Currency Swap Provider under the relevant Currency Swap Agreement due to a change in law; and
- if the relevant Currency Swap Provider or its guarantor, as applicable, is downgraded and fails to comply with the requirements of the ratings downgrade provisions contained in the relevant Currency Swap Agreement and described above under “*Ratings downgrade*”.

Upon the occurrence of a swap early termination event, the Issuer or the relevant Currency Swap Provider may be liable to make a termination payment to the other. The amount of any termination payment will be based on a good faith determination of total losses and costs (or gains) as to entering into a swap with terms and conditions that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties (which may be determined following consideration of quotations sought from leading dealers, relevant market data and information from internal sources), and will include any unpaid

## Summary of the Swap Agreements

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amounts that became due and payable prior to termination. Any such termination payment could be substantial and may affect the funds available to pay amounts due to the Covered Bondholders.

Covered Bondholders will not receive extra amounts (over and above interest and principal payable on the Covered Bonds) as a result of the Issuer receiving a termination payment from a Currency Swap Provider.

### Transfer

Each Currency Swap Provider may, subject to certain conditions specified in the relevant Currency Swap Agreement, transfer its obligations under any Currency Swap to another entity.

### Taxation

Either party may be obliged to gross up payments made by it to the other party if withholding taxes are imposed on payments made under a Currency Swap. However, if, due to a change in law, either the Issuer or the Currency Swap Provider is required to gross up a payment under a Currency Swap or to receive a payment under a Currency Swap from which an amount has been deducted or withheld, either the Issuer or the relevant Currency Swap Provider, as the case may be, may terminate the relevant Currency Swap.

The Currency Swap Agreements will be governed by English law.

The Currency Swap Provider will rank *pari passu* with the Covered Bondholders in respect of their claims against the Issuer in respect of assets registered to the Cover Pool.

## INTEREST RATE SWAP AGREEMENTS

The Issuer may also, from time to time, enter into additional interest rate swaps with Interest Rate Swap Providers by executing an ISDA Master Agreement (including schedules, confirmations and, in each case, a credit support annex) (each such agreement, an **Interest Rate Swap Agreement** and each of the transactions thereunder, an **Interest Rate Swap**), in order to hedge the Issuer's interest rate risks in NOK and/or other currencies to the extent that these have not already been hedged by the Currency Swap, subject always to the requirements as referred to in "*Summary of the Norwegian Legislation regarding Covered Bonds (Obligasjoner med fortrinnsrett)*" above.

### Ratings downgrade

Under each of the Interest Rate Swap Agreements, in the event that the relevant rating(s) of an Interest Rate Swap Provider are downgraded by a rating agency below the rating(s) specified in the relevant Interest Rate Swap Agreement (in accordance with the requirements of the rating agencies) for such Interest Rate Swap Provider, the relevant Interest Rate Swap Provider will, in accordance with the relevant Interest Rate Swap Agreement, be required to take certain remedial measures which may include providing additional collateral for its obligations under the relevant Interest Rate Swap, arranging for its obligations under the relevant Interest Rate Swap to be transferred to an entity with rating(s) as specified in the relevant Interest Rate Swap Agreement (in accordance with the requirements of the relevant rating agency), procuring another entity with rating(s) as specified in the relevant Interest Rate Swap Agreement (in accordance with the requirements of the relevant rating agency) to become a co-obligor or guarantor, as applicable, in respect of its obligations under the relevant Interest Rate Swap.

### Termination events

The Interest Rate Swap Agreements will or may be terminated under certain circumstances, including the following:

- at the option of one party to the relevant Interest Rate Swap Agreement, if there is a failure by the other party to pay any amounts due under that Interest Rate Swap Agreement and any applicable grace period has expired;
- at the option of the Issuer, upon the occurrence of an insolvency of the relevant Interest Rate Swap Provider or its guarantor, or the merger of the relevant Interest Rate Swap Provider without an assumption of its obligations under the relevant Interest Rate Swap Agreement, or if a material misrepresentation is made by the relevant Interest Rate Swap Provider under the Interest Rate Swap Agreement, or if the relevant Interest Rate Swap Provider defaults under an over-the-counter derivatives transaction under another agreement between the Issuer and such Interest Rate Swap Provider or if a

## Summary of the Swap Agreements

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breach of a provision of the relevant Interest Rate Swap Agreement by the Interest Rate Swap Provider is not remedied within the applicable grace period;

- if a change in law results in the obligations of one party becoming illegal or if a *force majeure* event occurs;
- if withholding taxes are imposed on payments by the Issuer or by the relevant Interest Rate Swap Provider under the relevant Interest Rate Swap Agreement due to a change in law; and
- if the relevant Interest Rate Swap Provider, or its guarantor, as applicable, is downgraded and fails to comply with the requirements of the ratings downgrade provisions contained in the relevant Interest Rate Swap Agreement and described above under “*Ratings downgrade*”.

Upon the occurrence of a swap early termination event, the Issuer or the relevant Interest Rate Swap Provider may be liable to make a termination payment to the other. The amount of any termination payment will be based on a good faith determination of total losses and costs (or gains) as to entering into a swap with terms and conditions that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties (which may be determined following consideration of quotations sought from leading dealers, relevant market data and information from internal sources), and will include any unpaid amounts that became due and payable prior to termination. Any such termination payment could be substantial and may affect the funds available to pay amounts due to the Covered Bondholders.

Covered Bondholders will not receive extra amounts (over and above interest and principal payable on the Covered Bonds) as a result of the Issuer receiving a termination payment from an Interest Rate Swap Provider.

### **Transfer**

Each Interest Rate Swap Provider may, subject to certain conditions specified in the relevant Interest Rate Swap Agreement, transfer its obligations under any Interest Rate Swap to another entity.

### **Taxation**

Either party may be obliged to gross up payments made by it to the other party if withholding taxes are imposed on payments made under an Interest Rate Swap. However, if, due to a change in law, either the Issuer or the Interest Rate Swap Provider is required to gross up a payment under an Interest Rate Swap or to receive a payment under an Interest Rate Swap from which an amount has been deducted or withheld, either the Issuer or the relevant Interest Rate Swap Provider, as the case may be, may terminate the relevant Interest Rate Swaps.

The Interest Rate Swap Agreements will be governed by English law.

The Interest Rate Swap Providers will rank *pari passu* with the Covered Bondholders in respect of their claims against the Issuer in respect of assets registered to the Cover Pool.

Where the Issuer enters into interest rate swap transactions and/or currency swap transactions with the same counterparty these may be entered into under the same ISDA Master Agreement.

### **ELIGIBILITY CRITERIA FOR SWAP PROVIDERS**

The Issuer will only enter into swaps with entities which are “qualified counterparties” for the purposes of the Act.

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## Book entry clearing 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 the Clearing Systems currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believe to be reliable, but neither of the Issuer nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer, nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### **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**).

VPS is a paperless securities registry and registration of ownership, transfer and other rights to financial instruments are evidenced by book entries in the registry. Any issuer of VPS Securities will be required to have an account (issuer's account) where all the VPS Securities are registered in the name of the holder and each holder is required to have her/his own account (investor's account) showing such person's holding of VPS Securities at any time. Both the issuer and the VPS Noteholder will, for the purposes of registration in the VPS, have to appoint an account operator which will normally be a Norwegian bank or Norwegian investment firm.

It is possible to register a holding of VPS Securities through a nominee approved by the Financial Supervisory Authority of Norway.

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## Taxation

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 Offering Circular 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. Such tax liability may be modified through an applicable tax treaty.

In a white paper to the Norwegian Parliament in October 2015 (Meld. St. 4 (2015-2016)), the Norwegian government advised that it will look further into the possible introduction of a Norwegian withholding tax on interest. A detailed proposal is expected to be submitted for public consultation when ready.

### **Taxation of Capital Gains**

A non-resident holder of Notes is not taxed in Norway on gains derived from the sale, disposal or redemption of the Notes. Such holder of Notes may, however, be subject to taxation if the holding of Notes is effectively connected with a business carried on by the holder of Notes in Norway. Such tax liability may be modified through an applicable tax treaty.

### **Wealth Tax**

Norway does not levy any property tax or similar taxes on the Notes.

An individual non-resident holder of Notes is not subject to wealth tax, unless the holding of Notes is effectively connected with a business carried on by the holder of Notes in Norway. Such tax liability may be modified through an applicable tax treaty.

### **Transfer Tax**

There is currently no Norwegian transfer tax on the transfer of Notes.

## **THE PROPOSED FINANCIAL TRANSACTIONS TAX**

On 14 February 2013, the Commission's proposal for a Directive for a common FTT in the participating Member States (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 described in Article 5(c) of Regulation (EC) No. 1287/2006 are exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or 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.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The issuer may be 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 the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal 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. However, if additional Notes (as described under “*Terms and Conditions of the Notes other than VPS Notes — Further Issues*” and “*Terms and Conditions of the VPS Notes — Further Issues*”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

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## Subscription and Sale

The Dealers have, in a programme agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 12 October 2018, 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*” 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.

### **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 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. The applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) will identify whether TEFRA C rules or TEFRA D rules or TEFRA D (Swiss practice) 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, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### **PROHIBITION OF SALES TO EEA RETAIL INVESTORS**

Unless the Final Terms in respect of any Notes (or Pricing Supplement, in the case of any Exempt Notes) specifies “Prohibition of Sales to EEA 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 this Offering Circular as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or

## Subscription and Sale

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- (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation 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 Directive; 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 the Notes.

If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of any Exempt Notes) specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this selling restriction entitled “*Public Offer Selling Restriction under the Prospectus Directive*”, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

### 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 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 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 United Kingdom.

### **JAPAN**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the FIEA) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it 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.

### **BELGIUM**

Other than in respect of Notes for which “Prohibition of Sales to Belgian Consumers” is specified as “Not Applicable” in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

### **NORWAY**

Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree that, unless the Issuer has confirmed in writing to each Dealer that the Offering Circular has been filed with the Financial Supervisory Authority of Norway, it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Norway or to residents of Norway except:

- (a) in respect of an offer of Notes addressed to investors subject to a minimum purchase of Notes for a total consideration of not less than €100,000 per investor, or in respect of Notes whose denomination per unit amounts to at least €100,000;
- (b) to “professional investors” as defined in Section 7.1 cf. Sections 10-2 to 10-5 of the Norwegian Securities Regulation of 29 June 2007 no.876;
- (c) to fewer than 150 natural or legal persons (other than “professional investors” as defined in section 7.1 of the Norwegian Securities Regulation of 29 June 2007 no.876), subject to obtaining the prior consent of the relevant Dealer or Dealers for any such offer; or
- (d) in any other circumstances provided that no other such offer of Notes shall result in a requirement for the registration or the publication by the Issuer of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

The Notes shall be registered with the Norwegian Central Securities Depository unless (i) the Notes are denominated in NOK and offered or sold outside of Norway to non-Norwegian tax residents only, or (ii) the Notes are denominated in a currency other than NOK and offered or sold outside of Norway.

### **GENERAL**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular 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

## **Subscription and Sale**

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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.

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## General Information

### **AUTHORISATION**

The update of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 6 September 2018.

### **LISTING OF NOTES**

The admission of Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Main Securities Market 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 and trading on its regulated market. The approval of the Programme in respect of Notes is expected to be granted on or around 12 October 2018.

### **DOCUMENTS AVAILABLE**

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office(s) of the Paying Agent(s) for the time being in London:

- (a) the constitutional documents (with an accurate and direct English translation thereof) of the Issuer;
- (b) the audited financial statements of the Issuer in respect of the financial years ended 31 December 2016 and 31 December 2017 (with an accurate and direct English translation thereof). The Issuer currently prepares audited non-consolidated accounts on an annual basis;
- (c) the most recently published audited annual financial statements of the Issuer, in each case together with the audit reports prepared in connection therewith. The Issuer currently prepares audited accounts on an annual basis;
- (d) the most recently published unaudited quarterly interim financial statements of the Issuer with an English translation thereof;
- (e) the Programme Agreement, the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (f) a copy of this Offering Circular; and
- (g) any future offering circulars, prospectuses, information memoranda, supplements, Final Terms and Pricing Supplements (save that Pricing Supplements will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference.

### **CLEARING SYSTEMS**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records) or, in the case of Notes denominated in Swiss francs, offered to the public in Switzerland, through the Intermediary.

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 (or Pricing Supplement, in the case of Exempt Notes). If the Notes are to clear through an additional or alternative clearing system (including the Intermediary or the VPS) the appropriate information will be specified in the applicable Final Terms or Pricing Supplement. Euroclear, Clearstream, Luxembourg, the Intermediary and the VPS are the entities in charge of keeping the records.

## General Information

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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, 42 Avenue JF Kennedy, L-1 855 Luxembourg. The address of the SIS (in its capacity as the Intermediary) is Brandschenkestrasse 47, P.O. Box, CH-8022 Zurich and 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.

### SIGNIFICANT OR MATERIAL CHANGE

There has been no significant change in the financial or trading position of the Issuer since 30 June 2018 and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2017.

### LITIGATION

There are no, and have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

### AUDITORS

The auditors of the Issuer are Deloitte AS (the **Auditors**), a member of the Norwegian Institute of Public Accountants (*Den norske Revisorforening*), who have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in Norway for each of the two financial years ended on 31 December 2016 and 31 December 2017, respectively. The Auditors have no material interest in the Issuer.

### POST-ISSUANCE INFORMATION

The Issuer does not intend to provide any post-issuance information in relation to any issues of Note.

### DEALERS TRANSACTING WITH THE ISSUER

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and its affiliates in the ordinary course of business.

### INDICATIVE YIELD FOR FIXED RATE NOTES

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.

### IRISH LISTING AGENT

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the regulated market of Euronext Dublin for the purposes of the Prospectus Directive.

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**ISSUER**

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