



SPAREBANKEN SØR BOLIGKREDITT AS

(incorporated with limited liability in Norway)

€6,000,000,000

Euro Medium Term Covered Note Programme

Under the €6,000,000,000 Euro Medium Term Covered Note Programme (the **Programme**) described in this base prospectus (the **Base Prospectus**), Sparebanken Sør Boligkreditt AS (the **Issuer**) may from time to time issue covered bonds issued in accordance with the Act and the Regulations (as defined in “*Terms and Conditions of the Notes other than VPS Notes*” or “*Terms and Conditions of the VPS Notes*”, as the case may be) (the **Notes** which term shall include, so far as the context permits, VPS Notes (as defined below)) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

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

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €6,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

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

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

This Base Prospectus has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive (as defined below). The Central Bank of Ireland only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union (**EU**) law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on the regulated market (the **Regulated Market**) of the Irish Stock Exchange plc, trading as Euronext Dublin (**Euronext Dublin**) or another regulated market for the purposes of Directive 2014/65/EU (as amended) (**MiFID II**) and/or which are to be offered to the public in any Member State of the European Economic Area (the **EEA**).

Application has been made to Euronext Dublin for Notes issued under the Programme to be admitted to the official list of Euronext Dublin (the **Official List**) and to trading on the Regulated Market of Euronext Dublin. The Issuer has further requested that the Central Bank of Ireland send to the Norwegian Financial Supervisory Authority (*Finanstilsynet*) (the **NFSA**) in its capacity as the competent authority in Norway (i) a copy of this Base Prospectus and (ii) a certificate of approval pursuant to Article 18 of the Prospectus Directive attesting that the Base Prospectus has been drawn up in accordance with national law implementing the Prospectus Directive, for purposes of listing Notes on the Oslo Stock Exchange’s Regulated Market (*Oslo Børs*).

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

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

The Notes are expected to be assigned a “Aaa” rating by Moody’s Investors Service Limited (**Moody’s**). Moody’s is established in the EU and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) and is included in the list of credit rating agencies registered under the CRA Regulation, which is available on the ESMA website (<http://www.esma.europa.eu/page/list-registered-and-certified-CRAs>) (last updated on 2 July 2019).

Where a Tranche of Notes is rated, such rating will be disclosed in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

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

Arranger
Nordea

Dealers

Danske Bank
Landesbank Baden-Württemberg
SEB

DNB Bank
Nordea
Swedbank

UniCredit Bank

The date of this Base Prospectus is 5 July 2019

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. When used in this Base Prospectus, **Prospectus Directive** means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in a relevant Member State of the EEA.

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

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

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

The Dealers have not undertaken, nor will they undertake, any investigations, searches or other actions in respect of the loans and other assets contained or to be contained in the Cover Pool (as defined herein), but will instead rely on the obligations of the Issuer under the Act and the Regulations.

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

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and of the Cover Pool. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

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

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

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

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

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

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

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

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

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The applicable Final Terms in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II (as defined above) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

IMPORTANT – EUROPEAN ECONOMIC AREA RETAIL INVESTORS

If the Final Terms in respect of any 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 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 MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded) (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. 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.

PRESENTATION OF INFORMATION

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

STABILISATION

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

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Overview of the Programme

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, if appropriate, a supplement to the Base Prospectus or a new Base Prospectus will be published.

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

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

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| Issuer: | Sparebanken Sør Boligkreditt AS |
| Legal Entity Identifier (LEI): | 549300QVF8I8FNWOB83 |
| Risk Factors: | There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under “ <i>Risk Factors</i> ” below. |
| Description: | Euro Medium Term Covered Note Programme |
| Arranger: | Nordea Bank Abp |
| Dealers: | Danske Bank A/S, DNB Bank ASA, Landesbank Baden-Württemberg, Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ), Swedbank AB (publ), UniCredit Bank AG and any other Dealers appointed in accordance with the Programme Agreement. |
| Certain Restrictions: | Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ”) including the following restrictions applicable at the date of this Base Prospectus. Notes having a maturity of less than one year Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “ <i>Subscription and Sale</i> ”. |
| Issuing and Principal Paying Agent: | Deutsche Bank AG, London Branch |
| VPS Agent: | Sparebanken Sør |
| VPS Trustee: | Nordic Trustee AS |
| Programme Size: | Up to €6,000,000,000 (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 |

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| | each case on a syndicated or non-syndicated basis. |
| Currencies: | Subject to any applicable legal or regulatory restrictions, Notes may be denominated in euro, Norwegian Kroner, U.S. dollars, yen and any other currency agreed between the Issuer and the relevant Dealer. |
| Maturities: | The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. |
| Extendable Obligation: | The applicable Final Terms may also provide that the Issuer's obligations to pay the Final Redemption Amount of the applicable Series of Notes on their Maturity Date shall be deferred until the Extended Final Maturity Date (as defined in " <i>Terms and Conditions of the Notes other than VPS Notes</i> " or " <i>Terms and Conditions of the VPS Notes</i> ", as the case may be), provided that any amount representing the amount due on the Maturity Date as set out in the applicable Final Terms (the Final Redemption Amount) due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date thereafter up to (and including) the relevant Extended Final Maturity Date. Such deferral will occur automatically if the Issuer fails to pay the Final Redemption Amount of the relevant Series of Notes on their Maturity Date. Interest will continue to accrue on any unpaid amount and will be payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date. |
| Issue Price: | Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par. |
| Form of Notes: | The Notes will be issued in bearer form or, in the case of VPS Notes, uncertificated book entry form, as specified in the applicable Final Terms. Each Note (other than VPS Notes) will on issue be represented by either a Temporary Global Note which will be exchangeable for a Permanent Global Note or, if so specified in the applicable Final Terms, by a Permanent Global Note which will be exchangeable for Definitive Notes. 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. |
| Fixed Rate Notes: | Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer. |
| Floating Rate Notes: | Floating Rate Notes will bear interest at a rate determined: <ul style="list-style-type: none"> (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 (b) on the basis of the Reference Rate set out in the applicable Final Terms, subject as provided in Condition 3.2(d) of the |

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| | <p>Terms and Conditions of the Notes other than VPS Notes and Condition 3(b)(iv) of the Terms and Conditions of the VPS Notes.</p> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p> <p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes in respect of each Interest Period, as 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> |
| Redemption: | <p>The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons) or 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 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 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 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. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances 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, be required to pay additional amounts to cover the amounts so deducted.</p> |
| Cross-Default and other Events of Default: | <p>The terms of the Notes will not contain a cross-default provision or any other events of default.</p> |
| Negative Pledge: | <p>The terms of the Notes will not contain a negative pledge provision.</p> |
| Status of the Notes: | <p>The Notes are issued on an unconditional and unsubordinated basis and in accordance with the Norwegian Act on Financial Undertakings and Financial Groups of 10 April 2015 No 17 (<i>lov 10. april 2015 nr. 17 om finansforetak og finanskonsern (finansforetaksloven)</i>) (the Act) and the Regulations of 9 December 2016 no. 1502 on Financial Undertakings and Financial Groups (<i>forskrift 9. Desember 2016 nr. 1502 om finansforetak og finanskonsern (finansforetaksforskriften)</i>)</p> |

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| Overcollateralisation: | <p>(the Regulations). The Notes and any other covered bonds issued by the Issuer in accordance with the Act (together, the Covered Bonds), together with the Issuer's obligations under the Swaps (as defined in the section "<i>Summary of the Swap Agreements</i>") and any other derivative instruments entered into by the Issuer in connection with the Covered Bonds (the Covered Bond Swaps), have, according to the Act, an exclusive, equal and pro rata prioritised claim against a cover pool of certain registered eligible assets (the Cover Pool) upon public administration of the Issuer. See also "<i>Summary of the Norwegian Legislation regarding Covered Bonds (Obligasjoner med fortrinnsrett)</i>" below.</p> <p>Pursuant to the terms of the Act, the Issuer is required to ensure that the prudent market value of the assets in a Cover Pool shall at all times exceed the value of the covered bonds with a preferential claim against the Cover Pool (derivative contracts taken into account) (Overcollateralisation). A higher level of Overcollateralisation may be set through regulations passed by the Ministry of Finance under the Act. Pursuant to the Regulations the Issuer is required to ensure a minimum Overcollateralisation in the Cover Pool of 2 per cent. at all times. The Issuer has contractually agreed to provide a minimum level of overcollateralisation in the Cover Pool as set out in Condition 2.2 of the Terms and Conditions of the Notes other than VPS Notes and Condition 2(b) of the Terms and Conditions of the VPS Notes. Such level of contractually agreed overcollateralisation will be subject to change in accordance with any higher level imposed by applicable Norwegian legislation from time to time. See further "<i>Risk Factors – Risks relating to the Cover Pool – Overcollateralisation</i>" below.</p> |
| Rating: | The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. |
| Listing: | <p>Application has been made for Notes issued under the Programme to be listed on Euronext Dublin.</p> <p>Notes may be admitted to trading on either the Regulated Market of Euronext Dublin or the Oslo Stock Exchange's Regulated Market, as may be agreed between the Issuer and the relevant Dealer in relation to the relevant Series.</p> |
| Governing Law: | <p>The applicable Final Terms will state the relevant regulated market(s).</p> <p>The Notes (other than the VPS Notes) and all non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law, save for Condition 2.1 (and all non-contractual obligations arising out of or in connection with it) of the Terms and Conditions of the Notes other than VPS Notes which will be governed by, and construed in accordance with, Norwegian Law.</p> <p>VPS Notes and all non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law, save for Conditions 2(a), 8, 9, 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 such conditions which will be governed by, and construed in accordance with, Norwegian law.</p> <p>The VPS Notes must comply with the Norwegian Act on Registration of Financial Instruments of 5 July 2002 No. 64 (as amended from time to time), and the holders of VPS Notes will be entitled to the rights and subject to the obligations and liabilities which arise under this act and any related regulations and legislation.</p> |

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| Selling Restrictions: | There are restrictions on the distribution of this Base Prospectus and the offer, sale and/or transfer of the Notes in the United States, the EEA (including the United Kingdom and Norway) and Japan. Further restrictions may be required in connection with any particular Tranche of Notes. See “ <i>Subscription and Sale</i> ”. |
| United States Selling Restrictions: | Regulation S, Category 2. In the case of Notes other than VPS Notes, TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms. |
| 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 “ <i>Summary of the Norwegian Legislation regarding Covered Bonds (Obligasjoner med fortrinnrett)</i> ”, “ <i>Sparebanken Sør Boligkreditt AS – Revolving Multicurrency Loan Facility Agreement</i> ” and “ <i>Sparebanken Sør Boligkreditt AS – Overdraft Facility Agreement</i> ” below. |

Risk Factors

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Base Prospectus a number of factors which could materially adversely affect its business and ability to make payments under the Notes. In addition, factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

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

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

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

Economic activity in Norway

The Issuer's residential mortgage lending activities are dependent on the level of finance required by residential borrowers in regions where the Issuer is engaged. In particular, levels of borrowing are heavily dependent on residential property prices, employment trends, state of the economy, market interest rates, taxation, mortgage lenders' level of income and other factors that affect the Norwegian economy. There has been stable growth in the Norwegian economy since year end 2016. The weak NOK exchange rate, low interest rates, improvement in the international economy and an expansionary fiscal policy have generated positive growth impulses and contributed to a higher export growth, a lower unemployment rate and increased private consumption.

The upturn in the Norwegian economy continues. Employment is rising, and capacity utilisation appears to be slightly above a normal level. Consumer price inflation has risen over the past year, and underlying inflation is slightly above the 2 per cent. target. With higher economic growth and inflation, the expansionary monetary and fiscal policy has been gradually reversed. The central bank of Norway has raised its policy rate twice since September 2018.

As the Issuer conducts its business in Norway, its performance is influenced by the level and cyclical nature of business activity in Norway, which is in turn affected by both domestic and international economic and political events. There can be no assurance that a weakening in the economy of Norway will not have an adverse effect on the Issuer's future results of operations, financial condition and business prospects and its ability to perform its obligations under the Notes.

Risks relating to the Norwegian mortgage market

The financial position of many households in Norway has improved considerably in recent years. Relatively low interest rates and a strong increase in disposable income have reduced the financial strain on most households and led to a continued growth in demand for loans, especially in the residential mortgage market. The economic conditions in different regions of Norway will normally be in line with the general economic situation in Norway as a whole, but will also be influenced by developments in the local labour and housing markets. This could, from time to time, adversely affect mortgage loans in certain regions compared to mortgage loans in the Norwegian market in general.

High levels of indebtedness have increased the potential financial vulnerability of mortgage borrowers. A large proportion of households are vulnerable to a decline in income and rising interest rates. High debt levels means that even a moderate rise in interest rates will lead to a significantly higher interest burden, and a reduction of disposable income. Most Norwegian household debt carries floating rate interest.

Norwegian borrowers have historically preferred floating rate mortgages, and increases in interest rates could adversely affect the liquidity position of some borrowers. Gradual reversal of expansionary monetary policy and quantitative easing programs, may contribute to higher and more normalised interest rate levels going forward. The Issuer takes into account (among other factors) a possible increase in interest rates when calculating each customer's ability to meet its payment obligations in respect of mortgage loans. If the relevant interest rates rise

to a level at which such borrowers are unable to meet their payment obligations on their mortgages, this may have an adverse impact on the Issuer's results of operations, financial condition and business prospects and its ability to perform its obligations under the Notes. Furthermore, a sharp increase in interest rates could negatively impact the value of the Cover Pool.

Competition

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

Credit and counterparty risk

Credit risk is the risk of loss due to the Issuer's contractual counterparties or borrowers not having the ability or willingness to meet their payment obligations to the Issuer. This credit risk concerns all claims of the Issuer against its counterparties and borrowers, in particular its mortgage borrowers and counterparties to derivatives/swap contracts. Losses suffered by the Issuer due to counterparty or borrower default may have an adverse impact on the Issuer's results of operations, financial condition and business prospects and its ability to perform its obligations under the Notes.

Financial market risk

Financial market risk includes risks related to profit variations on unsecured interest and exchange rate transactions due to changes in interest and exchange rates and adjustments in share prices and may be divided into interest rate risk and credit spread risk. The performance in financial markets may cause changes in the value of the Issuer's liquidity portfolio.

Operational risk

Operational risk is the risk of losses as a result of inadequate or failing internal processes or systems, human errors or external events. Operational risk includes risk of default. Examples of operational risk is the occurrence of several types of adverse actions and events, including but not limited to money laundering, corruption, embezzlement, insider trading, fraud, threats to employees, authorisation failures and violations on adopted procedures and the failure of IT-systems. The occurrence of such adverse actions and events might cause reputational damage to the Issuer which could adversely affect new business sales. Negative publicity in respect of the Issuer could also potentially result in regulators subjecting the Issuer's business to closer scrutiny, which may in turn result in higher costs, sanctions or fees. Although the Issuer's operational risk is monitored by regular qualitative assessments and the Issuer has concluded a management agreement with Sparebanken Sør, which covers all operational business by the Issuer, the occurrence of such actions or events may have an adverse impact on the Issuer's results of operations, financial condition and business prospects and its ability to perform its obligations under the Notes.

Liquidity risk

Liquidity risk is the risk that the Issuer is unable to meet its obligations or is unable to fund its assets without substantial additional costs, such as impairment in value of assets, or in the form of funding at an above normal cost level. Liquidity risk also includes the risk that the financial markets, on which the Issuer is dependent, will cease to function. Each of these events could adversely affect the Issuer's future results of operations, financial condition and business prospects and its ability to perform its obligations under the Notes.

In order to maintain a low liquidity risk profile, the Issuer's Board of Directors has adopted specific guidelines in respect of various measures of liquidity risk. The purpose of the guidelines is to ensure that the Issuer has access to satisfactory liquidity buffers if financial distress should occur. A liquidity crisis may, however, affect the Issuer in different ways, and established liquidity buffers may not be sufficient to cover the Issuer's liquidity needs in all possible scenarios.

Legal risks

The Issuer is subject to financial services laws, regulations, administrative actions and policies in Norway. Changes in supervision and regulation could materially affect the Issuer's business, the products and services offered or the value of its assets. Future changes in regulations, fiscal or other policies are unpredictable and beyond the control of the Issuer.

Harmonisation of the EU covered bond framework

It should be noted that in March 2018, the European Commission published legislative proposals for a more harmonised EU covered bond framework. The proposals are made up of a draft directive (replacing current article 52(4) of the UCITS Directive) and intended to establish a revised common base-line for issue of covered bonds for EU regulatory purposes; and a draft regulation (amending article 129 of the Capital Requirements Regulation and certain related provisions) intended to strengthen the requirements for covered bonds to receive preferential capital treatment (together, the **EU Covered Bond Legislation**). The EU Covered Bond Legislation is expected to be finalised and come into effect in the third or fourth quarter of 2019 (although there will be a two and a half year transposition period after the effective date). As a result, the final position, including the effective date and the date from which the new regime will apply (aspects of which will require transposition by member states through national laws) are not yet known. Therefore, there can be no assurances or predictions made as to the precise effect of the new regime on the Notes.

In addition, it should be noted that the draft directive provides for permanent grandfathering with respect to certain requirements of the new regime for article 52(4) UCITS Directive-compliant covered bonds issued by an issuer with its registered office in an EU member state before the relevant application date, provided there is continued supervision by the relevant designated competent authority in the EU (similar grandfathering provisions are also provided for in the draft regulation).

Norway is not an EU member state but is party to the Agreement on the European Economic Area, which entered into force on 1 January 1994 (the **EEA Agreement**). It is expected that the EU Covered Bond Legislation, when adopted in the EU, will be implemented in the EEA Agreement and transposed into Norwegian law. On 12 March 2019, the Norwegian Ministry of Finance tasked the FSAN with preparing a white paper on necessary amendments to the Norwegian covered bond legislation with a view to simultaneous entry into force of the European Covered Bond Legislation in Norway and the EU. The Norwegian covered bond legislation is to a large extent already compliant with the requirements for covered bonds in the EU Covered Bond Legislation, but there is a need to make certain adjustments.

Failure by the Norwegian legislature to enact national legislation transposing the European Covered Bond Legislation into Norwegian law in a timely manner may create a disadvantageous competitive position for the Issuer compared to covered bond issuers established in the EU. Furthermore, the exact content of such national legislation is yet unknown, the effects of which may have a material adverse effect on the financial condition, or results of operations of the Issuer's business.

RISKS RELATING TO THE COVER POOL

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

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 Norwegian Legislation Regarding Covered Bonds*" below for further details.

A breach of the overcollateralisation requirement prior to the public administration of the Issuer in the 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 Notes, preventing the refinancing of existing Notes and possibly reducing the liquidity of existing Notes.

In the event of public administration of the Issuer, timely payments shall be made on the Notes provided that the Cover Pool is in material compliance with the statutory requirements under the Act. Public administration of the Issuer will not in itself be sufficient cause for termination or similar remedy by holders of Notes or Swap Providers (as defined in the section "*Summary of the Swap Agreements*"). 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 payments on the Notes and the Swaps, including selling assets in the Cover Pool or issuing new Covered Bonds and entering into new derivative instruments, with recourse to the assets of the Cover Pool.

The public administration board is required to notify Noteholders and 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 that would ensure such contractual payments is unlikely, the public administration board shall set a date to halt payments to the Noteholders and Swap

Providers. When 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 be introduced at the earliest opportunity, and shall consult with them in relation to any material decisions in respect thereof.

The public administration board may, in agreement with the relevant Swap Provider, agree to continue the Currency Swaps following the introduction of a halt to payments on the Notes if that would be in the best interests of the relevant parties.

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 was introduced. The calculation shall establish the present value of the relevant claim, as duly discounted in accordance with the terms of the Act and the Regulations (as defined in “*Summary of the Norwegian Legislation Regarding Covered Bonds*” below). This provides that settlement of interest rate and foreign exchange contracts shall be made at a 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 settlement of amounts due on the Covered Bonds shall include payment of accrued interest and costs, as well as the agreed future cash flow (principal and interest) to, in the case of Notes, 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 covered 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. The Noteholders would in respect of such residual claim rank *pari passu* with any other unsecured and unsubordinated creditors of the Issuer, and could accordingly 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 Covered Bondholders 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 Covered Bonds shall include payment of accrued interest and costs, as well as the agreed future cash flow (principal and interest) to, in the case of Notes, the Maturity Date (excluding, for this purpose, any applicable Extended Final Maturity Date except where the Extended 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 the Issuer’s loans are granted with mortgages as collateral, the Issuer’s credit risk is partly related to the performance of the real estate and housing market in Norway, in particular in the Agder and Telemark regions. There can be no guarantees regarding the future development of the value of the Issuer’s collateral. When collateral is enforced, a court order may be needed to complete a forced sale of the property. The Issuer’s ability to make use of the collateral without the consent of the borrower may thus be dependent on the relevant court decision and the executive measures available, as well as the demand for the relevant real property in the market. Should the prices of real property and the housing market substantially decline, this could adversely affect the value of the collateral held by 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. Borrowers may default as a result of interest rate increases or as a result of changes in their own personal circumstances (e.g. following redundancy or divorce).

Default in respect of the Issuer’s assets comprised in the Cover Pool could jeopardise the Issuer’s ability to make payments in full or on a timely basis on the Notes. Risks attaching to the Notes as a result of default in respect of the assets in the Cover Pool are reduced by a number of features of the Notes, including the ability of the Issuer to substitute assets to and from the Cover Pool. However, if a material amount of assets in the Cover

Pool were to default, there is no guarantee that the required level of assets within the Cover Pool could be maintained or that the Issuer would be in a position to substitute non-defaulting assets for the defaulting assets. Any such future could adversely affect the Issuer's results of operations, financial condition and business prospects and its ability to perform its obligations under the Notes.

Limited description of the Cover Pool

Investors will not receive detailed statistics or information in relation to the loans or other assets contained or to be contained in the Cover Pool, as it is expected that the constitution of the Cover Pool may change from time to time due to, for example, the purchase of further loans by the Issuer from time to time. However, an independent inspector ("*uavhengig gransker*") appointed under the Act shall monitor the Issuer's compliance with the requirements of the Act and the Regulations (as defined in the section "*Summary of Norwegian Legislation Regarding Covered Bonds*").

For the avoidance of doubt, the Cover Pool supporting the Notes issued under the Programme does not contain any non-compliant asset-backed securities as outlined in the European Central Bank's Guideline on the implementation of the Eurosystem monetary policy framework (recast) (ECB/2014/60).

Limited investigation into the Cover Pool

The Issuer has not made (nor will it make) any investigations in relation to the mortgage loans originated from the Bank, but instead fully relies on the warranties of the Bank in the Transfer and Servicing Agreement. Accordingly, there can be no assurance that the mortgage loans in the Cover Pool comply with the eligibility criteria under the Act and Regulations.

Overcollateralisation

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

In addition, the Issuer has contractually agreed to provide a similar minimum level of Overcollateralisation in the Cover Pool, as set out in Condition 2.2 of the Terms and Conditions of the Notes other than VPS Notes and Condition 2(b) of the Terms and Conditions of the VPS Notes. Such level of contractually agreed overcollateralisation will be subject to change in accordance with any higher level imposed by applicable Norwegian legislation from time to time.

For the avoidance of doubt, the Issuer does not commit to ensure that any specific rating of the Notes will be upheld until maturity.

Substitute assets in the Cover Pool

The Issuer keeps substitute assets to form a liquidity portfolio, which varies in size according to the amount of refinancing requirements. The Issuer's policy guidelines restrict these substitute assets to mainly liquid government paper and highly rated financial instruments and covered bonds. Norwegian legislation requires that the substitute assets in the Cover Pool must consist only of highly liquid and secure claims.

The market value of the instruments and claims included as substitute assets in the Issuer's Cover Pool is subject to, among other things, the inherent credit risk related to each instrument or claim and general market risks such as spread risk, liquidity risk, interest rate risk and currency risk. Interest rate risk and currency risk will in general be hedged by the Issuer.

RISKS RELATING TO RELIANCE ON SWAP PROVIDERS

The Swaps (as defined in the section "*Summary of the Swap Agreements*") entered into for hedging purposes are included in the Cover Pool and the Swap Providers' claims rank *pari passu* with the Noteholders' claims so long as the Swaps comply with the requirements of the Act and the Regulations.

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

Reliance on Currency Swaps

The Issuer may rely on Currency Swaps (as defined in the section "*Summary of the Swap Agreements*") to enable it to make timely payments on Covered Bonds denominated in currencies other than NOK. If the Issuer fails to make timely payments of amounts due under such Currency Swaps 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

default 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 exercises any right of termination it may have under the relevant Currency Swap Agreement (as defined in the section “*Summary of the Swap Agreements*”) or if it defaults on its obligations to make payments under a Currency Swap, the Issuer will be exposed to changes in currency exchange rates and 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 (as defined in the section “*Summary of the Swap Agreements*”), such Currency Swap Agreement may be terminated. In any such scenario, 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 arising from a mismatch between floating interest earned on the Issuer’s assets and fixed interest payable on the Issuer’s obligations, the Issuer may enter into Interest Rate Swaps (as defined in the section “*Summary of the Swap Agreements*”). 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 default 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 (as defined in the section “*Summary of the Swap Agreements*”) 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 (as defined in the section “*Summary of the Swap Agreements*”), 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. In any such scenario, 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 Currency Swaps or the Interest Rate 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 Currency Swap or Interest Rate 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.

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

Notes are obligations of the Issuer only

The Notes will constitute obligations of the Issuer which have the benefit of a statutory preference to the assets in the Cover Pool pursuant to the Act and the Regulations, and the Notes will not be obligations of, or guaranteed by, any other member of the Group or any other person. An investment in the Notes involves a reliance on the creditworthiness of the Issuer. In addition, an investment in the Notes involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer may adversely affect the market value of the relevant Notes. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any other member of the Group or any of the Arranger, the Dealers, the Swap Providers or any other party to the transaction documents relating to the Programme.

Currency exchange rate risk and currency exchange control

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 (i) the Investor’s Currency-equivalent yield on the Notes, (ii)

the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

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.

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.

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 overcollateralisation is maintained in accordance with the Act and the Regulations.

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.

Credit ratings may not reflect all risks

Moody's are expected to assign a credit rating to the Notes issued under the Programme although the Issuer may also issue unrated 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 or withdrawn by the rating agency at any time.

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

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

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market in, and the market value of, such Notes since the Issuer may be expected to convert the rate when it is likely to result in a lower overall cost of borrowing for the Issuer. If the Issuer converts from a fixed rate to a floating rate in such circumstances, 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. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

Notes issued at a substantial discount or premium

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

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

Interest rates and indices which are deemed to be “benchmarks” (including LIBOR, EURIBOR, NIBOR and STIBOR), 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 mostly applies, subject to certain transitional provisions, 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, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of “benchmarks” of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

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

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the following effects on certain “benchmarks”: (i) discourage market participants from continuing to administer or contribute to the “benchmark”; (ii) trigger changes in the rules or methodologies used in the “benchmark” or (iii) lead to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a “benchmark”.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such “benchmarks”. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the UK Financial Conduct Authority (FCA) confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the **FCA Announcements**). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (**SONIA**) over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate “benchmark” by the end of 2021.

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate (**€STR**) as the new risk free rate. €STR is expected to be published by the ECB by October 2019. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, certain “benchmarks” (including LIBOR and EURIBOR) will continue to be supported going forwards. This may cause certain “benchmarks” to perform

differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain “benchmarks”: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the “benchmark” and/or (iii) leading to the disappearance of the “benchmark”.

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

If 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 the manner in which the rate of interest is to be determined (any such Notes, **Relevant Notes**), such fallback arrangements will include the possibility that, upon the occurrence of a Benchmark Event in relation to an Original Reference Rate, the relevant rate of interest (or, as applicable, component part thereof) could be set or, as the case may be, determined by the Issuer (having consulted with an Independent Adviser) by reference to a Successor Reference Rate or an Alternative Reference Rate (as applicable) and, either case, an Adjustment Spread, in any such case, acting in good faith and in a commercially reasonable manner (as described more fully in the Terms and Conditions of the Relevant Notes).

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

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

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

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

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

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

Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Floating Rate Notes linked to or referencing , or otherwise dependent (in whole or in part) upon, a “benchmark”.

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

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 may be automatically deferred. This will occur if the applicable Final Terms provide that the relevant Notes are subject to an extended final maturity date on 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 interest on such amount on any Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date shall constitute a default in payment by the Issuer.

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

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

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

The applicable Final Terms relating to any specific Series of Notes may provide that it will be the Issuer’s intention to apply the proceeds from an offer of those Notes specifically for Green Loans (as defined in “*Use of Proceeds*”) that promote climate-friendly and other environmental purposes and Notes issued thereunder to be referred to as **Green Bonds**. Prospective investors should have regard to the information in this Base Prospectus and/or the applicable Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Green Bonds together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer or the Dealers that the use of such proceeds for any Green Loans will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, the relevant Green Loans. Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green” or “sustainable” or an

equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as “green” or “sustainable” or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Green Loans will meet any or all investor expectations regarding such “green”, “sustainable” or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Green Loans. The Issuer intends to publish a framework relating to an investment in Green Loans or the issuance of Green Bonds which will be made available on the Issuer’s website.

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

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

While it is the intention of the Issuer to apply the proceeds of any Green Bonds in, or substantially in, the manner described in this Base Prospectus and/or the applicable Final Terms, there can be no assurance that the relevant loan(s) or use(s) which are the subject of, or related to, any Green Loans will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for the specified Green Loans. Nor can there be any assurance that such Green Loans will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the Green Bonds. None of the Dealers will verify or monitor the application of the proceeds of any Green Bonds issued under the Programme.

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

RISKS RELATED TO NOTES GENERALLY

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

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, 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.

Non-compliance with the Act

The Act (as defined in “*Summary of the Norwegian Legislation regarding Covered Bonds*”), provides the NFSA, in its capacity as resolution authority, with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution, so as to ensure the continuity of the relevant institution's critical financial and economic functions, while minimising the impact of the relevant institution's failure on the economy and financial system. The resolution tools available to the NFSA are: (i) sale of business, (ii) bridge institution, (iii) asset separation and (iv) bail-in, but Covered Bonds are exempted from the bail-in tool. Each tool may be applied individually or in combination, but the asset separation tool may only be applied together with another tool. The specific conditions for application and implications of the different tools are further set out in the Act. Further, in the event of a serious disturbance to the financial system, the Ministry of Finance may on certain conditions provide extraordinary public financial support to the institution either through equity contributions or via temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework. If the conditions for resolution of the institution are otherwise met but the Ministry of Finance does not consider that resolution would be in the public interest, the institution will be placed under public administration and subsequently wound up.

If the Issuer does not meet its obligations towards the holders of Covered Bonds and is otherwise unable to meet its obligations as they fall due, the Ministry of Finance may decide to resolve the Issuer or place the Issuer under public administration.

Conflicting interests of other creditors

The rights of the Noteholders and Swap Providers rank *pari passu* with the claims of all other creditors of the Issuer (other than those preferred by law) but have a preferential right against the Cover Pool save for (i) costs incurred in connection with the operation, management, collection and realisation of the Cover Pool which shall be covered before the claims of the Noteholders and (ii) claims relating to the fees and expenses of an administration board, which pursuant to the Act and the Norwegian Liens Act of 1980 are secured by a first priority lien over all of the Issuer's assets. Such lien will be limited to 700 times the standard Norwegian court fee (which at present equals NOK 805,000) in respect of each Cover Pool.

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, in the opinion of the Issuer, of a formal, minor or technical nature or is, in the opinion of the Issuer, made to correct a manifest or proven error or to comply with mandatory provisions of the law. Any such modification shall be binding on the holders of Notes other than VPS Notes and the Couponholders as described in Condition 13 of the Terms and Conditions of the Notes other than VPS Notes.

The VPS Trustee Agreement provides that the Issuer and the VPS Trustee may agree to amend the VPS Trustee Agreement or the VPS Conditions without prior approval of the affected VPS Noteholders provided that (i) such amendment is not detrimental to the rights and benefits of the affected VPS Noteholders in any material respect, or (ii) such amendment is made solely for the purpose of rectifying obvious errors and mistakes, or (iii) such amendment or waiver is required by applicable law, court ruling or a decision by a relevant authority.

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

Withholding Tax White Paper/Potential Issuer Redemption for Tax Reasons

In a White Paper to the Norwegian Parliament in October 2015 (Meld. St. 4 (2015-2016)), the Government advised that it will look further into the possible introduction of a Norwegian withholding tax on interest. A white paper with a specific proposal (including potential exclusions) has been expected for some time, but has still not been presented.

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 be required to gross up the payments in accordance with (but subject to the exceptions set out 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. If the Issuer has or will become obliged to pay additional amounts as 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, the Issuer may (subject to the conditions set out therein) exercise its right to redeem the Notes at the Early Redemption Amount pursuant to Condition 5.5 of the Terms and Conditions of the Notes other than VPS Notes and Condition 5(e) of the Terms and Conditions of the VPS Notes.

Change of law

The Terms and Conditions of the Notes other than VPS Notes are based on English law, save for Condition 2.1 of such Conditions, which is governed by Norwegian law.

The Terms and Conditions of the VPS Notes are based on English law, save for Conditions 2(a), 8, 9, 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 after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

In particular, the Act and the Regulations are relatively new legislation in Norway and for this reason there is no available case law on it. It is uncertain how the Act and the Regulations will be interpreted or whether changes or amendments will be made to it which will affect Notes issued under the Programme.

Notes where denominations involve integral multiples: definitive Notes

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

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

Documents Incorporated by Reference

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

- (a) the audited financial statements of the Issuer for the financial year ended 31 December 2017 together with the independent auditors' report thereon (an English translation is available on the website of the Issuer at <https://www.sor.no/globalassets/financial-reporting/2017-annual-report-sparebanken-sor-boligkreditt.pdf>);
- (b) the audited financial statements of the Issuer for the financial year ended 31 December 2018 together with the independent auditors' report thereon (an English translation is available on the website of the Issuer at <https://www.sor.no/globalassets/financial-reporting/2018-annual-report-sparebanken-sor-boligkreditt.pdf>);
- (c) the interim unaudited financial statements of the Issuer for the three month period ended 31 March 2019 (an English translation is available on the website of the Issuer at <https://www.sor.no/globalassets/financial-reporting/2019-q1-report-sparebanken-sor-boligkreditt.pdf>);
- (d) the sections "Terms and Conditions of the Notes other than VPS Notes" (pages 30-46 inclusive) and "Terms and Conditions of the VPS Notes" (pages 47-62 inclusive) set out in the base prospectus dated 10 July 2015 relating to the Programme (available on the website of Euronext Dublin at http://www.ise.ie/debt_documents/Base%20Prospectus%20July%202015_0d97a925-5dc5-4f1f-8591-257beca9b502.pdf);
- (e) the sections "Terms and Conditions of the Notes other than VPS Notes" (pages 30-47 inclusive) and "Terms and Conditions of the VPS Notes" (pages 48-64 inclusive) set out in the base prospectus dated 9 June 2016 relating to the Programme (available on the website of Euronext Dublin at http://www.ise.ie/debt_documents/Base%20Prospectus_700b5d7f-ed82-4a0a-9f8d-7617205bc426.pdf);
- (f) the sections "Terms and Conditions of the Notes other than VPS Notes" (pages 31-48 inclusive) and "Terms and Conditions of the VPS Notes" (pages 49-67 inclusive) set out in the base prospectus dated 30 June 2017 relating to the Programme (available on the website of Euronext Dublin at http://www.ise.ie/debt_documents/FBase%20Prospectus_922b0b36-3457-4baf-9072-a7a4fad71133.pdf); and
- (g) the sections "Terms and Conditions of the Notes other than VPS Notes" (pages 33-50 inclusive) and "Terms and Conditions of the VPS Notes" (pages 51-67 inclusive) set out in the base prospectus dated 28 June 2018 relating to the Programme (available on the website of Euronext Dublin at https://www.ise.ie/debt_documents/Final%20Base%20Prospectus%202018_5941632f-e20b-412d-820b-d2d790829d0f.pdf).

The auditors' reports outlined in (a) and (b) above constitute accurate and direct translations of the Norwegian originals.

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

Copies of documents incorporated by reference in this Base Prospectus 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 Base Prospectus shall not form part of this Base Prospectus.

Any non-incorporated parts of a document referred to herein are either not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

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

Form of the Notes

The Notes of each Series will be in either bearer form, with or without interest coupons and/or talons attached or, in the case of VPS Notes, uncertificated book entry form.

NOTES (OTHER THAN VPS NOTES)

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

- (i) if the Global Notes are intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**); and
- (ii) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for Euroclear and Clearstream, Luxembourg or any other agreed clearing system.

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

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) 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 upon notice or the exchange at any time upon an Exchange Event should not be expressed to be applicable if the Notes are issued in denominations comprising a minimum Specified Denomination (such as €100,000 (or its equivalent in another currency)) plus one or more higher integral multiples of another smaller amount (such as €1,000 (or its equivalent in another currency)). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes.

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

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

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 10 July 2015 and executed by the Issuer.

Pursuant to the Agency Agreement (as defined in “*Terms and Conditions of the Notes other than VPS Notes*”), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

VPS NOTES

Each Tranche of VPS Notes will be issued in uncertificated and dematerialised book entry form. Legal title to the VPS Notes will be evidenced by book entries in the records of the VPS. On the issue of such VPS Notes, the Issuer will send a letter to the VPS Trustee, with copies sent to the Agent and the VPS Agent (the VPS Letter), which letter will set out the terms of the relevant issue of VPS Notes in the form of the Final Terms attached thereto. On delivery of a copy of such VPS Letter including the applicable Final Terms to the VPS and notification to the VPS of the subscribers and their VPS account details by the relevant Dealer, the VPS Agent will credit each subscribing VPS account holder with a nominal amount of VPS Notes equal to the nominal amount thereof for which it has subscribed and paid.

Settlement of sale and purchase transactions in respect of VPS Notes in the VPS will take place two Oslo business days after the date of the relevant transaction. Transfers of interests in the relevant VPS Notes will only take place in accordance with the rules and procedures of the VPS from time to time.

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

GENERAL

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or the VPS shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event a supplement to the Base Prospectus or a new Base Prospectus will be made available which will describe the effect of the agreement reached in relation to such Notes.

Applicable Final Terms

[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES (ECPS) ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended) (**MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

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

[PROHIBITION OF SALES TO EEA 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 [MiFID II/Directive 2014/65/EU (as amended) (**MiFID II**)]; (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded), 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 (as defined below). Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended) (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA 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.][*Include unless the Final Terms specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”*]

[Date]

Sparebanken Sør Boligkreditt AS

Legal Entity Identifier (LEI): 549300QVF8I8FNWOB83

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €6,000,000,000**

Euro Medium Term Covered Note Programme

PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions of the Notes other than VPS Notes] [the Terms and Conditions of the VPS Notes] set forth in the Base Prospectus dated 5 July 2019 [and the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of the Prospectus Directive. When used in these Final Terms, **Prospectus Directive** means Directive 2003/71/EC (as amended or superseded) and includes any relevant implementing measure in a relevant Member State of the EEA. 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 Base Prospectus. 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 Base Prospectus. The Base Prospectus is available for viewing at [] and copies may be obtained from the registered office of the Issuer.

[The following alternative language applies if the first Tranche of an issue which is being increased was issued under a base prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions of the Notes other than VPS Notes] [the Terms and Conditions of the VPS Notes] set forth in the base prospectus dated [10 July 2015/9 June 2016/30 June 2017/28 June 2018] [[and the supplement(s) to it dated [date(s)]] which are incorporated by reference in the Base Prospectus dated 5 July 2019. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. When used in these Final Terms, **Prospectus Directive** means Directive 2003/71/EC (as amended or superseded) and includes any relevant implementing measure in a relevant Member State of the EEA. This document must be read in conjunction with the Base Prospectus dated 5 July 2019 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of the Prospectus Directive. 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 Base Prospectus. The Base Prospectus is available for viewing at [] and copies may be obtained from the registered office of the Issuer.]

- | | | |
|-----|--|---|
| 1. | Issuer: | Sparebanken Sør 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/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 23 below, which is expected to occur on or about []][Not Applicable] |
| 3. | Specified Currency or Currencies: | [] |
| 4. | Aggregate Nominal Amount: | [] |
| | (a) Series: | [] |
| | (b) Tranche: | [] |
| 5. | Issue Price: | [] per cent. of the Aggregate Nominal Amount [plus accrued interest from []] |
| 6. | (a) Specified Denominations: | [] |
| | (b) Calculation Amount (Applicable to Notes in definitive form.) | [] |
| 7. | (a) Issue Date: | [] |
| | (b) Interest Commencement Date: | [][Issue Date][Not Applicable] |
| 8. | Maturity Date: | []/Interest Payment Date falling in or nearest to [] |
| 9. | Extended Final Maturity Date: | []/Interest Payment Date falling in or nearest to []; in each case falling one year after the Maturity Date] |
| 10. | Interest Basis: | [[] per cent. Fixed Rate] [[[] month [[Sterling/Euro/Swiss Franc] LIBOR/EURIBOR/NIBOR/STIBOR] +/- [] per cent. Floating Rate] [Zero Coupon] (see paragraph 15/16/17 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: [From [Fixed Rate to Floating Rate][Floating Rate to Fixed Rate] with effect from []][Not Applicable]
13. Put/Call Options: [Investor Put]
[Issuer Call]
[(see paragraph 19/20 below)]
14. [Date [Board] approval for issuance of Notes [] [and []], respectively] obtained:

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, from and including [], up to and including the Maturity Date
- (c) Fixed Coupon Amount(s): [] per Calculation Amount
- (d) Broken Amount(s): [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []][Not Applicable]
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[] in each year][Not Applicable]
16. Floating Rate Note Provisions [Applicable/Not Applicable]
- (a) Specified Period(s)/Specified Interest Payment Dates: []
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (c) Additional Business Centre(s): []
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [[] shall be the Calculation Agent][Not Applicable]
- (f) Screen Rate Determination:
- Reference Rate: [] month [[Sterling/Euro/Swiss Franc] LIBOR/EURIBOR/NIBOR/STIBOR]
 - Interest Determination Date(s): []
 - Relevant Screen Page: []
 - Reference Rate Replacement: [Applicable/Not Applicable]
- (g) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []

- (h) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (i) Margin(s): [+/-] [] per cent. per annum
- (j) Minimum Rate of Interest: [] per cent. per annum
- (k) Maximum Rate of Interest: [] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
[30E/360 (ISDA)]
17. Zero Coupon Note Provisions [Applicable/Not Applicable]
- (a) Accrual Yield: [] per cent. per annum
- (b) Reference Price: []
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

18. Notice periods for Condition 5.2: Minimum period: [] days
Maximum period: [] days
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: []
- (d) Notice periods: Minimum period: [] days
Maximum period: [] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
20. Investor Put: [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount: [] per Calculation Amount
- (c) Notice periods: Minimum period: [] days
Maximum period: [] days

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

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

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes:
- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for 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 issued in uncertificated book entry form]
- (b) New Global Note: [Yes] [No]
24. Additional Financial Centre(s): [Not Applicable][]
25. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

THIRD PARTY INFORMATION

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

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

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

[Amounts payable under the Notes will be calculated by reference to [*specify benchmark (as this term is defined in the Benchmarks Regulation)*] which is provided by [*legal name of the benchmark administrator*]. As at the date of this Final Terms, [*legal name of the benchmark administrator*] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) No. 2016/1011.

[As far as the Issuer is aware, [*specify benchmark (as this term is defined in the Benchmarks Regulation)*] [does not fall within the scope of Regulation (EU) No. 2016/1011 by virtue of Article 2 of that regulation/the transitional provisions in Article 51 of Regulation (EU) No. 2016/1011 apply] such that [*legal name of the benchmark administrator*] is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence).]

3. RATINGS

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

[] by [].

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

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

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

5. YIELD

Indication of yield: []

6. OPERATIONAL INFORMATION

- (i) ISIN: []
- (ii) Common Code: []
- (iii) CFI: [[See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
- (iv) FISN: [[See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
- (v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*] [Verdipapirsentralen, Norway VPS Identification number []] The Issuer shall be entitled to obtain information from the register maintained by the VPS for the purposes of performing its obligations under the VPS Notes]
- (vi) Names and addresses of additional Paying Agent(s) (if any): [] [Not Applicable]
- (vii) [Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] / [No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of 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.]]

7. DISTRIBUTION

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

applicable:

- (vii) Prohibition of sales to EEA Retail Investors: [Applicable/Not Applicable]

8. REASONS FOR THE OFFER

Use of Proceeds:

[General Business Purposes][Green Bonds][●]

(See “Use of Proceeds” wording in the Base Prospectus – if reasons for the offer are different from general business purposes and/or Green Bonds, will need to include those reasons here.)

Terms and Conditions of the Notes other than VPS Notes

The following are the Terms and Conditions of the Notes other than the VPS Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

The Notes are covered bonds (*obligasjoner med fortrinnsrett*) issued by Sparebanken Sør Boligkreditt AS (the **Issuer**) in accordance with Chapter 11, Subsection II of the Norwegian Act on Financial Undertakings and Financial Groups of 10 April 2015 No 17 (*lov 10. april 2015 nr. 17 om finansforetak og finanskonsern (finansforetaksloven)*) (the **Act**) and Chapter 11 of the Regulations of 9 December 2016 no. 1502 on Financial Undertakings and Financial Groups (*forskrift 9. desember 2016 nr. 1502 om finansforetak og finanskonsern (finansforetaksforskriften)*) (the **Regulations**).

This 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 amended and restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 5 July 2019 and made between the Issuer, and Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and any other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

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

Interest bearing definitive Notes have interest coupons (**Coupons**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restricted from time to time, the **Deed of Covenant**) dated 5 July 2019 and made by the Issuer. The original of the Deed of Covenant is held by the common depository 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 the Central Bank of Ireland at www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx and on the website of Euronext Dublin at www.ise.ie. If the Notes are to be admitted to trading on any other regulated market in the European Economic Area, the applicable Final Terms will be published in accordance with the rules and regulations of the relevant listing authority or stock exchange and otherwise in accordance with Article 14 of the Prospectus Directive. When used in these Conditions, **Prospectus Directive** means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in a relevant Member State of the European Economic Area. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

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

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denomination(s) (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

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

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

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. STATUS OF THE 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* among themselves and with (i) all other outstanding unsubordinated obligations of the Issuer that have been provided equivalent priority of claim to the Cover Pool as covered bonds (*obligasjoner med fortrinnsrett*) issued in accordance with the terms of the Act and the Regulations and (ii) the rights of providers of Covered Bond Swaps.

2.2 Overcollateralisation

For so long as any of the Notes is 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 shall at all times be a minimum of 102 per cent. of the outstanding principal amount of the Covered Bonds and the Issuer's obligations under Covered Bond Swaps having recourse to such Cover Pool, provided that 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.

3. INTEREST

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

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.

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

In the Conditions, **Business Day** means:

- (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;
- (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 as the day specified in the applicable Final Terms.

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

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

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

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either the London interbank offered rate (**LIBOR**), the Euro-zone interbank offered rate (**EURIBOR**), the Norwegian interbank offered rate (**NIBOR**) or the Stockholm interbank offered rate (**STIBOR**), as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, Brussels time, in the case of EURIBOR, or Stockholm time, in the case of STIBOR) or 12.00 p.m. (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 3.2(b)(ii)(A) above, no offered quotation appears or, in the case of 3.2(b)(ii)(B) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Reference Banks Agent shall request each of the Reference Banks to provide the Reference Banks Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Reference Banks Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Reference Banks Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Reference Banks Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), the Norwegian inter-bank market (if the Reference Rate is NIBOR) or the Swedish inter-bank market (if the Reference Rate is STIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Reference Banks Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Reference Banks Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), the Norwegian inter-bank market (if the Reference Rate is NIBOR) or the Swedish inter-bank market (if the Reference Rate is STIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Reference Rate Replacement

If:

- (i) Reference Rate Replacement is specified in the applicable Final Terms and Screen Rate Determination is specified in the applicable Final Terms as being applicable; and
- (ii) notwithstanding the provisions of Condition 3.2(b)(ii), a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or component part thereof) remains to be determined by reference to such Original Reference Rate,

then the following provisions shall apply to the Notes:

- (A) The Issuer shall use its reasonable endeavours to appoint an Independent Adviser (on the terms described in Condition 3.2(d)(B) below), as soon as reasonably practicable, to consult with the Issuer in determining:

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

and, in either case, an Adjustment Spread (in any such case, acting in good faith and in a commercially reasonable manner) no later than 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 all future payments of interest on the Notes (subject to the subsequent operation of, and adjustment as provided in, this Condition 3.2(d)).

- (B) The Independent Adviser appointed pursuant to this Condition 3.2(d) shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders, as applicable, for any determination made by the Issuer pursuant to this Condition 3.2(d).

- (C) If a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) and, in either case, an Adjustment Spread is determined by the Issuer in accordance with this Condition 3.2(d):

- (1) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of, and adjustment as provided in, this Condition 3.2(d));
- (2) such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future payments of interest on the Notes (subject to the subsequent operation of, and adjustment as provided in, this Condition 3.2(d));
- (3) the Issuer (following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner) may in its discretion specify:
 - (x) changes to the Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (i) the Additional Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Specified Time and/or Relevant Screen Page applicable to the Notes and (ii) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and
 - (y) any other changes which the Issuer determines are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),

which changes shall apply to the Notes for all future payments of interest on the Notes (subject to the subsequent operation of, and adjustment as provided in, this Condition 3.2(d)); and

- (4) promptly following the occurrence of a Benchmark Event and the determination of any Successor Reference Rate or Alternative Reference Rate (as applicable) and, in either case, any Adjustment Spread, the Issuer shall give notice thereof (including, in the case of the appointment of an Independent Adviser, the name and contact details of such Independent Adviser) and of any changes (and the effective date thereof) pursuant to Condition 3.2(d)(C)(3) to the Agent and the Noteholders in accordance with Condition 11.
- (D) If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) a Successor Reference Rate or an Alternative Reference Rate (as applicable) and, in either case, an Adjustment Spread is not determined pursuant to the operation of this Condition 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).

No consent of the Noteholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and, in either case, the relevant Adjustment Spread as described in this Condition 3.2(d) or such other relevant changes pursuant to Condition 3.2(d)(C)(3), including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the Agency Agreement (if required).

Notwithstanding any other provision of this Condition 3.2(d), the Agent is not obliged to concur with the Issuer in respect of any changes or amendments as contemplated under this Condition 3.2(d) which would have the effect of (i) exposing the Agent to any liability or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Agent in the Agency Agreement and/or these Conditions.

Notwithstanding any other provision of this Condition 3.2(d), if in the Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 3.2(d), the Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Agent in writing as to which alternative course of action to adopt. If the Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

In the Conditions:

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

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

relevant Successor Reference Rate or the relevant Alternative Reference Rate (as the case may be); or

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

Alternative Reference Rate means the rate that (i) the Issuer, following consultation with the Independent Adviser, determines has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in respect of debt securities denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods, or (ii) the Issuer, following consultation with the Independent Adviser, determines is most comparable to the Original Reference Rate;

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

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

Independent Adviser means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 3.2(d);

Original Reference Rate means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

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

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

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

(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);
- (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:

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

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

“D₂” 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 D₁ is greater than 29, in which case D₂ 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:

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

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” 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 D₂ 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:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” 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 D₁ will be 30; and

“D₂” 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 D₂ 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, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent or in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

3.3 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 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, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

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

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 (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 6 below) 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 and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.

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 or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

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

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

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 Early Redemption Amount of the Notes;
- (c) the Optional Redemption Amount(s) (if any) of the Notes;
- (d) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 5.8); and
- (e) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

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 Date 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 Final Terms, then (subject as provided below) payment of the unpaid amount by the Issuer shall be deferred until the Extended Final Maturity Date, provided that any amount representing 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 for tax reasons

Subject to Condition 5.5, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on an Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Agent and in accordance with Condition 11, the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment date due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 6) or any change in application or official interpretation of such laws or regulations,

which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of Notes; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measure available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 5.2 will be redeemed at their Early Redemption Amount referred to in Condition 5.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

5.3 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 the minimum period nor more than the maximum period of notice specified in applicable Final Terms 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 (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 11 below not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 5.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 11 below at least 5 days prior to the Selection Date.

5.4 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 below not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note

the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear and Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear or Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear or Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 5.4 shall be irrevocable.

5.5 Early Redemption Amounts

For the purpose of Condition 5.2:

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

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

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

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

5.6 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 any Paying Agent for cancellation

5.7 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 5.6 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

5.8 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, 5.3 or 5.4 above is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 5.5(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 11.

6. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment in Norway;
- (b) the holder of which is liable for such taxes in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4.5).

As used herein:

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

Relevant Date means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 11.

7. PRESCRIPTION

The Notes and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) after the Relevant Date (as defined in Condition 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 below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

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

- (a) there will at all times be an Agent;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such

place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 4.4. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency or of a Paying Agent failing to become or ceasing to be a participating foreign financial institution for the purposes of the Code, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 11.

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 including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

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

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

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, in the opinion of the Issuer, of a formal, minor or technical nature or is, in the opinion of the Issuer, made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the 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 the Agency Agreement, the Deed of Covenant, the Notes and the Coupons) are governed by, and shall be construed in accordance with, English law, save as to Condition 2.1 (and any non-contractual obligations arising out of or in connection with it) which is governed by, and construed in accordance with, Norwegian law.

15.2 Submission to jurisdiction

- (a) Subject to Condition 15.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non contractual obligations arising out of or in connection with the Notes and the Coupons (a **Dispute**) and all Disputes will be submitted to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 15.2, each of the Issuer and any Noteholders or Couponholders taking proceedings in relation to any Dispute waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) This Condition 15.2(c) is for the benefit of the Noteholders and the Couponholders only. To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

15.3 Appointment of Process Agent

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London, EC2V 7EX, United Kingdom as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act or ceasing to be registered in England, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. Nothing herein shall affect the right to serve process in any other manner permitted by law.

16. DEFINITIONS

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

Calculation Amount has the meaning given in the applicable Final Terms;

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;

Covered Bond Swaps means the Issuer's obligations under the Swaps and any other derivative instruments entered into by the Issuer in connection with the Covered Bonds;

Covered Bonds means the Notes and any other covered bonds (*obligasjoner med fortrinnsrett*) issued by the Issuer in accordance with the Act;

Currency Swap means each currency swap which enables the Issuer to hedge currency risks arising from (a) Covered Bonds 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;

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;

Rating Agencies means Moody's Investor Service Limited or any other rating agency that rates any or all of the Issuer's covered bonds (including Notes issued under the Programme), including in each case its successor;

Register means the register of Covered Bonds required to be maintained pursuant to the Act and Regulations;

Reference Bank means, means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in the case of a determination of NIBOR, the principal Oslo office of four major banks in the Norwegian inter-bank market and, in the case of a determination of STIBOR, the principal Stockholm office of four major banks in the Swedish inter-bank market, in each case selected by the Reference Banks Agent;

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

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

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;

Swap means each Currency Swap and each Interest Rate Swap; and

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

Terms and Conditions of the VPS Notes

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

Reference should be made to “Form of the Notes” for a description of the content of the Final Terms which will specify which of such terms are to apply in relation to the relevant VPS Notes.

The VPS Notes are covered bonds (*obligasjoner med fortrinnsrett*) issued by Sparebanken Sør Boligkreditt AS (the **Issuer**) in accordance with Chapter 11, Subsection II of the Norwegian Act on Financial Undertakings and Financial Groups of 10 April 2015 No 17 (*lov 10. april 2015 nr. 17 om finansforetak og finanskonsern (finansforetaksloven)*) (the **Act**) and Chapter 11 of the Regulations of 9 December 2016 no. 1502 on Financial Undertakings and Financial Groups (*forskrift 9. desember 2016 nr. 1502 om finansforetak og finanskonsern (finansforetaksforskriften)*) (the **Regulations**).

Each VPS Note will be one of a Series (as defined below) of notes issued by the Issuer under the Programme and each VPS Note will be issued in accordance with and subject to an agreement (such agreement as modified and/or supplemented and/or restated from time to time, the **VPS Agency Agreement**) dated 7 July 2015 made between the Issuer and Sparebanken Sør (the **VPS Agent**).

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

The VPS Notes will have the benefit of the trust agreement (such trust agreement as modified and/or supplemented and/or restated from time to time, the **VPS Trustee Agreement**) dated 30 June 2017 made between the Issuer and Nordic Trustee ASA (currently Nordic Trustee AS) (the **VPS Trustee**, which expression shall include any successor as VPS Trustee).

Each Tranche of VPS Notes will be created and held in uncertificated book entry form in accounts with the VPS. 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 Final Terms of each Tranche of VPS Notes (or the relevant provisions thereof) are set out in Part A of the Final Terms which complete these Terms and Conditions of the VPS Notes (the **VPS Conditions**). References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) which complete these VPS Conditions.

The VPS Trustee acts for the benefit of the holders of the VPS Notes from time to time (the **VPS Noteholders** and the **holders of VPS Notes**), in accordance with the provisions of the VPS Trustee Agreement and these VPS Conditions.

As used herein, **Tranche** means VPS Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of VPS Notes together with any further Tranche or Tranches of VPS Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

A copy of the VPS Trustee Agreement is available for inspection during normal business hours at the registered office of the VPS Trustee at Kronprinsesse Märthas plass 1, 0160 Oslo, Norway (as at the date of this Base Prospectus).

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

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

1. FORM, DENOMINATION AND TITLE

The VPS Notes are in uncertificated book entry form in the currency (the **Specified Currency**) and the denomination(s) (the **Specified Denomination(s)**) specified in the applicable Final Terms.

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

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

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

The holder of a VPS Note will be the person evidenced as such by a book entry in the records of the VPS. The Issuer and the VPS Trustee may rely on a certificate of the VPS or one issued on behalf of the VPS by an account-carrying institution as to a particular person being a VPS Noteholder.

Title to the VPS Notes will pass by registration in the VPS between the direct or indirect accountholders at the VPS in accordance with the rules and procedures of the VPS that are in force from time to time. Where a nominee is so evidenced, it shall be treated by the Issuer as the holder of the relevant VPS Note.

Each person (other than Euroclear Bank SA/NV (**Euroclear**) or Clearstream Banking S.A. (**Clearstream, Luxembourg**)) who is for the time being shown in the records of the VPS as the holder of a particular nominal amount of such VPS Notes shall be treated by the Issuer, the VPS Trustee and the VPS Agent, as the holder of such nominal amount of such VPS Notes for all purposes. VPS Notes will be transferable only in accordance with the rules and procedures of the VPS from time to time.

2. STATUS OF THE VPS NOTES AND OVERCOLLATERALISATION

(a) Status of the VPS Notes

Each Tranche of VPS Notes will constitute unconditional and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and with (i) all other outstanding unsubordinated obligations of the Issuer that have been provided equivalent priority of claim to the Cover Pool as covered bonds (*obligasjoner med fortrinnsrett*) issued in accordance with the terms of the Act and the Regulations and (ii) the rights of providers of Covered Bond Swaps.

(b) Overcollateralisation

For so long as any of the VPS Notes is 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 shall at all times be a minimum of 102 per cent. of the outstanding principal amount of the Covered Bonds and the Issuer's obligations under the Covered Bond Swaps having recourse to such Cover Pool, provided that 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).

3. INTEREST

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

(a) Interest on Fixed Rate Notes

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) above the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (C) 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) 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 as 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 the London interbank offered rate (**LIBOR**), the Euro-zone interbank offered rate (**EURIBOR**), the Norwegian interbank offered rate (**NIBOR**) or the Stockholm interbank offered rate (**STIBOR**), as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, Brussels time, in the case of EURIBOR, or Stockholm time, in the case of STIBOR) or 12.00 p.m. (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 Calculation Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have

been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), the Norwegian inter-bank market (if the Reference Rate is NIBOR) or the Swedish inter-bank market (if the Reference Rate is STIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the 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), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), the Norwegian inter-bank market (if the Reference Rate is NIBOR) or the Swedish inter-bank market (if the Reference Rate is STIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

(iii) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of this paragraph (iii) is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of this paragraph (iii) is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Reference Rate Replacement

If:

- (i) Reference Rate Replacement is specified in the applicable Final Terms and Screen Rate Determination is specified in the applicable Final Terms as being applicable; and
- (ii) notwithstanding the provisions of Condition 3(b)(ii)(B), a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or component part thereof) remains to be determined by reference to such Original Reference Rate,

then the following provisions shall apply to the VPS Notes:

- (A) The Issuer shall use its reasonable endeavours to appoint an Independent Adviser (on the terms described in Condition 3(b)(iv)(B) below), as soon as reasonably practicable, to consult with the Issuer in determining:
 - (1) a Successor Reference Rate; or
 - (2) if the Issuer fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in either case, an Adjustment Spread (in any such case, acting in good faith and in a commercially reasonable manner) no later than 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 all future payments of interest on the VPS Notes (subject to the subsequent operation of, and adjustment as provided in, this Condition 3(b)(iv)).

- (B) The Independent Adviser appointed pursuant to this Condition 3(b)(iv) shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the VPS Agent, the VPS Trustee, the Calculation Agent and all VPS Noteholders, as applicable, for any determination made by the Issuer pursuant to this Condition 3(b)(iv).
- (C) If a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) and, in either case, an Adjustment Spread is determined by the Issuer in accordance with this Condition 3(b)(iv):
- (1) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the VPS Notes (subject to the subsequent operation of, and adjustment as provided in, this Condition 3(b)(iv));
 - (2) such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future payments of interest on the VPS Notes (subject to the subsequent operation of, and adjustment as provided in, this Condition 3(b)(iv));
 - (3) the Issuer (following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner) may in its discretion specify:
 - (x) changes to the Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (i) the Additional Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Additional Financial Centre(s) and/or Relevant Screen Page applicable to the VPS Notes and (ii) the method for determining the fallback to the Rate of Interest in relation to the VPS Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and
 - (y) any other changes which the Issuer determines are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),which changes shall apply to the VPS Notes for all future payments of interest on the VPS Notes (subject to the subsequent operation of, and adjustment as provided in, this Condition 3(b)(iv)); and
 - (4) promptly following the occurrence of a Benchmark Event and the determination of any Successor Reference Rate or Alternative Reference Rate (as applicable) and, in either case, any Adjustment Spread, the Issuer shall give notice thereof (including, in the case of the appointment of an Independent Adviser, the name and contact details of such Independent Adviser) and of any changes (and the effective date thereof) pursuant to Condition 3(b)(iv)(C)(3) to the Calculation Agent, the VPS Agent, the VPS Trustee and the VPS Noteholders in accordance with Condition 9.
- (D) If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) a Successor Reference Rate or an Alternative Reference Rate (as applicable) and, in either case, an Adjustment Spread is not determined pursuant to the operation of this Condition 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).

No consent of the VPS Noteholders or the VPS Trustee shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and, in either case, the relevant Adjustment Spread as described in this Condition 3(b)(iv) or such other relevant changes pursuant to Condition 3(b)(iv)(C)(3), including for the execution

of any documents or the taking of other steps by the Issuer or any of the parties to the VPS Agency Agreement or the VPS Trustee Agreement (if required).

Notwithstanding any other provision of this Condition 3(b)(iv), the Calculation Agent is not obliged to concur with the Issuer in respect of any changes or amendments as contemplated under this Condition 3(b)(iv) which would have the effect of (i) exposing the Calculation Agent to any liability or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Calculation Agent in the Agency Agreement and/or these Conditions.

Notwithstanding any other provision of this Condition 3(b)(iv), if in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 3(b)(iv), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

In the Conditions:

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

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

Alternative Reference Rate means the rate that (i) the Issuer, following consultation with the Independent Adviser, determines has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in respect of debt securities denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods, or (ii) the Issuer, following consultation with the Independent Adviser, determines is most comparable to the Original Reference Rate;

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

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

Independent Adviser means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 3(b)(iv);

Original Reference Rate means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the VPS Notes;

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

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

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

(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 the Floating Rate Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

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

- (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:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

“D₂” 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 D₁ is greater than 29, in which case D₂ 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:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” 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 D₂ 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:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” 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 D₁ will be 30; and

“D₂” 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 D₂ 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 be promptly 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, shall (in the absence of wilful default, bad faith or manifest error) be binding on all parties and (in the absence as aforesaid) no liability shall attach to the Calculation Agent or the VPS Trustee (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Accrual of interest

Each VPS Note (or in the case of the redemption of part only of a VPS Note, that part only of such VPS Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (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.

(d) 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 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

(b) Payments in respect of VPS Notes

Payments of principal and interest in respect of VPS Notes and notification thereof to VPS Noteholders will be made to the VPS Noteholders shown in the records of the VPS and will be effected through and in accordance with and subject to the rules and regulations from time to time governing the VPS. The VPS Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any VPS Noteholder. The Issuer reserves the right at any time with the approval of the VPS Trustee to vary or terminate the appointment of the VPS Agent or the Calculation Agent and to appoint additional or other agents, provided that the Issuer shall at all times maintain (i) a VPS Agent authorised to act as an account operating institution with the VPS, (ii) one or more Calculation Agent(s) where the VPS Conditions so require, and (iii) such other agents as may be required by any other stock exchange on which the VPS Notes may be listed in each case.

Notice of any such change or of any change of any specified office shall promptly be given to the VPS Noteholders in accordance with Condition 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):
 - (A) in London; and
 - (B) in any Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
 - (C) 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
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and 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 Early Redemption Amount of the VPS Notes;
- (iii) the Optional Redemption Amount(s) (if any) of the VPS Notes;
- (iv) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 5(h)); and
- (v) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the VPS Notes.

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 Date 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

Final Terms, then (subject as provided below) payment of the unpaid amount by the Issuer shall be deferred until the Extended Final Maturity Date, provided that any amount representing 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 for tax reasons

Subject to Condition 5(e), the VPS Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this VPS Note is not a Floating Rate Note) or on an Interest Payment Date (if this VPS Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the VPS Agent and in accordance with Condition 9, the VPS Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment date due under the VPS Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 6) or any change in application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of VPS Notes; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measure available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the VPS Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the VPS Agent to make available at its specified office to the VPS Noteholders (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

VPS Notes redeemed pursuant to this Condition 5(b) will be redeemed at their Early Redemption Amount referred to in Condition 5(e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) 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 the minimum notice period nor more than the maximum period of notice specified in the applicable Final Terms to the VPS Noteholders in accordance with Condition 9 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the VPS Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of VPS Notes, the VPS Notes to be redeemed (**Redeemed VPS Notes**) will be selected in accordance with the rules and procedures of the VPS in the relation to such VPS Notes, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**).

(d) Redemption 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 the minimum notice period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such VPS Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

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

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

(e) Early Redemption Amounts

For the purpose of Condition 5(b):

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

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

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

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

(f) Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase VPS Notes at any price in the open market or otherwise. Such VPS Notes may be held, reissued, resold or, at the option of the Issuer, cancelled by causing such VPS Notes to be deleted from the records of the VPS.

(g) Cancellation

All VPS Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be cancelled by causing such VPS Notes to be deleted from the records of 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.

(h) 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), 5(c) or 5(d) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount as provided in Condition 5(e)(ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the VPS Noteholders in accordance with Condition 9.

6. TAXATION

All payments of principal and interest in respect of the VPS Notes by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf 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 such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the VPS Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the VPS Notes in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any VPS Note:

- (a) presented for payment in Norway;
- (b) the holder of which is liable for such taxes in respect of such VPS Note by reason of his having some connection with Norway other than the mere holding of such VPS Note; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4(c)).

Relevant Date means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the VPS Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the VPS Noteholders in accordance with Condition 9.

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

(a) Provisions with respect to Holders of VPS Notes

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

The quorum at a meeting for passing a resolution is one or more persons holding not less than 50 per cent. in aggregate nominal amount of the Voting VPS Notes or at any adjourned meeting one or more persons being or representing holders of Voting VPS Notes whatever the nominal amount of the VPS Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the VPS Notes, the VPS Trustee Agreement (including modifying the date of maturity of the VPS Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the VPS Notes or altering the currency of payment of the VPS Notes), the quorum shall be one or more persons holding or representing not less than two-thirds in aggregate nominal amount of the outstanding Voting VPS Notes, or at any adjourned such meeting one or more persons holding or representing not less than one-third in aggregate nominal amount of the Voting VPS Notes. A resolution passed at any meeting of the VPS Noteholders shall be binding on all the VPS Noteholders, whether or not they are present at such meeting.

(b) Modification

The VPS Trustee Agreement provides that in order to make the following amendments, a majority of at least two-thirds of the votes cast in respect of Voting VPS Notes is required:

- (A) modification of the Maturity Date of the VPS Notes specified in the applicable Final Terms, or reduction or cancellation of the nominal amount payable upon maturity;
- (B) reduction or calculation of the amount payable, or modification of the payment date in respect of any interest in relation to the VPS Notes or variation of the method of calculating the rate of interest in respect of the VPS Notes;
- (C) reduction of any Minimum Interest Rate and/or Maximum Interest Rate specified in the applicable Final Terms;
- (D) modification of the currency in which payments under the VPS Notes are to be made;
- (E) modification of the majority requirement to pass a resolution in respect of the matters listed in this paragraph (i);
- (F) any alteration of Clause 4.1(f) of the VPS Trustee Agreement (which sets out the matters for which a majority of two-thirds of votes is required);
- (G) the transfer of rights and obligations under the VPS Conditions and the VPS Trustee Agreement to another Issuer; and/or
- (H) a change of VPS Trustee;

save as set out in paragraph (i) above, the VPS Trustee may agree to amendments to the VPS Trustee Agreement or the VPS Conditions without prior approval of the affected VPS Noteholders provided that (i) such amendment is not detrimental to the rights and benefits of the affected VPS Noteholders in any material respect, or (ii) is made solely for the purpose of rectifying obvious errors and mistakes, or (iii) such amendment or waiver is required by applicable law, court ruling or a decision by a relevant authority. The VPS Trustee shall as soon as possible notify the VPS Noteholders of any proposal to make such amendments, setting out the date from which the amendment will be effective, unless such notice obviously is unnecessary.

11. VPS TRUSTEE

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

12. FURTHER ISSUES

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

13. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

14. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(a) Governing law

The VPS Notes (and any non-contractual obligations arising out of or in connection with the VPS Notes) are governed by, and shall be construed in accordance with, English law, save as to Conditions 2(a), 8, 9, 10, 11 and 12 (and any non-contractual obligations arising out of or in connection with such conditions) which are governed by and shall be construed in accordance with Norwegian law. The VPS Trustee Agreement and VPS Agency Agreement are governed by and shall be construed in accordance with Norwegian law.

VPS Notes must comply with the Norwegian Act of 5 July 2002 No. 64 on the Registration of Financial Instruments, 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

- (i) Subject to Condition 14(b)(iii) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the VPS Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non contractual obligations arising out of or in connection with the VPS Notes (a **Dispute**) and all Disputes will be submitted to the exclusive jurisdiction of the English courts.
- (ii) For the purposes of this Condition 14(b), each of the Issuer and any holders of VPS Notes or Couponholders taking proceedings in relation to any Dispute waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (iii) This Condition 14(b)(iii) is for the benefit of the holders of VPS Notes only. To the extent allowed by law, the holders of VPS Notes may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

(c) Appointment of Process Agent

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London, EC2V 7EX, United Kingdom as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Proceedings. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

15. DEFINITIONS

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

Agency Agreement means an amended and restated agency agreement dated 5 July 2019 between the Issuer and the Agent named therein, as amended and/or supplemented and/or restated from time to time;

Calculation Agency Agreement in relation to any Series of VPS Notes means an agreement entered into between the Issuer and the Calculation Agent for such purposes;

Calculation Agent means, in relation to the VPS Notes of any Series, the person appointed as calculation agent in relation to the VPS Notes by the Issuer pursuant to the provisions of a Calculation Agency Agreement (or any other agreement) and shall include any successor calculation agent appointed in respect of the VPS Notes;

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;

Covered Bond Swaps means the Issuer's obligations under the Swaps and any other derivative instruments entered into by the Issuer in connection with the Covered Bonds;

Covered Bonds means the VPS Notes and any other covered bonds (*obligasjoner med fortrinnsrett*) issued by the Issuer in accordance with the Act;

Currency Swap means each currency swap which enables the Issuer to hedge currency risks arising from (a) Covered Bonds 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 securities exchange or other reputable marketplace for securities, on which the VPS Notes are listed, or where the Issuer has applied for listing of the VPS Notes, as specified in the applicable Final Terms;

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;

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 of the VPS Note;

Oslo Business Day 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;
- (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;

Rating Agencies means Moody's Investor Service Limited or any other rating agency that rates any or all of the Issuer's covered bonds (including Notes issued under the Programme) including in each case its successor;

Reference Banks means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in the case of a determination of NIBOR, the principal Oslo office of four major banks in the Norwegian inter-bank market and, in the case of a determination of STIBOR, the principal Stockholm office of four major banks in the Swedish inter-bank market, in each case selected by the Calculation Agent;

Register means the register of Covered Bonds required to be maintained pursuant to the Act and Regulations;

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;

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

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;

Swap means each Currency Swap and each Interest Rate Swap;

Swap Providers means each Currency Swap Provider and each Interest Rate Swap Provider; and

Treaty means the Treaty on the Functioning of the European Union, as amended.

Use of proceeds

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

- (a) where “General Business Purposes” is specified in the applicable Final Terms, for its general business purposes; or
- (b) where “Green Bonds” is specified in the applicable Final Terms, to finance or re-finance, in whole or in part, Green Loans pursuant to a framework relating to investments in Green Loans or the issuance of Green Bonds which at such time has been published by the Issuer and made available on the Issuer’s website and which is in effect at the time of issuance of the Green Bonds (the **Issuer’s Green Bond Framework**).

“**Green Loans**” are loans and investments within the Green Loan categories and will be set out in the Issuer’s Green Bond Framework.

Summary of the Norwegian Legislation regarding Covered Bonds

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

As of the date of this Base Prospectus, the main legislation which governs covered bonds comprises Chapter 11, Subsection II of the Norwegian Act on Financial Undertakings and Financial Groups of 10 April 2015 No 17 (*lov 10. april 2015 nr. 17 om finansforetak og finanskonsern (finansforetaksloven)*) (the **Act**) and Chapter 11 of the Regulations of 9 December 2016 no. 1502 on Financial Undertakings and Financial Groups (*forskrift 9. desember 2016 nr. 1502 om finansforetak og finanskonsern (finansforetaksforskriften)*) (the **Regulations**) (the Act and the Regulations together, the **Legislation**).

LEGISLATION

Under the Legislation, certain Norwegian credit institutions which meet the general definitions of a “Financial Undertaking” (*finansforetak*) and “Credit Institution” (*kredittforetak*) contained in the Act, and whose articles of association comply with prescribed mandatory requirements may issue covered bonds (*obligasjoner med fortrinnsrett*). The Act defines Credit Institutions as non-banking Financial Undertakings who receive repayable assets other than deposits from the public and grant commercial credits and guarantees in its own name. Credit Institutions must hold a licence issued by the Ministry of Finance (or pursuant to delegation, by the NFSA) 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 NFSA 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 and the counterparties under derivatives agreements relating to the covered bonds, 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 Legislation, a Credit Institution may establish a separate Register for the issue of covered bonds relating to a different Cover Pool. If there is more than one Cover Pool, the Credit Institution must identify which Cover Pool a covered bondholder will hold a preferential claim against. Where a Credit Institution has made two or more issues of covered bonds which have a preferential claim against different Cover Pools, substitute assets shall be held in separate accounts for each Cover Pool.

Each Register relating to a Cover Pool must at all times contain detailed information on, amongst other things, the assets included in the Cover Pool, and the covered bonds and derivative agreements associated with the Cover Pool. Consequently, any Register must be updated on a regular basis to include any changes in relevant information.

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

BENEFIT OF A PRIORITISED CLAIM

Pursuant to the Act, if a Credit Institution which has issued covered bonds is placed under public administration or is liquidated, the holders of covered bonds issued by the Credit Institution and the counterparties to relevant derivative agreements entered into by the Credit Institution will have an exclusive, equal and *pro rata* prioritised claim against the Cover Pool. The prioritised claims will rank ahead of all other claims, save for claims relating

to the fees and expenses of the 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 currently equals NOK 805,000) 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 related 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 derivatives 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). The preferential claims shall also apply to funds which are subsequently remitted in accordance with terms of contract applying to assets included in the Cover Pool, provided that certain administrative procedures have been complied with.

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, including loans secured by various types of mortgages (**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 residences (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 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 particularly liquid and secure claims, and are as a main rule subject to a limit of 20 per cent. of the total value of the Cover Pool. However, under certain circumstances, and for a limited period of time only, the NFSA 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.

Should a loan secured by Mortgages exceed the relevant ratio, only the part of the loan that falls within the permitted limit may be included in the Cover Pool.

There is no restriction with regard to the proportion of the Cover Pool which may be represented by Residential Mortgages or Commercial Mortgages. According to the Act, the value of 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 derivatives agreements may vary, depending on the risk category pertaining to the relevant assets.

Additional provisions regarding quantitative and qualitative requirements placed on the assets forming part of the Cover Pool are set out in the Regulations. In order to qualify for inclusion in the Cover Pool all legislative requirements must be met. However, if the Cover Pool assets at a later stage cease to meet the requirements of

the Act and/or the Regulations in relation to ratios, risk categories or proportion limits, such assets may nevertheless form part of the Cover Pool, but will be excluded from the calculation (which is required by the Act and described below) of the value of the Cover Pool.

OVERCOLLATERALISATION AND VALUATIONS

The Legislation requires that the value of the Cover Pool at all times must exceed by at least 2 per cent. the aggregate value of the covered bonds issued by the Credit Institution (taking into account the effects of relevant derivative contracts).

The calculation of the value of the Cover Pool assets consisting of loans secured by 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 NFSA may impose rules about the discount interest to be applied.

BALANCE AND LIQUIDITY REQUIREMENTS

In order to ensure compliance with the above mentioned overcollateralisation requirement, each Credit Institution issuing covered bonds is required to establish systems for continued control of the development of the value of the Cover Pool assets, and to monitor the development of the relevant market situations. If developments in the market situation or in the situation pertaining to individual assets so warrants, the Credit Institution is required to ensure that a renewed calculation of the value is performed.

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

INSPECTOR

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

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 3 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 NFSA.

COVER POOL ADMINISTRATION IN THE EVENT OF PUBLIC ADMINISTRATION AND WINDING-UP OF THE ISSUER

Credit Institutions experiencing financial difficulties may be placed under public administration if the conditions for resolution are otherwise met but the Ministry of Finance does not consider that resolution would be in the public interest. Public administration entails that the institution's former governing bodies are replaced by an administration board (the **Board**) which assumes control over the institution. The Board will 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 halt to payments, and inform interested parties of this as soon as possible. If 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 the covered bondholders and counterparties to related derivative agreements will remain valid claims against the Credit Institution, but will rank *pari passu* with other unsecured and unsubordinated creditors of the Credit Institution.

Sparebanken Sør Boligkreditt AS

INTRODUCTION

The Issuer of Notes under the Programme is Sparebanken Sør Boligkreditt AS. The Issuer is a wholly-owned subsidiary of Sparebanken Sør (**Sparebanken Sør** or the **Bank**).

The Issuer is a limited company incorporated under the laws of Norway and was originally incorporated on 9 April 2008 under the name Newco Kristiansand 19 AS. On 7 January 2009 the Issuer's name was changed to Pluss Boligkreditt AS. The Issuer's organisation number is 992 467 002, its registered office is Kristiansand and the place of registration is Norway. The Issuer's registered address is Rådhusgata 7-9, 4611 Kristiansand and its telephone number is +47 977 09 200. The NFSA granted the Issuer a licence to become a mortgage credit institution on 22 December 2008. On 4 March 2014, Pluss Boligkreditt AS merged with Sør Boligkreditt AS, and the newly merged company with organisation number 992 467 002, changed its name to Sør Boligkreditt AS. With effect from 6 November 2014, the Issuer changed its name to Sparebanken Sør Boligkreditt AS.

The Issuer's objective is to purchase mortgage loans, primarily financed by Covered Bonds.

The Issuer arranges the purchase and transfer of mortgage loans from Sparebanken Sør and markets the Notes to prospective investors.

OPERATIONS

Mortgage loans are issued by Sparebanken Sør. To obtain a mortgage loan, prospective borrowers must complete an application form which includes providing certain information about themselves, such as household income, current employment details, bank account information, current mortgage information (if any) and certain other personal information. Information on prospective borrowers' income is obtained from the public tax register and through a credit reference agency search which details public information on historic income, any negative credit history, foreclosures/bankruptcy and other economic issues. In addition, an internal credit score of each applicant is generated by an automated system, which supports the credit application process.

The guidelines adopted by the Issuer's board of directors with respect to the eligibility of transferrable mortgage loans and the transfer procedure are set out in the Issuer's credit policy (the **Credit Policy**). Eligible mortgage loans are assets which are eligible for inclusion in the Cover Pool, as determined by the Act and Regulations (as amended, varied or supplemented from time to time) and the Credit Policy (**Eligible Mortgage Loans**). The Credit Policy specifies guidelines for the acquisition of mortgage loans from Sparebanken Sør (requirements related to the loans, the borrowers and the collateral), the monitoring and reporting of credit risk and any other criteria the Issuer's board of directors may, from time to time, find necessary.

LOAN TRANSFER AND SERVICING AGREEMENTS

The Issuer has entered into a loan transfer agreement with Sparebanken Sør to purchase and transfer Eligible Mortgage Loans from Sparebanken Sør to the Issuer (the **Loan Transfer Agreement**). In addition the Issuer has entered into a loan service agreement (the **Loan Service Agreement**) which provides that Sparebanken Sør will continue to be the servicer of all mortgage loans transferred to the Issuer and that Sparebanken Sør retains the responsibility for handling any demands made by a borrower in respect of its transferred mortgage loans and for any losses incurred by a borrower due to operational errors by Sparebanken Sør.

The Issuer will use available cash and/or draw on the Overdraft Facility (as defined below) to pay for the Eligible Mortgage Loans acquired pursuant to the Loan Transfer Agreement. The Eligible Mortgage Loans will be purchased by the Issuer from Sparebanken Sør at their market value. The transfer and management of the portfolio are handled through electronic software from Evry ASA. The system manages the transfer and re-transfer of mortgage loans, including the associated collateral, administering of cash flows related to the mortgages, tax reporting and notifications to borrowers.

OVERDRAFT FACILITY AGREEMENT

The Issuer and Sparebanken Sør have entered into an overdraft facility agreement (the **Overdraft Facility**). The Overdraft Facility shall be applied for the general corporate purposes of the Issuer including financing payments by the Issuer under the Loan Transfer Agreement and under the Covered Bonds, or payments under any related derivative contracts.

REVOLVING MULTICURRENCY LOAN FACILITY AGREEMENT

The Issuer and Sparebanken Sør have entered into a revolving multicurrency loan facility agreement (the **Loan Facility Agreement**). The Loan Facility Agreement is available to the Issuer to pay interest and instalments on outstanding obligations related to issued Covered Bonds and any related derivative agreements. Up to a date not falling earlier than three months after the last maturity date of any Covered Bonds issued by the Issuer (the **Term Date**), the Issuer may utilise the Loan Facility Agreement on a revolving credit basis, such that any amount repaid prior to the Term Date may be redrawn by the Issuer, subject to the terms and conditions of the Loan Facility Agreement. The Issuer may request that all or part of the loan for a given interest period shall be outstanding in either NOK or euro, or a combination of the two currencies. The Issuer shall not be obliged to make any payment under the Loan Facility Agreement if to do so would result in the Issuer being unable to meet any payments or other obligations under the Covered Bonds then outstanding and any related derivative agreements. The obligations of Sparebanken Sør under the Loan Facility Agreement may not be terminated under any circumstances during the term of the Loan Facility Agreement. The loan under the Loan Facility Agreement constitutes an unsecured subordinated obligation of the Issuer.

NOTE PURCHASE AGREEMENT

The Issuer and Sparebanken Sør have entered into a note purchase agreement (the **Note Purchase Agreement**). The Note Purchase Agreement is entered into as the primary mechanism to ensure that the Issuer has sufficient funds to pay the final redemption amount of any issue of Covered Bonds and any related derivative agreements on the maturity date thereof. The Note Purchase Agreement shall be read in conjunction with the Loan Facility Agreement, which also shall ensure that the Issuer has sufficient access to liquidity to meet its obligations related to the Covered Bonds and any related derivative agreements.

DERIVATIVES ARRANGEMENT

The Issuer has entered into interest rate and currency swap derivative arrangements with international banks and other parties for the purpose of controlling interest rate risk related to the Issuer's funding and lending operations. See also "*Summary of the Swap Agreements*" below.

FINANCIAL INFORMATION

As at 31 March 2019, the Issuer's net equity capital was NOK 3,215 million. The Issuer had paid-in equity capital of total NOK 1,625 million, of which NOK 1,125 million was share capital and NOK 500 million was share premiums. Retained earnings were NOK 1,590 million.

As at 31 March 2019, the Issuer's total assets were NOK 42,527 million, of which NOK 38,916 million were net loans to customers. Issued Covered Bonds were NOK 35,896 million.

BOARD OF DIRECTORS

The Issuer's Board of Directors consists of four members. The current directors are as follows:

| | |
|-----------------------|--|
| Geir Bergskaug | Chairman, (CEO, Sparebanken Sør) |
| Seunn Smith-Tønnessen | (Assistant University Director, Agder University Kristiansand) |
| Gunnar Thomassen | (Director Retail Market, Sparebanken Sør) |
| Steinar Vigsnes | (Finance Manager, Sparebanken Sør) |

The business address for the four members of the Issuer's Board of Directors is the registered address of the Issuer.

MANAGEMENT

Marianne Lofthus is the Managing Director (CEO) of the Issuer. She is also the Capital Market Director of Sparebanken Sør. The business address of the Managing Director is the registered address of the Issuer.

SHAREHOLDERS

The Issuer is a wholly-owned subsidiary of Sparebanken Sør.

AUDITORS

The auditors of Sparebanken Sør Boligkreditt AS are PricewaterhouseCoopers AS.

CONFLICT OF INTEREST WITHIN ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES

There are no conflicts of interest between any commitments to the Issuer by any members of the Issuer's Board of Directors or management of the Issuer and their private interests and other duties.

JURISDICTION

The Issuer is organised under the laws of the Kingdom of Norway.

Sparebanken Sør Group

INTRODUCTION

The Sparebanken Sør Group (the **Group**) consists of Sparebanken Sør, the Issuer and Sørmeglere Holding AS (which owns the real estate broker Sørmeglere AS).

SPAREBANKEN SØR

Overview

Sparebanken Sør is an independent savings bank with its head office in Kristiansand in the Kingdom of Norway.

Sparebanken Sør is registered in Norway under company registration number 937 894 538 and has its registered office at Rådhusgaten 7-9, N- 4611 Kristiansand, Norway, phone number (+47) 977 09 200.

The Bank is operating under the Act and the Regulations, and is under the supervision of the NFSA.

Sparebanken Sør's equity certificates are listed on the Oslo Stock Exchange under the ticker code «SOR».

Sparebanken Sør's long term deposit rating from Moody's is affirmed as A1 with a stable outlook.

Principal activities

Sparebanken Sør is a supplier of all core services within financing, including savings and domestic and international payments. The Bank offers general insurance, occupational pensions and group life insurance in Frende Forsikring, and leasing in Brage Finans.

History

Sparebanken Pluss and Sparebanken Sør merged with effect from 1 January 2014. Sparebanken Pluss was the acquiring bank in the merger and was renamed Sparebanken Sør.

The story of Sparebanken Pluss started back in 1824 when Christianssands Sparebank was established as one of the first savings banks in Norway. Sparebanken Agder was formed in 1984 as a result of a merger between Christianssands Sparebank and several other local banks. Two other savings banks became part of Sparebanken Agder in 1985 and 1986. The name of the Bank was later changed to Sparebanken Pluss in 1988.

The story of former Sparebanken Sør goes back to 1825, when Arendal Sparebank was established as one of the first six banks in Norway. In 1973, Arendal Sparebank merged with four other savings banks in Aust-Agder and formed Aust-Agder Sparebank.

Former Sparebanken Sør was established in 1984, following a merger between Aust-Agder Sparebank, two other savings banks in Aust-Agder and nine savings banks in Vest-Agder. Since then, the Bank merged with savings banks in Telemark, and opened branches in Grenland, which is the most populous part of Telemark.

SUBSIDIARIES OF SPAREBANKEN SØR

Sparebanken Sør Boligkreditt AS

Sparebanken Sør Boligkreditt AS is a wholly-owned subsidiary of Sparebanken Sør, and the company is licensed to operate as a mortgage credit institution with the right to issue Covered Bonds in accordance with the Act and the Regulations (as amended, varied or supplemented from time to time). The main objective of the company is to ensure stable and long-term funding on competitive terms.

Sørmeglere

Sørmeglere is the Bank's real estate agency. During the five years Sørmeglere has been in the market, it has become the leading real estate agency in Southern Norway, with a market share close to 30 per cent. In the Grenland district, its cooperation with Porsgrunn Boligbyggelag has proved very successful, with a market share now approaching 15 per cent. Sørmeglere holds a dominant position in the new-build market in Agder, and particularly in Kristiansand.

Sørmeglere has a total of 16 branches, of which the offices in Søgne and Evje opened in 2018. Sørmeglere has 78 employees.

PRODUCT COMPANIES PARTLY OWNED BY SPAREBANKEN SØR

Frende Holding AS

Frende Holding AS is the parent company of Frende Skadeforsikring AS and Frende Livsforsikring AS, which offer general and life insurance to retail and corporate customers. Frende Holding AS is owned by 15 independent savings banks. Sparebanken Sør has a 20.2 per cent. ownership interest in Frende Holding AS.

Brage Finans AS

Brage Finans is a financing company which offers leasing and secured loans to the corporate and retail markets. Brage Finans is owned by 12 independent savings banks. Sparebanken Sør has a 20.8 per cent. ownership interest.

Norne Securities AS

Norne Securities is an investment firm that provides online trading, traditional brokerage and corporate finance services. The company is owned by 14 independent Norwegian savings banks and Sparebanken Sør has an ownership of 17.6 per cent.

Balder Betaling AS

Balder Betaling is owned by Sparebanken Sør together with 14 other banks. The company is a shareholder in Vipps AS, and is responsible for further development of the mobile payment application Vipps, together with the other stakeholders. Sparebanken Sør has an ownership of 22 per cent.

MARKET POSITION

The Group's branch offices are located in the Agder counties, Telemark and Rogaland. The Group also has customers in other geographical areas, who are served by the established offices. Sparebanken Sør's core market consists of a total population of approximately 500,000 inhabitants. 34 branches in this region service the customers via state-of-the-art internet and mobile banking services. The Bank's market share in the Aust-Agder is around 30 per cent., in Vest-Agder is around 30 per cent. and in Telemark approximately 9 per cent.

Of total loans and credits, loans to retail customers account for 66 per cent., whereas the share of lending to small and medium-sized companies is 34 per cent.

The Bank has a strong market position in the retail banking market in the regions in which it has operations. Digital platforms have, to an increasing extent, characterised the Bank's communication and sales channels. Use of self-service solutions on mobile phones and the internet has grown rapidly, and the Bank's customer service department has seen an influx of enquiries via electronic channels in addition to enquiries via the traditional switchboard service. Applications of digital platforms, customer service and the Bank's wide distribution network, have together formed a complete consultancy and service option for its customers.

Through the merger between Sparebanken Pluss and Sparebanken Sør, the Bank has reinforced its position as a regional bank for Agder and Telemark. This is due to a doubling of the Bank's financial capacity and a strengthening of its expertise in the corporate market.

Sparebanken Sør has continued cooperation with Norway Christian Purchasing Society (**KNIF**) and will continue to focus on this customer segment in the whole of Norway. These customers include hospitals and enterprises within the health sector, schools, kindergartens, church organisations and missionary organisations, and children and youth organisations.

STRATEGIC OBJECTIVES OF THE GROUP

The Group's strategy is to maintain the Bank's leading position in the Agder region and to further develop the activities in Telemark, Rogaland and its cooperation with KNIF. The overall goal is to strengthen the Bank's strategic position by focusing on long-lasting business relationships, expertise and financial strength.

BOARD OF DIRECTORS OF SPAREBANKEN SØR

| | |
|------------------------|-----------------|
| Stein Andreas Hannevik | Chairman |
| Inger Johansen | Deputy Chairman |
| Erling Holm | |
| Marit Kittilsen | |
| Tom Erik Jebsen | |

Mette Ramfjord Harv

Jan Erling Tobiassen

Gunnhild Tveiten Golid

The business address of the members of the Board of Directors of Sparebanken Sør is the registered address of Sparebanken Sør.

MANAGEMENT OF SPAREBANKEN SØR

| | |
|-------------------|--------------------------------------|
| Geir Bergskaug | CEO |
| Lasse Kvinlaug | Deputy CEO/Director Corporate Market |
| Gunnar Thomassen | Director Retail Market |
| Rolf Søraker | Director Group Support |
| Marianne Lofthus | Director Capital Market |
| Bjørn A. Friestad | Director Risk Management |
| Gry Moen | Director Business Support |

AUDITORS

The auditors of Sparebanken Sør are PricewaterhouseCoopers AS.

CONFLICT OF INTEREST WITHIN ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES

There are no conflicts of interest between any commitments to Sparebanken Sør by any members of the Board of Directors or management and their private interests and other duties.

JURISDICTION

Sparebanken Sør is organized under the laws of the Kingdom of Norway.

Summary of the Swap Agreements

CURRENCY SWAP AGREEMENTS

The Issuer may enter into currency swaps from time to time with Currency Swap Providers (as defined below) by executing ISDA Master Agreements (including the schedule and credit support annex thereto and related confirmations) (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 is/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:

- (a) 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;
- (b) 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;
- (c) if a change in law results in the obligations of either party becoming illegal or if a *force majeure* event occurs which renders performance of the obligations impossible;
- (d) 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 or change in application of the relevant law;
- (e) 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*”;
- (f) if the corresponding Series of Notes are redeemed (and in the event of a partial redemption, only part of the relevant Currency Swap will be terminable) prior to their scheduled maturity date;
- (g) if the corresponding Series of Notes are purchased and surrendered for cancellation (and in the event of a partial purchase and surrender for cancellation, only part of the relevant Currency Swap will be terminable) prior to their scheduled maturity date;
- (h) if the relevant Currency Swap is not registered in the cover pool register; or
- (i) a halt to payments occurs with respect to the Cover Pool.

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 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 holders of the Covered Bonds.

Holders of the Covered Bonds 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

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

The Currency Swap Agreements will be governed by English law.

The Currency Swap Provider will rank *pari passu* with the 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 (as defined below) by executing an ISDA Master Agreement (including the schedule and credit support annex thereto and related confirmations) (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 arising from a mismatch between floating interest earned on the Issuer's assets and fixed interest payable on the Issuer's obligations, 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 or taking some other action as it may agree with the relevant rating agency.

Termination events

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

- (a) 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;
- (b) at the option of the Issuer, upon the occurrence of an insolvency of the relevant Interest Rate Swap Provider or its guarantor, or the merger of the relevant Interest Rate Swap Provider without an assumption of its obligations under the relevant Interest Rate Swap Agreement, or if a material misrepresentation is made by the relevant Interest Rate Swap Provider under the Interest Rate Swap

Agreement, or if the relevant Interest Rate Swap Provider defaults under an over-the-counter derivatives transaction under another agreement between the Issuer and such Interest Rate Swap Provider or if a breach of a provision of the relevant Interest Rate Swap Agreement by the Interest Rate Swap Provider is not remedied within the applicable grace period;

- (c) if a change in law results in the obligations of either party becoming illegal or if a *force majeure* event occurs which renders performance of the obligations impossible or impracticable;
- (d) 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 or change in application of the relevant law; and
- (e) 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*”;
- (f) if the corresponding Series of Notes are redeemed (and in the event of a partial redemption, only part of the relevant Interest Rate Swap will be terminable) prior to their scheduled maturity date;
- (g) if the corresponding Series of Notes are purchased and surrendered for cancellation (and in the event of a partial purchase and surrender for cancellation, only part of the relevant Interest Rate Swap will be terminable) prior to their scheduled maturity date;
- (h) if the relevant Interest Rate Swap is not registered in the cover pool register; or
- (i) a halt to payments occurs with respect to the Cover Pool.

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, governing law and status

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

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

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

ELIGIBILITY CRITERIA FOR SWAP PROVIDERS

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

DEFINITIONS

In this section the following words shall have the following meanings:

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

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

Swap means each Currency Swap and each Interest Rate Swap; and

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

Book entry settlement in respect of VPS Notes

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of VPS currently in effect. The information in this section concerning VPS has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of VPS are advised to confirm the continued applicability of the rules, regulations and procedures of VPS. Neither the Issuer nor any other party to the VPS Trustee Agreement, VPS Agency Agreement or the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the VPS Notes held through the facilities of VPS or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

VERDIPAPIRSENTRALEN (VPS)

Verdipapirsentralen ASA is a Norwegian public limited liability company which is licensed to register financial instruments in Norway in accordance with the Act of 5 July 2002 no. 64 on the Registration of Financial Instruments (the **VPS Act**). The VPS Act requires that, among other things, all notes and bonds issued in Norway shall be registered in the VPS (the **VPS Securities**), except notes and bonds (i) issued by Norwegian issuers outside Norway and (A) denominated in Norwegian Kroner with subscription limited to non-Norwegian tax residents only or (B) denominated in a currency other than Norwegian Kroner, or (ii) issued by foreign issuers in a currency other than Norwegian Kroner.

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

It is possible for investors to register a holding of VPS Securities through a nominee approved by the NFSA.

Taxation

NORWAY

The following is a general description of certain Norwegian tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Norway of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Taxation on Interest

Interest paid to a non-resident holder of Notes will not be subject to Norwegian income or withholding tax. Such holder of Notes may, however, be subject to taxation if the holding of Notes is effectively connected with a business carried on by the holder of Notes in Norway.

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 Government advised that it will look further into the possible introduction of a Norwegian withholding tax on interest. A white paper with a specific proposal (including potential exclusions) has been expected for some time, but has still not been presented.

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.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as **FATCA**, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions, including Norway, have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of FATCA provisions and IGAs to instruments such as Notes, including whether withholdings would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA, or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal income tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes (as

described under “*Terms and Conditions of the Notes 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.

THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission’s Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

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

Subscription and Sale

The Dealers have, in an amended and restated programme agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 5 July 2019, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*”, “*Terms and Conditions of the Notes other than VPS Notes*” and “*Terms and Conditions of the VPS Notes*”. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

UNITED STATES

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes (other than VPS Notes) are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. In the case of Notes other than VPS Notes, the applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, 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 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 the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of 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.

UNITED KINGDOM

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or as agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the 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.

NORWAY

The Notes shall be registered with the VPS unless (i) the Notes are denominated in NOK and offered or sold outside of Norway to non-Norwegian tax residents only, or (ii) the Notes are denominated in a currency other than NOK and offered or sold outside of Norway. See also the selling restriction “*Prohibition of sales to EEA Retail Investors*” above.

GENERAL

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

General Information

AUTHORISATION

The update of the Programme and the issue of Notes thereunder has been duly authorised by a resolution of the board of directors of the Issuer dated 18 December 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 Regulated Market of Euronext Dublin will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. Application has been made to Euronext Dublin for Notes issued under the Programme to be admitted to the official list of Euronext Dublin and to trading on the Regulated Market of Euronext Dublin. Application has also been made to the Oslo Børs ASA for Notes issued under the Programme to be admitted to trading on the Oslo Stock Exchange's Regulated Market. Each of the Regulated Market of Euronext Dublin and the Oslo Stock Exchange's Regulated Market is a regulated market for the purposes of MiFID II.

DOCUMENTS AVAILABLE

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

- (a) the constitutional documents (with an English translation thereof) of the Issuer;
- (b) the audited financial statements of the Issuer in respect of the financial years ended 31 December 2017 and 31 December 2018 (with an English translation thereof). The Issuer currently prepares audited non-consolidated accounts on an annual basis;
- (c) the most recently published unaudited quarterly interim financial statements of the Issuer (with an English translation thereof, if the original financial statements are not prepared in English);
- (d) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (e) a copy of this Base Prospectus;
- (f) any future Base Prospectuses, prospectuses, information memoranda, supplements and Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference; and
- (g) in the case of each issue of Notes admitted to trading on the Regulated Market of Euronext Dublin subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Any English translations referred to in (a), (b) and (c) above constitute accurate and direct translations of the Norwegian originals.

CLEARING SYSTEMS

The Notes have been accepted for settlement through Euroclear and Clearstream, Luxembourg.

The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to settle through an additional or alternative clearing system (including the VPS) the appropriate information will be specified in the applicable Final Terms. Euroclear, Clearstream, Luxembourg and the VPS are the entities in charge of keeping the records.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1 855 Luxembourg. The address of the VPS is Fred. Olsens gate 1, 0152 Oslo, Norway.

CONDITIONS FOR DETERMINING PRICE

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

YIELD

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

SIGNIFICANT OR MATERIAL CHANGE

There has been no significant change in the financial or trading position of the Issuer since 31 March 2019 and no material adverse change in the prospects of the Issuer since 31 December 2018.

LITIGATION

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

AUDITORS

The auditors of the Issuer are PricewaterhouseCoopers AS (**PwC**). The responsible partners at PwC are members of the Norwegian Institute of Public Accountants (*Den norske Revisorforening*). PwC audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in Norway for the financial year ended 31 December 2017 and the financial year ended 31 December 2018.

POST-ISSUANCE INFORMATION

Information in relation to the contents of the Cover Pool can be found in the Issuer's quarterly and annual reports. Such reports, translated into English, are published on the website of the Issuer at <https://www.sor.no/felles/om-sparebanken-sor/about/Financial-reporting/>.

Save as set out above, the Issuer does not intend to provide any post-issuance information in relation to any issue of a 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 other services for, the Issuer and its affiliates in the ordinary course of business.

LANGUAGE OF THIS BASE PROSPECTUS

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

URLS

References to websites or uniform resource locators (**URLs**) are inactive textual references and are included for information purposes only. The contents of any such website or URL shall not form part of, or be deemed to be incorporated into, this Base Prospectus.

IRISH LISTING AGENT

Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Programme and is not itself seeking admission of the Notes issued under the Programme to the Official List or trading on the Regulated Market of Euronext Dublin for the purposes of the Prospectus Directive.

ISSUER

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