

# MØRE BOLIGKREDITT AS

(incorporated with limited liability in Norway)

€2,000,000,000

## Euro Medium Term Covered Note Programme

Under this €2,000,000,000 Euro Medium Covered Term Note Programme (the **Programme**), Møre Boligkreditt AS (the **Issuer**) may from time to time issue covered bonds issued in accordance with the Act (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**) cleared through the Norwegian Central Securities Depository, the *Verdipapirsentralen ASA* (the **VPS**).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

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

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

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority**) for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to the official list of the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Notes to be admitted to trading on the London Stock Exchange’s Regulated Market.

References in this Offering Circular to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange’s Regulated Market and have been admitted to the Official List. The London Stock Exchange’s Regulated Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

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 UK Listing Authority and where listed, the London Stock Exchange. Copies of the Final Terms in relation to the Notes to be listed on the London Stock Exchange will also be published on the website of the London Stock Exchange through a regulatory information service.

Notes may be admitted to trading on such other regulated markets (within the meaning of the Markets in Financial Instruments Directive (Directive 2004/39/EC)) as may be agreed between the Issuer and the relevant Dealer.

At the date of this Offering Circular, the Issuer has requested that the UK Listing Authority send to the Financial Supervisory Authority of Norway in its capacity as the competent authority in Norway (i) a copy of this Offering Circular and (ii) a certificate of approval pursuant to Article 18 of the Prospectus Directive (as defined below) attesting that the Offering Circular has been drawn up in accordance with national law implementing the Prospectus Directive.

The Notes are expected to be assigned a “Aaa” rating by Moody's Investors Service Limited (**Moody's**). Moody's is established in the European Union and is registered under the Regulation (EU) No 1060/2009 (as amended) (the **CRA Regulation**). 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.

**Arranger**

**Nordea**

**Dealers**

**Danske Bank**

**Landesbank Baden-Württemberg**

**SEB**

**DNB Bank**

**Nordea**

**Swedbank**

## IMPORTANT INFORMATION

This Offering Circular comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area (the **Prospectus Directive**)).

The Issuer accepts responsibility for the information contained in this Offering Circular 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 Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

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

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 (as defined herein).

Subject as provided in the applicable Final Terms, the only persons authorised to use this Offering Circular 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 Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

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

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained 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 the Notes of any information coming to their attention.

## IMPORTANT INFORMATION RELATING TO THE USE OF THIS OFFERING CIRCULAR AND OFFERS OF NOTES GENERALLY

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering, sale and/or transfer of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom 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 Offering Circular or any applicable supplement to this Offering Circular;
- (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 legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

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

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

## **PRESENTATION OF INFORMATION**

In this Offering Circular, 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.

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## STABILISATION

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) designated as the stabilising manager(s) (the Stabilising Manager(s)) (or persons acting on behalf of any Stabilising Manager(s)) 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, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. 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 be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

## Overview of the Programme

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. 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 Offering Circular or a new Offering Circular 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 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.

Issuer:	Møre Boligkreditt AS
Risk Factors:	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” below and include risks relating to the Issuer and its business activities. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Euro Medium Term Covered Note Programme
Arranger:	Nordea Bank Danmark A/S
Dealers:	Danske Bank A/S, DNB Bank ASA, Landesbank Baden-Württemberg, Nordea Bank Danmark A/S, Skandinaviska Enskilda Banken AB (publ), Swedbank AB (publ) and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	<p>Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “<i>Subscription and Sale</i>”) including the following restrictions applicable at the date of this Offering Circular.</p> <p><b>Notes having a maturity of less than one year</b></p> <p>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>”.</p>
Issuing and Principal Paying Agent:	Citibank, N.A., London Branch
VPS Agent:	Sparebanken Møre
VPS Trustee:	Norsk Tillitsmann ASA
Programme Size:	Up to €2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Notes may be denominated in euro, Norwegian Kroner, U.S. dollars, yen

## Overview of the Programme

Maturities:	<p>and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.</p> <p>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.</p>
Extendable Obligation:	<p>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 <b>Final Redemption Amount</b>) 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.</p>
Issue Price:	<p>Notes may be issued on a fully-paid and at an issue price which is at par or at a discount to, or premium over, par.</p>
Form of Notes:	<p>The Notes will be issued in bearer form or, in the case of VPS Notes, uncertificated book entry form, as specified in the applicable Final Terms.</p> <p>Each Note (other than VPS Notes) will on issue be represented by either a Temporary Global Note which will be exchangeable for a Permanent Global Note or, if so specified in the applicable Final Terms, by a Permanent Global Note which will be exchangeable for Definitive Notes.</p> <p>VPS Notes will not be evidenced by any physical note or document of title. Entitlements to VPS Notes will be evidenced by the crediting of VPS Notes to accounts with the VPS. VPS Notes will not be exchangeable for bearer Notes and <i>vice versa</i>. See "<i>Form of the Notes</i>" below.</p>
Fixed Rate Notes:	<p>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.</p>
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"><li>(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or</li><li>(b) on the basis of the Reference Rate set out in the applicable Final Terms.</li></ul> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p> <p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such</p>



## Overview of the Programme

	<p>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 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>
Denomination of Notes:	<p>Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "<i>Certain Restrictions — Notes having a maturity of less than one year</i>" above.</p> <p>The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "<i>Certain Restrictions — Notes having a maturity of less than one year</i>" above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).</p>
Taxation:	<p>All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction 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, unless such withholding or deduction is required by law. In the event of any such withholding or deduction, the Issuer will not pay additional amounts to cover the amounts so withheld or deducted.</p>
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 Act (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). The Notes and any other securities issued by the Issuer in accordance with the Act (together, the <b>Covered Bonds</b>), together with the Issuer's obligations under the swaps and any other derivative instruments entered into by the Issuer in connection with the Covered Bonds (the <b>Covered Bond Swaps</b>), have the benefit of priority of claim to a cover pool of certain registered eligible assets (the <b>Cover Pool</b>) upon bankruptcy of the Issuer. See also "<i>Summary of the Norwegian Legislation regarding Covered Bonds</i>" below.</p>
Overcollateralisation:	<p>The Issuer has undertaken to ensure that, for as long as any of the Notes is outstanding, the value of the Cover Pool shall at all times be at least 110.5 per cent. of the outstanding principal amount of the Covered Bonds or such other Alternative Overcollateralisation Percentage as may be selected by the Issuer from time to time.</p>
Rating:	<p>The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms.</p>
Listing:	<p>Application has been made for Notes issued under the Programme to be listed on the London Stock Exchange.</p> <p>Notes may be admitted to trading on such other regulated markets (within</p>

## Overview of the Programme

<p>Governing Law:</p>	<p>the meaning of the Markets in Financial Instruments Directive (Directive 2004/39/EC)) as may be agreed between the Issuer and the relevant Dealer in relation to the relevant Series.</p> <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 construed in accordance with, English law, save for Condition 2 of the Terms and Conditions of the Notes other than VPS Notes which will be governed by, and construed in accordance with, Norwegian Law.</p> <p>VPS Notes and all non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law, save for Conditions 2, 10, 11 and 12 of the Terms and Conditions of the VPS Notes and all non-contractual obligations arising out of or in connection with them which will be governed by, and construed in accordance with, Norwegian law.</p> <p>The VPS Notes must comply with the Norwegian Securities Register Act of 5 July 2002 no. 64, as amended from time to time, and the holders of VPS Notes will be entitled to the rights and subject to the obligations and liabilities which arise under this Act and any related regulations and legislation.</p>
<p>Selling Restrictions:</p>	<p>There are restrictions on the distribution of this Offering Circular and the offer, sale and/or transfer of the Notes in the United States, the European Economic Area (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>”.</p>
<p>United States Selling Restrictions:</p>	<p>Regulation S, Category 2. In the case of Notes other than VPS Notes, TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.</p>
<p>Liquidity requirements:</p>	<p>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</i>” and “<i>Møre Boligkreditt AS - The Credit Facility Agreement</i>” below.</p>

## Risk Factors

*In purchasing the Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Offering Circular 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 Offering Circular and reach their own views prior to making any investment decision.*

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

#### **Economic activity in Norway**

The Issuer's residential mortgage lending activities are dependent on the level of finance required by residential borrowers in Norway. In particular, levels of borrowing are heavily dependent on residential property prices, employment trends, the state of the economy, market interest rates, taxation, mortgage lenders' levels of income and other factors that affect the Norwegian economy. As the Issuer currently conducts the majority of 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.

#### **Risks relating to the Norwegian mortgage market**

The financial position of many households in Norway has improved considerably in recent years. Incomes have generally grown and house prices have significantly increased in recent years and are at record high levels. Relatively low interest rates and a strong increase in disposable income have reduced the financial strain on most households and led to a continued strong growth in demand for loans, especially in the residential mortgage market. Strong growth in levels of indebtedness has, however, increased the potential financial vulnerability of some mortgage borrowers, especially some of the young and/or low-income households. These groups of borrowers are more vulnerable in the event of unemployment, income reduction or interest rate increase, and a fall in housing prices. Even a moderate interest rate increase produces a sharp rise in the proportion of households with a high interest burden.

Norwegian customers prefer floating rate mortgages and increased interest rates could affect the liquidity situation of some borrowers. The Issuer takes into account (among other factors) a possible increase in interest rates when calculating each customer's ability to meet payment obligations in respect of a mortgage loan. However, if the relevant interest rates rise to a level at which such borrowers are unable to meet payment obligations in respect of a mortgage loan, any default in meeting those payment obligations may have an adverse impact on the Issuer's results. Furthermore this could negatively impact the value of the cover pool, increase the risk of loan losses due to reduced debt service capabilities as well as foreclosures and reduced recovery rates from lower asset values.

#### **Competition**

The Issuer's business is subject to risks related to the competitive position of the Issuer. The market for retail mortgages has experienced increased pressure on lending margins. The Issuer believes it is well positioned to compete with its competitors, particularly since the issuance of Covered Bonds enables competitive funding levels. However there can be no assurance that increased competition will not adversely affect the Issuer. In addition, if competitors undercut prices offered to retail customers significantly in the long term the Issuer's market share may decrease. Furthermore, a significant reduction in the mortgage portfolio may have an adverse effect on the Issuer's ability to service the Notes effectively. The Sparebanken Møre Group (as defined in "Sparebanken Møre Group") may face pricing pressure in certain areas of its operations in the future as

## **Risk Factors**

competitors seek to obtain market shares by reducing prices or offering new services at low prices. The Norwegian banking market in particular has witnessed intensifying competition, which has resulted in narrower lending spreads. While the Issuer believes the Sparebanken Møre Group is positioned to compete effectively with these competitors, there can be no assurance that existing or increased competition will not adversely affect the Sparebanken Møre Group which includes the Issuer. The demand for the Sparebanken Møre Group's products is also dependent on levels of customer confidence, prevailing market rates and other factors that have an influence on the customers' economic situation.

### **Risks relating to the Issuer's business activities**

Control of financial risk is one of the most important risk factors for financial institutions. As a result of its business activities, the Issuer is exposed to a variety of financial risks, the most significant of which are credit risk, market risk, liquidity risk and operational risk.

#### *Credit risk*

Credit risk is the risk of losses associated with customers or other counterparties being unable to fulfil their obligations at the agreed time and pursuant to written agreements, and the received collateral not covering outstanding claims. The credit risk strategy adopted by the Issuer defines which loans can be acquired by the Issuer. The strategy stipulates criteria for both borrowers and the collateral for the loans that can be acquired.

#### *Market risk*

Market risk is the risk that will arise due to the Issuer holding or assuming positions in lending and financial instruments in which the values over time will be affected by changes in market prices. Pursuant to Norwegian law, the Issuer must have very low market risk and the Issuer's Board (as defined in "Møre Boligkreditt AS") must approve restrictions concerning its maximum exposure to market risk.

#### *Liquidity risk*

Liquidity risk is the risk that the Issuer will be unable to fulfil its obligations without substantial extra costs being incurred in the form of price falls for assets that must be realised or extra expensive funding. The Issuer has adopted a liquidity risk strategy and established limits for long-term funding and short-term liquidity risk limits.

#### *Operational risk*

Operational risk is the risk of losses due to inadequate or failing internal processes, human error, system failures, or external events. The Issuer has concluded a management agreement with Sparebanken Møre. The services covered by this agreement include administration, production, IT operations, and financial and risk management.

Failure to control one or more of these risks could result in adverse effects on the Issuer's financial performance and reputation.

Notwithstanding anything in this risk factor, the risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with securities admitted to the Official List.

### **Impact of regulatory changes**

The Issuer is subject to financial services laws, regulations, administrative actions and policies in Norway and in each other jurisdiction in which the Issuer carries on business. Changes in supervision and regulation, in particular in Norway, could materially affect the Issuer's business, the products and services offered or the value of its assets. Although the Issuer works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Issuer.

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

### **Non-compliance with matching rules and bankruptcy of the Issuer**

The Act requires the value of the assets in the Cover Pool to at all times exceed the value on the claims on the Cover Pool. See "Summary of Norwegian Legislation Regarding Covered Bonds" below for further details.

A breach of the matching requirements prior to the Issuer's bankruptcy 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 Covered Bonds.

In the event of bankruptcy of the Issuer, timely payments shall be made on the Covered Bonds provided the Cover Pool is essentially in compliance with the statutory requirement. Bankruptcy or negotiation of debt or

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public administration of a mortgage credit institution shall not in itself be sufficient cause for termination or similar remedy by holders of Covered Bonds or Swap Providers (as defined in the section “*Summary of the Swap Agreements*”). The bankruptcy administrator and the creditors’ committee (the **Creditors’ Committee**) may take any action considered necessary to ensure that the holders of the Covered Bonds and the Swap Providers receive agreed and timely payments on the Covered Bonds and the swaps, including selling assets in the Cover Pool and issuing new Covered Bonds and entering into new derivative instruments with a right of priority in respect of the assets of the Cover Pool.

The Creditors’ Committee 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 the 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, then the Creditors’ Committee shall set a date to halt payments. A halt to payments shall be introduced even if the Cover Pool assures timely on-going payments in the short term. Where a halt to payments is introduced, the further administration in respect of the Issuer shall continue in accordance with Norwegian bankruptcy law. The Creditors’ Committee shall inform the Noteholders if applicable, 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 it will consult with them in relation to any material decisions in respect thereof.

The amount of claims with a right of priority over the assets in the Cover Pool will be calculated as at the date on which the halt to payments was introduced. The calculation shall represent the present value of the relevant claim, as duly discounted in accordance with the terms of the Act and the Regulations. This provides that settlement of interest rate and foreign exchange contracts shall be 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 such case rank *pari passu* with any other Covered Bondholders, swap counterparties and the other unsecured, unsubordinated creditors of the Issuer.

### Payment of advance dividends post-Issuer's bankruptcy

In the event of the Issuer’s bankruptcy, if timely payments continue to be made, the Creditors’ Committee 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 Legislation (as defined in the section “*Summary of Norwegian Legislation Regarding Covered Bonds*”) provides 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 credit risk is partly related to the performance of the real estate and housing market in Norway. There can be no guarantees regarding the future development of the value of the collateral. When collateral is made use of, the registered mortgage will in itself constitute a basis for an enforced sale of the property that backs the mortgage loan. In general there is no need for an additional judgment by the court. Under some circumstances, however, a court order may be needed to establish the borrower’s obligation to pay and to enable a sale by executive measures. The Issuer’s ability to make use of the collateral without the consent of the borrower may thus be dependant on the relevant court decision and the executive measures, on other relevant circumstances in the mortgage market and on prevailing

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levels of demand for the relevant real property. Should the prices of real property and the housing market substantially decline, this could adversely affect the Issuer.

There are many circumstances that affect the level of credit loss, early repayments, withdrawals and final payments of interest and principal amounts, such as changes in the economic climate, both nationally and internationally, changes regarding taxation, interest rate developments, inflation and political changes. 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.

### 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*").

### Limited investigation into the Cover Pool

Save as specified in the section "*Møre Boligkreditt AS – Transfer and servicing of loans*", the Issuer has not made (nor will it make) any of the investigations which a prudent purchaser would normally make in relation to the acquisition of secured loans. In addition, the Issuer has not made (nor will it make) any investigations as to whether (i) the relevant loans are advanced in accordance with the relevant legislation; (ii) secured loans are validly established with the necessary legal protection; or (iii) secured loans can be subject to legal measures if the borrower under a relevant loan defaults on its obligations.

In relation to the relevant loans and their related security, the Issuer will rely entirely on the representations and warranties given by Sparebanken Møre (as defined herein) to the Issuer (see "*Møre Boligkreditt AS - Transfer and Servicing Agreement*").

The Issuer cannot therefore guarantee that the relevant loans fulfil the eligibility criteria of the Cover Pool.

### Over-collateralisation

The Issuer has undertaken in Condition 2 of the Terms and Conditions of the Notes other than VPS Notes and Condition 2 of the Terms and Conditions of the VPS Notes to ensure that, for as long as any of the Notes is outstanding, the value of the Cover Pool shall at all times be at least 110.5 per cent. of the outstanding principal amount of the Covered Bonds (as defined in the Terms and Conditions of the Notes other than VPS Notes or the Terms and Conditions of the VPS Notes, as applicable) or such other Alternative Overcollateralisation Percentage as may be selected by the Issuer from time to time in accordance with Condition 2.2 of the Terms and Conditions of the Notes other than VPS Notes or Condition 2(b) of the Terms and Conditions of the VPS Notes, as the case may be. The ratings of the Notes are based, amongst other things, on an assumption of a certain level of overcollateralisation and the relevant rating agencies may change the level of overcollateralisation that is required for maintaining the ratings of the Notes from time to time. The Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes do not require the Issuer to maintain the overcollateralisation of the Notes at the original level or the level required by the relevant rating agencies (subject to compliance with Condition 2 of the Terms and Conditions of the Notes other than VPS Notes or Condition 2 of the Terms and Conditions of the VPS Notes, as the case may be) or to increase the overcollateralisation of the Notes in the event that the rating agencies require an increase to maintain the rating, and the Issuer cannot guarantee that a certain rating of the Notes will be maintained throughout the term of the Notes.

## 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 so long as they comply with the requirements of the Act and the Regulations and the Swap Providers' claims rank *pari passu* with the Noteholders' claims.

## **Risk Factors**

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

### **Reliance on Currency Swaps**

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

### **Reliance on Interest Rate Swaps**

In order to hedge the Issuer’s interest rate risks in NOK and/or other currencies to the extent that these have not already been hedged by a Currency Swap, the Issuer may enter into the Interest Rate Swaps (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 have defaulted under that Interest Rate Swap. If the Issuer defaults under an Interest Rate Swap due to non-payment or otherwise, the relevant Interest Rate Swap Provider (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. 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 and will not be obligations of, or guaranteed by, any member of the Sparebanken Møre 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 member of the Sparebanken Møre Group or any of the Arranger, the Dealers, the Swap Providers or any other party to the transaction documents relating to the Programme.

### **Credit risk**

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

## **Risk Factors**

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

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

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

### **Interest rate risk**

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

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

### **Liquidity risk**

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

### **No gross-up**

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

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

### **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 wide 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.



## **Risk Factors**

### **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 and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. 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.

### **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.

## **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**

Pursuant to the Norwegian Act of 1996 on Guarantee Schemes For Banks and Public Administration etc. of Financial Institutions, the managing director and the board of directors of the Issuer are under an obligation to file a report with the Norwegian Financial Supervisory Authority (*Finanstilsynet*) (the **NFSA**) if there is reason to believe that the Issuer may fail to meet its obligations under the Act. The NFSA shall, in collaboration with

## **Risk Factors**

the Issuer, ascertain the necessary measures to be taken. If such measures are not initiated by the Issuer, the NFSA may also impose conditions and guidelines on the Issuer, for the purpose of ensuring that continued operation is performed satisfactorily.

If the Issuer does not meet its obligations towards the holders of Covered Bonds, such holders may file a petition for bankruptcy against the Issuer.

### **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 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 claims relating to the fees and expenses of a bankruptcy estate, which pursuant to the Norwegian Liens Act are secured by a first priority lien over all of the bankruptcy estate's assets. Such liens will be limited to 700 times the standard Norwegian court fee (which at present is approximately NOK 602,000) 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 VPS Trustee may, without the consent of the holders of VPS Notes, make certain modifications to the Terms and Conditions of the VPS Notes, the VPS Trustee Agreement or the VPS Agency Agreement without the prior consent or sanction of such holders of VPS Notes, as further detailed in the VPS Conditions and the VPS Trustee Agreement. The VPS Trustee must notify the holders of VPS Notes of a proposal to effect such modification and the holders of VPS Notes then has at least five Business Days to protest. If a protest is made, then the relevant modification will not be made. If there is no protest, then the relevant modification will be binding on the holders of VPS Notes.

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest or similar income paid by a person in its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

### **Foreign Account Tax Compliance withholding may affect payments on the Notes**

The U.S. "Foreign Account Tax Compliance Act" (or FATCA) imposes a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United

## **Risk Factors**

States, (ii) “foreign passthru payments” made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. The Issuer may be classified as a financial institution for these purposes. If an amount in respect of such withholding tax were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected. Prospective investors should refer to the section “*Taxation – Foreign Account Tax Compliance Act*”.

### **Change of law**

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

The Terms and Conditions of the VPS Notes are based on English law, save for Conditions 2, 10, 11 and 12 of such Conditions, which are governed by Norwegian law.

No assurance can be given as to the impact of any possible judicial decision or change to English law, Norwegian law or administrative practice after the date of this Offering Circular and any such change could materially adversely impact the value of any Notes affected by it.

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

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

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

## **RISKS RELATED TO THE MARKET GENERALLY**

Set out below is a description of material market risks, including exchange rate risk and interest rate risk:

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

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

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.

## **Documents Incorporated by Reference**

The following documents, which have previously been filed with the Financial Services Authority, shall be incorporated in, and form part of, this Offering Circular:

- (a) the audited financial statements of the Issuer for the financial year ended 31 December 2011 together with the independent auditors' report thereon;
- (b) the audited financial statements of the Issuer for the financial year ended 31 December 2012 together with the independent auditors' report thereon;
- (c) the sections "Terms and Conditions of the Notes other than VPS Notes" (pages 35-52 inclusive) and "Terms and Conditions of the VPS Notes" (pages 53-69 inclusive) set out in the Offering Circular relating to the Programme dated 19 May 2011; and
- (d) the sections "Terms and Conditions of the Notes other than VPS Notes" (pages 35-52 inclusive) and "Terms and Conditions of the VPS Notes" (pages 53-69 inclusive) set out in the Offering Circular relating to the Programme dated 23 May 2012.

The financial statements and auditors' reports outlined above constitute accurate and direct translations of the Norwegian originals.

Following the publication of this Offering Circular a supplement may be prepared by the Issuer and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

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

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

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

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

## 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.

### BEARER 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**) which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**); and
- (ii) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common 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 relevant clearing system(s) will be notified 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 and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

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

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, Exchange Event means that (i) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 11 of the Terms and Conditions of the Notes other than VPS Notes

## Form of the 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 which have an original maturity of more than one year and on all interest coupons relating to such Notes:

“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 26 March 2013 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 account operator acting on behalf of the Issuer will credit each subscribing account holder with the VPS with a nominal amount of VPS Notes equal to the nominal amount thereof for which it has subscribed and paid.

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

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

## GENERAL

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

## **Form of the Notes**

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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 Offering Circular or a new Offering Circular will be made available which will describe the effect of the agreement reached in relation to such Notes.

# Applicable Final Terms

[Date]

**Møre Boligkreditt AS**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €2,000,000,000  
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 Offering Circular dated [date] [and the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Offering Circular**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular is available for viewing at [ ] and copies may be obtained from the registered office of the Issuer.

Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions of the Notes other than VPS Notes] [the Terms and Conditions of the VPS Notes] (the **Conditions**) set forth in the Offering Circular dated [original date] which are incorporated by reference in the Offering Circular dated [current date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular dated [current date] [and the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Offering Circular**), including the Conditions incorporated by reference in the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. Copies of the Offering Circular are available for viewing at [ ] and copies may be obtained from the registered office of the Issuer.]

- |    |  |   |
|----|--|---|
| 1. | Issuer:  | Møre 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 21 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  |



## Applicable Final Terms

- [ ]
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: [ ] [Not Applicable]
13. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(see paragraph 18/19 below)]
14. [Date [Board] approval for issuance of Notes obtained: [ ] [and [ ], respectively]]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (a) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date
- (c) Fixed Coupon Amount(s): [ ] per Calculation Amount
- (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/[ ]]
- (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]

## Applicable Final Terms

- (f) Screen Rate Determination:
- Reference Rate: Reference Rate: [ ] month [[Sterling/Euro/Swiss Franc] LIBOR/EURIBOR/NIBOR/STIBOR]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ]
- (g) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (h) Margin(s): [ +/- ] [ ] per cent. per annum
- (i) Minimum Rate of Interest: [ ] per cent. per annum
- (j) Maximum Rate of Interest: [ ] per cent. per annum
- (k) 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. 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
19. Investor Put: [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount: [ ] per Calculation Amount
- (c) Notice periods: Minimum period: [ ] days

**Applicable Final Terms**

Maximum period: [ ] days

20. Final Redemption Amount: [ ] per Calculation Amount

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

21. 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]

22. Additional Financial Centre(s): [Not Applicable][ ]

23. 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]

Signed on behalf of Møre Boligkreditt AS:

By: .....  
Duly authorised

## Applicable Final Terms

### 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 London Stock Exchange's Regulated Market and listed on the Official List of the UK Listing Authority] [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 London Stock Exchange's Regulated Market and listed on the Official List of the UK Listing Authority) with effect from [ ].] [Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: [ ]

#### 2. RATINGS

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

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

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

#### 4. YIELD

- Indication of yield: [ ]

#### 5. OPERATIONAL INFORMATION

- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) Any clearing system(s) other than Euroclear Bank SA/NV or Clearstream Banking, société anonyme 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]
- (iv) Names and addresses of additional Paying Agent(s) (if any): [ ][Not Applicable]

#### 6. TEFRA RULES

- Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable]

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

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

The Notes are covered bonds (*obligasjoner med fortrinnsrett*) issued by Møre Boligkreditt AS (the **Issuer**) in accordance with *lov 10. juni 1988 nr. 40 om finansieringsvirksomhet og finansinstitusjoner (finansieringsvirksomhetsloven)* (the **Act**) and the *Forskrift 25. mai 2007 nr. 550 om kredittforetak som utsteder obligasjoner med fortrinnsrett i en sikkerhetsmasse bestående av offentlige lån og utlån med pant i bolig eller annen fast eiendom* (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 26 March 2013 and made between the Issuer, and Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and 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 26 March 2013 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 London Stock Exchange, the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders and the Couponholders

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

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, *société anonyme* (**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 all other outstanding unsubordinated obligations of the Issuer that have been provided equivalent priority of claim to covered bonds (*obligasjoner med fortrinnsrett*) issued in accordance with the terms of the Act.

#### 2.2 Overcollateralisation

For so long as 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 of all Series and any other covered bonds (*obligasjoner med fortrinnsrett*) issued in accordance with the terms of the Act (together, the **Covered Bonds**) shall at all times be a minimum of 110.5 per cent. of the outstanding principal amount of the Covered Bonds, or such other percentage as may be selected by the Issuer from time to time and notified to the Agent and each of the Rating Agencies (the **Alternative Overcollateralisation Percentage**), provided that:

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

- (i) the Alternative Overcollateralisation Percentage shall not, for so long as any of the Notes is outstanding, be less than 100 per cent. of the outstanding principal amount of the Covered Bonds; and
- (ii) without prejudice to (i) above, the Issuer shall not at any time select an Alternative Overcollateralisation Percentage unless (A) the credit rating assigned to the Notes at such time by each of the Rating Agencies which has assigned a credit rating to the Notes at such time is Aaa (in the case of Moody's Investor Service Limited or its successors) or equivalent (in the case of any other Rating Agency), and (B) each of the Rating Agencies which has assigned a credit rating to the Notes at such time has confirmed in writing to the Issuer that, at the time of their confirmation, the selection of such Alternative Overcollateralisation Percentage would not in and of itself result in any credit rating then assigned to the Notes by such Rating Agency being reduced, removed, suspended or placed on creditwatch.

### 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

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- (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



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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 a day which is both:

- (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 specified in the applicable Final Terms; and
- (ii) 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 (if other than London and any Additional Business Centre and 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 Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (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 as at 11.00 a.m. (London time, in the case of LIBOR, Brussels time, in the case of EURIBOR, Oslo time, in the case of NIBOR, or Stockholm time,

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in the case of STIBOR) 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.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

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

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

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

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

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

The Agent will calculate the amount of interest (the Interest Amount) payable on the 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:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

### (e) 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.

### (f) 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, but without prejudice to the provisions of Condition 6 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 6) any law implementing an intergovernmental approach thereto.

### 4.2 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 4.1 above only against presentation and surrender (or, in the case of part

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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

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U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

### 4.5 Payment Day

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

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

### 4.6 Interpretation of principal and interest

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

- (a) the Final Redemption Amount of the Notes;
- (b) the Optional Redemption Amount(s) (if any) of the Notes;
- (c) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 5.6); and
- (d) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

## 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.

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

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

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than 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 5.2 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.

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

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 11 below not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear and Clearstream, Luxembourg or any common depository or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear or Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

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

### 5.4 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

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

any price in the open market or otherwise. All Notes so purchased will be surrendered to a Paying Agent for cancellation.

### 5.5 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 5.4 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

### 5.6 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Conditions 5.1, 5.2 or 5.3 above is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

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

where:

**RP** means the Reference Price;

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

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

## 6. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. If such withholding or deduction is required by law neither the Issuer nor any Paying Agent shall be obliged to pay any additional amounts to the Noteholders. 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 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



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

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;
- (c) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (d) 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. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another

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

relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

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

### **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 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 which is governed by, and construed in accordance with, Norwegian law.

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

### 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 DNB Bank ASA at its registered office at 20 St. Dunstan's Hill, London EC3R 8HY 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 DNB Bank ASA 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:

**Cover Pool** means assets of the Issuer falling within the requirements of Section 2-28 of the Act, Section 9 of the Regulations and otherwise as set out in the Act and Regulations from time to time (other than any such asset in respect of which an amount has become due and payable to the Issuer, and such amount is not paid within 90 days of becoming due and payable);

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

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

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

**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;

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

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

- (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; 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 Møre Boligkreditt AS (the **Issuer**) in accordance with *lov 10. juni 1988 nr. 40 om finansieringsvirksomhet og finansinstitusjoner (finansieringsvirksomhetsloven)* (the **Act**) and the *Forskrift 25 mai 2007 nr. 550 om kredittforetak som utsteder obligasjoner med fortrinnsrett i en sikkerhetsmasse bestående av offentlige lån og utlån med pant i bolig eller annen fast eiendom* (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 the trust agreement (such trust agreement as modified and/or supplemented and/or restated from time to time, the **VPS Trustee Agreement**) dated 23 May 2012 made between the Issuer and Norsk Tillitsmann ASA (the **VPS Trustee**, which expression shall include any successor as Trustee).

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

The VPS Notes have the benefit of an agreement (the **VPS Agency Agreement**) dated 23 December 2008 between the Issuer and Sparebanken Møre (the **VPS Agent**).

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 for the time being of the VPS Notes (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.

Copies of the VPS Agency Agreement and the VPS Trustee Agreement are available for inspection during normal business hours at the specified office of the VPS Agent and at the registered office for the time being of the VPS Trustee at 26 March 2013 at Haakon VII Gate 1, 0161, Oslo, Norway.

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

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

### 1. FORM, DENOMINATION AND TITLE

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

## Terms and Conditions of the VPS Notes

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

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

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

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

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

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

## 2. STATUS OF THE VPS NOTES AND OVERCOLLATERALISATION

### (a) Status of the VPS Notes

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

### (b) Overcollateralisation

For so long as 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 of all Series and any other covered bonds (*Obligasjoner med fortrinnsrett*) issued in accordance with the terms of the Act (together, the **Covered Bonds**) shall at all times be a minimum of 110.5 per cent. of the outstanding principal amount of the Covered Bonds, or such other percentage as may be selected by the Issuer from time to time and notified to the Agent and each of the Rating Agencies (the **Alternative Overcollateralisation Percentage**), provided that:

- (i) the Alternative Overcollateralisation Percentage shall not, for so long as any of the VPS Notes is outstanding, be less than 100 per cent. of the outstanding principal amount of the Covered Bonds; and
- (ii) without prejudice to (i) above, the Issuer shall not at any time select an Alternative Overcollateralisation Percentage unless (A) the credit rating assigned to the VPS Notes at such time by each of the Rating Agencies which has assigned a credit rating to the VPS Notes at such time is Aaa (in the case of Moody's Investor Service Limited or its successors) or equivalent (in the case of any other Rating Agency), and (B) each of the Rating Agencies which has assigned a credit rating to the VPS Notes at such time has confirmed in writing to the Issuer that, at the time of their confirmation, the selection of such Alternative Overcollateralisation Percentage would not in and of itself result in any credit rating then assigned to the VPS Notes by such Rating Agency being reduced, removed, suspended or placed on creditwatch.

## 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.

## Terms and Conditions of the VPS Notes

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

## Terms and Conditions of the VPS Notes

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

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

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and 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 Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (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**



## Terms and Conditions of the VPS Notes

**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 as at 11.00 a.m. (London time, in the case of LIBOR, Brussels time, in the case of EURIBOR, Oslo time, in the case of NIBOR, or Stockholm time, in the case of STIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of Condition 3(b)(ii)(B)(1), no offered quotation appears or, in the case of Condition 3(b)(ii)(B)(2), fewer than three offered quotations appear, in each case as at the Specified Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as

## Terms and Conditions of the VPS Notes

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) **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);

## Terms and Conditions of the VPS Notes

- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

## Terms and Conditions of the VPS Notes

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

where:

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

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

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

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

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

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

### (v) 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 10 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 10. 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.

### (vi) Determination or Calculation by the VPS Trustee

If for any reason at any relevant time the Calculation Agent defaults in its obligation to determine the Rate of Interest, the VPS Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the VPS Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

### (vii) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3, 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

## Terms and Conditions of the VPS Notes

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, but without prejudice to the provisions of Condition 6 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 6) any law implementing an intergovernmental approach thereto.

### (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

## Terms and Conditions of the VPS Notes

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

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

## 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 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

## Terms and Conditions of the VPS Notes

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**).

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

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any VPS Note giving to the Issuer in accordance with Condition 9 not less than 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.

### (d) **Purchases**

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

### (e) **Cancellation**

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

All VPS Notes which are redeemed will forthwith be cancelled in the same manner. Any VPS Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such VPS Notes shall be discharged.

### (f) **Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph 5(a), 5(b) or 5(c) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

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

where:

**RP** means the Reference Price;

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

## 6. **TAXATION**

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All payments of principal and interest in respect of the VPS Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Norway or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. If such withholding or deduction is required by law neither the Issuer nor any Paying Agent shall be obliged to pay any additional amounts to the VPS Noteholders.

### 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 three Oslo Business Days after the date of the relevant transaction. VPS Notes may be transferred between accountholders at the VPS in accordance with the procedures and regulations, for the time being, of the VPS. A transfer of VPS Notes which is held in the VPS through Euroclear or Clearstream, Luxembourg is only possible by using an account operator linked to the VPS.

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

In the event of a partial redemption of VPS Notes under Condition 5, the Issuer shall not be required to register the transfer of any VPS Note, or part of a VPS Note, called for partial redemption.

#### (c) **Costs of registration and administration of the VPS Register**

VPS Noteholders will not be required to bear the costs and expenses of effecting any registration, transfer or administration in relation to the VPS Register, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

### 9. **NOTICES**

Notices to the VPS Noteholders shall be valid if the relevant notice is given to the VPS for communication by it to the VPS Noteholders and, so long as the VPS Notes are listed on a stock exchange, the Issuer shall ensure that notices are duly published in a manner which complies with the rules of such exchange. Any such notice shall be deemed to have been given on the date two days after delivery to the VPS.

### 10. **MEETINGS OF VPS NOTEHOLDERS AND MODIFICATION**

#### **Provisions with respect to Holders of VPS Notes**

The VPS Trustee Agreement contains provisions for convening meetings of the VPS Noteholders to consider any matter affecting their interests, including sanctioning by a majority of votes (as more fully set out in the VPS Trustee Agreement) a modification of the VPS Notes or any of the provisions of the VPS Trustee Agreement (or, in certain cases, sanctioning by a majority of two thirds of votes). Such a meeting may be convened by the Issuer, the VPS Trustee, the Exchange 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 one half 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 Voting VPS Notes for the



## Terms and Conditions of the VPS Notes

time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in aggregate nominal amount of the Voting VPS Notes. A resolution passed at any meeting of the VPS Noteholders shall be binding on all the VPS Noteholders, whether or not they are present at such meeting.

### Modification

The VPS Trustee Agreement provides that:

- (i) the VPS Trustee may in certain circumstances, without the consent of the VPS Noteholders, make decisions binding on all VPS Noteholders relating to the VPS Conditions, the VPS Trustee Agreement or the VPS Agency Agreement or that is not, in the Trustee's opinion, materially prejudicial to the interests of the VPS Noteholders; and
- (ii) the Trustee may reach decisions binding for all VPS Noteholders.

## 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 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 it) are governed by, and shall be construed in accordance with, English law, save as to Conditions 2, 10, 11 and 12 (and any non-contractual obligations arising out of or in connection with it) 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.

## Terms and Conditions of the VPS Notes

### (c) Appointment of Process Agent

The Issuer irrevocably appoints DNB Bank ASA at its registered office at 20 St. Dunstan's Hill, London EC3R 8HY 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 DNB Bank ASA 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 agency agreement dated 19 May 2011 between the Issuer and the agents named therein, as amended and/or supplemented and/or restated from time to time;

**Calculation Agency Agreement** in relation to any Series of VPS Notes means an agreement in or substantially in the form of Schedule 1 to the Agency Agreement;

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

**Cover Pool** means assets of the Issuer falling within the requirements of Section 2-28 of the Act, Section 9 of the Regulations and otherwise as set out in the Act and Regulations from time to time (other than any such asset in respect of which an amount has become due and payable to the Issuer, and such amount is not paid within 90 days of becoming due and payable);

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

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

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

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

**Exchange** means, for the purpose of these VPS Conditions, the 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;

## Terms and Conditions of the VPS Notes

**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 Days** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Oslo;

**outstanding** means, in relation to the VPS Notes of any Series, all the VPS Notes issued other than:

- (a) those Notes which have been redeemed and cancelled pursuant to the Conditions;
- (b) those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest (if any) accrued to the date for redemption and any interest (if any) payable under the Conditions after that date) have been duly paid to or to the order of the VPS Agent in the manner provided in these Conditions and the VPS Agency Agreement (and where appropriate notice to that effect has been given to the Noteholders in accordance with the Conditions) and remain available for payment of the relevant Notes ;
- (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 or as specified in the applicable Final Terms;

**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, Oslo time, in the case of a determination of NIBOR, or Stockholm time, in the case of a determination of STIBOR);

**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 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 be applied by the Issuer for general corporate purposes. If in respect of any particular issue of Notes there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

# Summary of the Norwegian Legislation regarding Covered Bonds

*(Obligasjoner med fortrinnsrett)*

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 Offering Circular. 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 Offering Circular, the main legislation which governs covered bonds comprises an amendment to Chapter 2, Subsection IV of the Norwegian Financial Institutions Act of 1988 (the **Act**) which came into legal effect on 1 June 2007, and regulations of 25 May 2007 issued by the Ministry of Finance (the **Ministry**) under the authority conferred on it by the Act (the **Regulations**) which came into legal effect on 1 June 2007 (together the **Legislation**).

## LEGISLATION

Under the Legislation, certain Norwegian credit institutions which meet the general definitions of a “Financial Institution” (*finansinstitusjon*) and “Credit Institution” (*kredittforetak*) contained in the Act, and whose articles of association comply with prescribed mandatory requirements may issue covered bonds (*obligasjoner med fortrinnsrett*). The Act defines Credit Institutions as credit businesses which are not banks (and whose activity is the receiving of funds or other assets to be repaid and the granting of credit and loans in its own name). Credit Institutions must hold licences issued by the King 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, but must notify the NFSA no less than 30 days in advance before the Credit Institution’s 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 derivatives 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. If the bonds are issued outside Norway and (a) if in NOK, they can only be subscribed for by entities not residing in Norway, or (b) if in a currency other than NOK, there is no requirement for VPS registration and the bonds may be issued as bearer bonds, registered bonds or by book entry into a securities registry.

## THE REGISTER

The Credit Institution must maintain a register (the **Register**) of the issued covered bonds, the related derivatives agreements, and the Cover Pool pertaining to such covered bonds and derivatives agreements.

The Register must at all times contain detailed information on the nominal value of the covered bonds, the assets which constitute the Cover Pool, and the derivative agreements. Consequently, the 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 Cover Pool pertaining to the covered bonds, but shall, according to the preparatory works to the Act, serve as strong evidence.

## BENEFIT OF A PRIORITISED CLAIM

Pursuant to the Act, if a Credit Institution which has issued covered bonds is declared bankrupt (*konkurs*), enters into debt negotiations pursuant to the Norwegian Bankruptcy Act, is liquidated or is placed under public administration, the holders of covered bonds issued by the relevant Credit Institution and the counterparties to the relevant derivatives agreements will have an exclusive, equal and *pro rata* prioritised claim over the Cover Pool. The prioritised claims will rank ahead of all other claims, save for claims relating to the fees and expenses of a bankruptcy estate. According to the provisions of section 6-4 of the Norwegian Liens Act and section 2-35 of the Act, a future bankruptcy estate 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 bankruptcy administrator and creditors’ committee in connection with the administration of the bankruptcy estate, ranking ahead of the claims of holders of covered bonds and of the counterparties to the relevant derivatives agreements. Such liens will, however, be limited to 700 times the standard Norwegian court fee (approximately NOK 602,000) in respect of each Cover Pool. Payment of expenses on operation, management, recovery and realisation of the Cover Pool

## Summary of the Norwegian Legislation regarding Covered Bonds

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 a bankruptcy estate 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. However, an exemption regarding the prohibition against set-off has been made in relation to derivative agreements, as further described in the Regulations.

### COVER POOL — COMPOSITION OF ASSETS

Pursuant to the Act, the Cover Pool may only consist of certain assets, which include loans secured by various types of mortgages (**Mortgages**), on other registered assets (*realregistrerte formuesgoder*), loans granted to or guaranteed by certain governmental bodies (**Government Loans**), receivables in the form of certain derivatives 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 European Economic Area (**EEA**) or the Organisation for Economic Co-operation and Development (**OECD**).

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

Supplemental assets may only consist of receivables of certain liquidity and certainty, and are as a main rule subject to a limit of 20 per cent. of the total value of the Cover Pool, see below. However, under certain circumstances, and for a limited period of time only, Finanstilsynet 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.

## Summary of the Norwegian Legislation regarding Covered Bonds

### VALUATIONS

The Act requires that the value of the Cover Pool at all times must exceed the aggregate value of the covered bonds which confer a right on the holders and the counterparties to derivatives agreements to a prioritised claim over that Cover Pool.

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

### BALANCE AND LIQUIDITY REQUIREMENTS

In order to ensure that the above mentioned requirement that the value of the Cover Pool at all times shall exceed the value of the covered bonds is complied with, each Credit Institution issuing covered bonds is required to establish systems for continued control of the development of the value of the Cover Pool assets, and to monitor the development of the relevant market situations. If developments in the market situation or in the situation pertaining to an individual 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 related derivatives agreements. The Credit Institution must also establish a liquidity reserve which shall be included in the Cover Pool.

### 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, at least every three months, review compliance with the Act's provisions relating to the Register, including those which govern the composition and the balance of the Cover Pool.

The 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 2-31 and 2-33 of the Act are complied with. Furthermore, the Inspector shall submit annual reports of observations and assessments to the Finanstilsynet.

### COVER POOL ADMINISTRATION IN THE EVENT OF BANKRUPTCY

Covered Bondholders' claims may only be accelerated in the event of an actual payment default by the Credit Institution. Bankruptcy or insolvency on the part of the Credit Institution does not in itself give the right to accelerate claims.

If a Credit Institution is declared bankrupt, a bankruptcy administrator (the **Bankruptcy Administrator**) of the bankruptcy estate will be appointed by the court.

If a Credit Institution which has issued covered bonds is declared bankrupt or enters into debt negotiations pursuant to the Bankruptcy Act, and the Cover Pool meets the requirements of the Act and the Regulations, the Bankruptcy Administrator must ensure that, to the extent possible, the holders of covered bonds and counterparties to related derivatives agreements receive timely payment of their respective claims, such payments being made from the Cover Pool for the duration of the administration of the bankruptcy estate.

If the bankruptcy estate is unable to make timely payments to the covered bondholders or the counterparties to related derivatives agreement, the Bankruptcy Administrator must set a date for suspension of payments, and inform interested parties of this as soon as possible. If suspension of payments is initiated, the further handling of the bankruptcy estate will be conducted in accordance with general Norwegian bankruptcy legislation. The claims of the covered bondholders and counterparties to related derivative agreements will continue to have the 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.

## Møre Boligkreditt AS

The Issuer is Møre Boligkreditt AS. The Issuer is a wholly-owned subsidiary of Sparebanken Møre (**Sparebanken Møre** or the **Bank**).

The Issuer is a limited company incorporated under the laws of Norway. The Issuer was incorporated on 25 September 2001 under the name Marine Capital Management AS. On 20 October 2008 the Issuer's name was changed to Møre Boligkreditt AS. The Issuer's organisation number is 884 031 222, its registered office is Ålesund and the place of registration is Norway. The Issuer's registered address is Keiser Wilhelmsgate 29-33, 6001 Ålesund, Norway and the Issuer's telephone number is +47 70 11 30 00. On 6 November 2008 the Issuer's articles of association were approved by the NFSA to enable the Issuer to issue Covered Bonds in accordance with the Act.

The Issuer's objective is to grant or acquire residential mortgages, commercial mortgages, loans secured by a mortgage on registered real capital assets or public loans, and to finance lending activity mainly through the issue of covered bonds.

The Issuer arranges the purchase and transfer of mortgages from Sparebanken Møre and markets the Notes to prospective investors.

### Operations

Mortgages are issued by Sparebanken Møre. To obtain a mortgage, prospective borrowers must, together with a retail relationship manager, 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 bureau (*Dun & Bradstreet*) search which details public information such as any economic related country court judgments and bankruptcy. An internal credit score is also generated by an automated system in respect of each applicant to assist in the process of their credit application.

### Transfer and servicing of loans

#### *General*

The guidelines adopted by the Issuer's board of directors (the **Issuer's Board**) with respect to the eligibility of loans for transfer and the transfer procedure are set out in the Issuer's Credit Risk Strategy (the **Credit Risk Strategy**). Eligible loans are assets which are eligible for inclusion in the Cover Pool, as determined by the Act and Regulations and the Credit Risk Strategy (such eligible loans being **Eligible Loans**). The Credit Risk Strategy contains the strategy and framework for the credit risk area, and sets targets for the risk level adapted to Sparebanken Møre's solidity and profitability. The Credit Risk Strategy specifies guidelines for the acquisition of mortgages from Sparebanken Møre (requirements relating to the loans, the customers and the collateral in question), the monitoring reporting of credit risk and any other criteria the Issuer's Board may, from time to time, think necessary.

#### *Transfer and Servicing Agreement*

The Issuer has entered into a transfer and servicing agreement dated 23 December 2008 with Sparebanken Møre to purchase and transfer Eligible Loans from Sparebanken Møre to the Issuer (as amended, the **Transfer and Servicing Agreement**). The Transfer and Servicing Agreement provides that Sparebanken Møre will continue to be the servicer of all Eligible Loans transferred to the Issuer and that Sparebanken Møre retains the responsibility for any demands made by a borrower in respect of its transferred Eligible Loan and for any losses incurred by a borrower due to operational errors by Sparebanken Møre.

The customer relationship managers at Sparebanken Møre have the responsibility of checking that a mortgage is an Eligible Loan before it is transferred to the Issuer. The Issuer will also check the relevant mortgages before they are purchased from Sparebanken Møre according to the selection criteria and the Credit Risk Strategy. After approving the portfolio of mortgages, the Chief Executive Officer (**CEO**) of the Issuer and the Executive Vice President of retail banking of Sparebanken Møre will sign the following documents:

- an agreement concerning the purchase of the relevant mortgages from Sparebanken Møre, including a specification of the identified portfolio of mortgages and the CEO's confirmation that the mortgages meet the provisions of the Credit Risk Strategy; and
- a transaction document confirming the agreed price for the portfolio of mortgages and specifying the form of payment.



## Møre Boligkreditt AS

The Issuer will use available cash and/or draw on the Facility (as defined below) to pay for the mortgages. Mortgages will be purchased by the Issuer from Sparebanken Møre at their market value. The transfer and management of the portfolio of mortgages is handled through an IT application from Evry ASA (*Kredittforetak I:1*). The system manages the transfer and re-transfer of mortgages, including, among other things, the associated collateral, administering the cash flows to and from the mortgages, tax reports and notifications to customers.

### *Representations and warranties*

Save for checking the relevant mortgages according to the selection criteria and the Credit Risk Strategy as specified above, the Issuer has not made (nor will it make) any of the investigations which a prudent purchaser would normally make in relation to the acquisition of secured loans. In addition, the Issuer has not made (nor will it make) any investigations as to whether (i) the Eligible Loans are advanced in accordance with the relevant legislation; (ii) secured loans are validly established with the necessary legal protection; or (iii) secured loans can be subject to legal measures if the borrower under a Eligible Loan defaults on its obligations.

In relation to the Eligible Loans and their related security, the Issuer will rely entirely on the representations and warranties (each, a **Warranty**, and together the **Warranties**) given by Sparebanken Møre to the Issuer. The Warranties given by Sparebanken Møre under the Transfer and Servicing Agreement are that:

- (a) Sparebanken Møre has creditor rights to each of the Eligible Loans, and these rights are included in the transfer of the Eligible Loans to the Issuer. None of these Eligible Loans is encumbered with transfer restrictions;
- (b) all of the Eligible Loans backed by collateral are validly established and binding for the borrower and the guarantors in question. The Eligible Loans and the collateral may be enforced in accordance with the wording of both the debt certificates and the collateral documents;
- (c) all collateral documents cover repayments of the respective Eligible Loan principal sums, interest, costs and expenses;
- (d) all necessary registrations are completed, or will be as soon as new Eligible Loans have been established, to secure the Issuer's legal remedy with respect to the Eligible Loans backed by collateral (and Sparebanken Møre will also ensure that necessary notifications are and/or will be given to the individual borrowers about the Issuer's acquisition of the Eligible Loans backed by collateral);
- (e) all requirements stipulated in the Act (as defined in "*Summary of the Norwegian Legislation regarding Covered Bonds*") whereby Eligible Loans can be deemed to be Eligible Loans are fulfilled on the transfer date, and all collateral which Sparebanken Møre shall introduce into the Issuer's Cover Pool will be introduced there in accordance with the Act as soon as possible; and
- (f) the individual transferred loan agreements will not bind the Issuer to granting additional Eligible Loans to any of the borrowers exceeding the loan to value in the Legislation (as defined in "*Summary of the Norwegian Legislation regarding Covered Bonds*") (currently 75 per cent.).

Sparebanken Møre will immediately inform the Issuer in the event that one or more of the abovementioned conditions are violated. If there is a breach of any Warranty, Sparebanken Møre shall be required to repurchase the relevant secured Eligible Loan immediately from the Issuer for a consideration equal to the then remaining principal sum of the relevant loan plus any accrued interest for the period until the relevant loan is transferred to Sparebanken Møre. Sparebanken Møre shall also be required to refund any costs incurred by the Issuer as a result of such repurchase.

The Issuer and Sparebanken Møre have each represented and warranted in the Transfer and Servicing Agreement that each Eligible Loan has been and will be transferred and assigned in accordance with the Financial Contracts of Financial Assignment Act (No. 46 of 25 June 1999) and all other applicable laws.

### *Servicing*

Once the mortgages have been approved and transferred to the Issuer, the mortgages are serviced in the same manner as they were before the transfer by Sparebanken Møre in accordance with the Transfer and Servicing Agreement. The customer relationship managers continue to service the mortgages and the customers. If a customer wants to refinance his/her mortgage, the loan (including the associated collateral) has to be re-transferred to Sparebanken Møre. The cash-flow from the mortgages (including, without limitation, payment of interest and instalments) is paid into an account which Møre Boligkreditt AS holds with Sparebanken Møre, and the payments are logged on a daily basis.

## Møre Boligkreditt AS

According to the Transfer and Servicing Agreement and the internal pricing agreement, the Issuer has outsourced a number of services connected to the management of the portfolio.

### *Termination*

The Transfer and Servicing Agreement provides that, if any of the following events occurs:

- (i) default is made by Sparebanken Møre in the payment on the due date of any payment due and payable by it under the Transfer and Servicing Agreement and such default continues unremedied for a period of 7 days after the earlier of Sparebanken Møre becoming aware of such default or receipt by Sparebanken Møre of written notice from the Issuer requiring the same to be remedied;
- (ii) default is made by Sparebanken Møre in the performance or observance of any of its other covenants and obligations under the Transfer and Servicing Agreement, which, in the opinion of the Norwegian Financial Supervisory Authority (FSAN) (NO *Finanstilsynet*) or an independent inspector appointed by the FSAN, is materially prejudicial to the interests of the creditors of the Cover Pool from time to time and such default continues unremedied for a period of 14 days after the earlier of Sparebanken Møre becoming aware of such default and receipt by Sparebanken Møre of written notice from the Issuer requiring the same to be remedied;
- (iii) Sparebanken Møre is subjected to insolvency proceedings; or
- (iv) at any time it becomes unlawful for Sparebanken Møre to perform all or a material part of its obligations under the Transfer and Servicing Agreement or Sparebanken Møre ceases to be duly licensed under Norwegian Law to act as consumer credit provider or intermediary,

then the Issuer may at once or at any time thereafter (in the case of events (i) – (iii), while such default continues) by notice in writing to Sparebanken Møre provided that notice thereof is also given to the relevant rating agency or agencies, terminate the Transfer and Servicing Agreement. Upon the termination of the Transfer and Servicing Agreement, the Issuer shall use its reasonable endeavours to appoint a substitute servicer that satisfies the conditions set forth in the Transfer and Servicing Agreement.

The Issuer shall notify the relevant rating agency or agencies in writing of the identity of the substitute servicer.

The Transfer and Servicing Agreement may also be terminated by Sparebanken Møre upon 12 months' prior written notice to the Issuer provided that:

- (i) the Issuer consents in writing to such termination;
- (ii) a substitute servicer shall be appointed by the Issuer, such appointment to be effective no later than the date of such termination;
- (iii) such substitute servicer has all licences, approvals, authorisations and consents which may be necessary in connection with the performance of the Services, and is duly licensed under Norwegian law to act as consumer credit provider or intermediary;
- (iv) such substitute servicer has experiences with and systems capable of administering portfolios of residential mortgage loans in Norway and is approved by the Issuer;
- (v) such substitute servicer enters into an agreement substantially on the same terms as the relevant provisions of the Transfer and Servicing Agreement and Sparebanken Møre shall not be released from its obligations under the relevant provisions of the Transfer and Servicing Agreement until such substitute servicer has entered into such new agreement; and
- (vi) the Issuer shall notify the relevant rating agency or agencies in writing of the identity of the substitute servicer.

In circumstances where its appointment is terminated by the Issuer, Sparebanken Møre has undertaken in the Transfer and Servicing Agreement to:

- (i) use its best endeavours to forthwith deliver (and in the meantime hold for, and to the order of, the Issuer) to the Issuer or as it shall direct, the borrower files relating to the Eligible Loans, all books of account, papers, records, registers, correspondence and documents in its possession or under its control relating to the affairs of or belonging to the Issuer and the Eligible Loans and any other related security;
- (ii) use its best endeavours to forthwith deliver (if practicable, on the date of receipt by Sparebanken Møre) any monies then held by Sparebanken Møre on behalf of the Issuer and any other assets of the Issuer;

## **Møre Boligkreditt AS**

- (iii) take such further action as the Issuer may reasonably direct at the expense of Sparebanken Møre (including in relation to the appointment of a substitute servicer);
- (iv) provide all relevant information contained on computer records in a mutually acceptable data format, together with details of such format;
- (v) co-operate and consult with and assist the Issuer and its nominee (which shall, for the avoidance of doubt, include any new servicer appointed by it) for the purposes of explaining the file layouts and the format of such computer records on the computer system of the Issuer or such nominee; and
- (vi) permit the Issuer to have access at reasonable times to the relevant insurance policies.

### **Derivatives arrangement**

The Issuer will enter into derivatives arrangements with international banks and other parties, comprising interest rate swaps and currency swaps, for the purpose of controlling interest rate and currency risk relating to the Issuer's funding and lending operations. See also "*Summary of the Swap Agreements*" below.

### **Financial information**

The Issuer's share capital is NOK 500 million and other paid in equity capital is NOK 360 thousand.

As at 31 December 2012, the Issuer has NOK 11,330 million in lending to customers and has borrowings raised through the issue of securities ( Covered Bonds) worth NOK 10,006 million and has liabilities to credit institutions of NOK 987 million.

### **Board of Directors**

The Issuer's Board is elected by the Supervisory Board and consists of five members elected for a period of two years. The current directors are as follows:

Kjetil Hauge	Chairman of the Board and Executive Vice President and Chief Information Officer of Sparebanken Møre
Geir Tore Hjelle	Chief Financial Officer of J. Hagenæs Shipping AS
Britt Iren Tøsse Aandal	Finance Manager, Wenaas Kapital AS
Sandra Kristin Myhre Helseth	Vice President of Financial Control and Risk Management of Sparebanken Møre
Trond Lars Nydal	Executive Vice President, Ålesund and Sula Region Retail Banking of Sparebanken Møre

The business address of the five members of the Issuer's Board is the registered address of the Issuer.

### **Management**

Ole Kjerstad is the Managing Director (CEO) of the Issuer. Until September 2010, Mr Kjerstad was leader of the retail banking branch in Sparebanken Møre, located in the head office in Ålesund.

### **Shareholders**

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

### **The Credit Facility Agreement**

The Issuer and its parent, Sparebanken Møre (the **Lender**), have entered into a revolving credit facility agreement dated 27 April 2010 (the **Credit Facility Agreement**). The facility available under the Credit Facility Agreement (the **Facility**) can be used by the Issuer to make payments, repayments and/or prepayments of interest and/ or principal amounts in respect of Notes and payment of connected derivative contracts.

The Facility shall at all times never be less than 100 per cent. of the Issuer's payment obligation for the next 12 months in respect of Notes, including interest, principal and any connected derivative agreements entered into for hedging purposes.

The Facility is not limited to a specific maximum amount. The Facility will be in place until a date falling not earlier than 3 months after the last maturity date of any Notes.

### **Auditors**

Ernst & Young AS are the auditors of the Issuer. The responsible partners at Ernst & Young AS are members of the Norwegian Institute of Public Accountants.

## **Møre Boligkreditt AS**

### **Conflict of interest within administration, management and supervisory bodies**

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

# Sparebanken Møre Group

## Sparebanken Møre

Sparebanken Møre is a fully independent bank based in Ålesund in Norway. Sparebanken Møre was established in 1985 through a merger of several local savings banks. The oldest of these saving banks was established in 1843. Sparebanken Møre follows the contract banking principle. The contract banking principle means that the bank can either develop its own products in-house, or choose partners based on what is best for the bank. No considerations or obligations related to ownership in product companies or group membership are required to be taken into account when choosing its partners. The Sparebanken Møre's head office is located in Ålesund in Møre og Romsdal county, and the county is defined as Sparebanken Møre's operating area. Sparebanken Møre has today 30 branches in the county of Møre og Romsdal.

Sparebanken Møre has been listed at Oslo Stock Exchange since 1989 (Primary Capital Certificates/ PCCs, now Equity Certificates/ECs).

Based on total assets, Sparebanken Møre is currently the 6th largest Norwegian bank\*.

## Sparebanken Møre

Sparebanken Møre is registered in Norway under number 937 899 319 and has its registered office at Keiser Wilhelmsg. 29-33, 6001 Ålesund, Norway. Sparebanken Møre's telephone number is +47 70 11 30 00. Sparebanken Møre is operating under the Norwegian Savings Bank Act and the Act relating to Financial Institutions and Financing Activities, and is under the supervision of the NFSA.

## Principal activities

Sparebanken Møre is a supplier of all services within financing, deposits and other forms of placement, payment transmission, financial information and financial advisory services, financial security and personal portfolio management and real estate brokerage.

Through its different distribution channels, Sparebanken Møre sells non-life-insurance, and also occupational pension scheme products in the corporate market.

The Sparebanken Møre Group consists of Sparebanken Møre, the Issuer and two other subsidiaries (the **Sparebanken Møre Group**). Møre Eiendomsmegling AS is a real estate broker company in the county of Møre og Romsdal. Sparebankeiendom AS is a real estate management company, owning and managing the Sparebanken Møre's commercial properties.

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\* Source: Semi Annual Credit Report of DnB Markets dated 6 November 2012. 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 Sparebanken Møre, no facts have been omitted which would render the reproduced information inaccurate or misleading.

\*\* Source: Statistics Norway, Financial corporations. Loans and deposits by county, 2011 and Sparebanken Møre Annual report 2011. 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 Sparebanken Møre, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## Sparebanken Møre Group

### Market Position of the Sparebanken Møre Group

As at 31 December 2011, taking into account the customer loan book and deposits held by the Sparebanken Møre Group, Sparebanken Møre held a volume based market share of 18 per cent. in respect of lending, and a market share of 27 per cent. in respect of deposits in the county of Møre og Romsdal\*\*. *Retail Customers:* As at 1 January 2012 the population of Møre og Romsdal was 256,628. Including customers outside Møre of Romsdal county, Sparebanken Møre serves about 116,000 customers (Active Retail Customers). Sparebanken Møre's retail sector holds a market share of 21 per cent. in respect of lending, and a market share of 30 per cent. in respect of deposits\*\*.

The activity, based on traditional banking services is 63 per cent. loans to the retail market and 37 per cent. loans to the corporate and public sector.

*Corporate Customers:* Sparebanken Møre serves around 7,500 active corporate customers and these are mainly small and medium-sized companies. Sparebanken Møre currently has a market share of 15 per cent. of lending made to the corporate and public sector, and a market share of 23 per cent. of deposits held by the corporate and public sector\*\*.

### Strategic Objectives of the Sparebanken Møre Group

Sparebanken Møre aims to maintain its leading retail market position in the bank's main area of operation, and also strengthen the Sparebanken Møre's position as the preferred choice among small and medium size businesses in the county of Møre og Romsdal.

### Board of Directors

The board of directors of Sparebanken Møre consists of seven members. The current directors are as follows:

Leif Arne Langøy	Chairman
Roy Reite	Deputy Chairman
Ragna Brenne Bjerkeset	Board Member
Stig Remøy	Board Member
Ingvild Vartdal	Board Member
Elisabeth Maråk Støle	Board Member
Turid Håndlykken Sylte	Board Member

The business address of the seven members of the board of directors of Sparebanken Møre is the registered address of Sparebanken Møre.

### Management

Olav Arne Fiskerstrand – Chief Executive Officer. Mr. Fiskerstrand worked at the Bank during the period 1977–1979. After acquiring his degree, he was hired by the Bank again, this time as Department Manager, Financial Control. Appointed as the Bank's Chief Executive Officer in 1997.

Arild Sulebakk – Executive Vice President, Southern Region. Appointed as General Manager of Møre Finans AS in 2006 and has been in his present position since 2007.

Tim Solberg – Executive Vice President, Northern Region. Started at the Bank in 1977 as a bank assistant. He has been in his present position since 1992.

Sigrid Gjendem Fjørtoft – Executive Vice President, Romsdal og Nordmøre Region. Appointed at Sparebanken Møre in 2007 and has been in her present position since 2012.

Kjell Jan Brudevoll – Executive Vice President, Western Region. Mr. Brudevoll was appointed to his present position at Sparebanken Møre in 2011.

Terje Krøvel – Executive Vice President, Ålesund and Sula Region Corporate Banking. Mr. Krøvel started as an assistant at Sparebanken Møre in 1983 and has been in his present position since 2001.

Trond Nydal – Executive Vice President, Ålesund and Sula Region Retail Banking. Mr. Nydal has held several leading positions within the Bank, and was appointed to his present position in 2008.

Magnar Bolstad – Executive Vice President, Head of Staff Section. Mr. Bolstad was appointed as a Deputy Manager at Sparebanken Møre in 1984. He has been in his present position since 1992.

## **Sparebanken Møre Group**

Idar Vattøy – Executive Vice President, Head of Financial Control and Risk Management Division. Mr. Vattøy joined Sparebanken Møre as a Financial Consultant in 1984 and has been in his present position since 2007.

Runar Sandanger – Executive Vice President, Head of International Business and Treasury Division. Mr. Sandanger was appointed as a financial consultant at Sparebanken Møre in 1986. He has been in his present position since 2001.

Perdy Lunde – Executive Vice President, Head of Business Development and Support Division. Ms. Lunde started at the Bank in 1977 as a bank assistant. She has been in her present position since 2002.

Kjetil Hauge – Executive Vice President, Chief Information Officer. Mr. Hauge has held several leading positions within the Bank since he started in 1998, and he was appointed to his present position in 2010

Bernt Krøvel – Executive Vice President, Southern Region. Mr. Krøvel was appointed to his present position at Sparebanken Møre on 1 January 2007.

### **Auditors**

Ernst & Young AS are the auditors of Sparebanken Møre. The responsible partners at Ernst & Young are members of the Norwegian Institute of Public Accountants.

### **Conflict of interest within administration, management and supervisory bodies**

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

### **Jurisdiction**

Sparebanken Møre is incorporated under the laws of Norway.

# Summary of the Swap Agreements

## CURRENCY SWAP AGREEMENTS

The Issuer will 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 or impracticable;
- (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.



## Summary of the Swap Agreements

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 in NOK and/or other currencies to the extent that these have not already been hedged by the Currency Swap, subject always to the requirements as referred to in "*Summary of the Norwegian Legislation regarding Covered Bonds (Obligasjoner med fortrinnsrett)*" above.

### Ratings downgrade

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

## Summary of the Swap Agreements

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

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.

Where the Issuer enters into Interest Rate Swaps and/or Currency Swaps with the same counterparty these may be entered into under the same ISDA Master Agreement.

### ELIGIBILITY CRITERIA FOR SWAP PROVIDERS

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

## Summary of the Swap Agreements

### 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; and

**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 clearing in respect of VPS Notes

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of 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 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 in 2003 was granted a licence to conduct the business of registering 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 issued by Norwegian issuers outside Norway and (i) denominated in Norwegian Kroner with subscription limited to non-Norwegians and (ii) issued outside Norway in another currency 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 holder is required to have her/his own account (investor's account) showing such person's holding of VPS Securities at any time. Both the issuer and the VPS Noteholder will, for the purposes of registration in the VPS, have to appoint an account operator which will normally be a Norwegian bank or Norwegian investment firm.

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

# 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 Offering Circular and is subject to any change in law that may take effect after such date.

### Taxation On Interest

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

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

### 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.

## EU SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

## FOREIGN ACCOUNT TAX COMPLIANCE ACT

Sections 1471 through 1474 of the U.S. Internal Revenue Code (**FATCA**) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated

## Summary of the Swap Agreements

as holding a “United States Account” of the Issuer (a **Recalcitrant Holder**). The Issuer may be classified as an FFI.

The new withholding regime will be phased in beginning 1 January 2014 for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the **grandfathering date**, which is the later of (a) 1 January 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the “Model 1” and “Model 2” IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes (unless it has agreed to do so under the U.S. “qualified intermediary,” “withholding foreign partnership,” or “withholding foreign trust” regimes). The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Norway have initialled an agreement (the **US-Norway IGA**) based largely on the Model 1 IGA.

The Issuer expects to be treated as a Reporting FI pursuant to the US-Norway IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

If an amount in respect of FATCA Withholding were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

**TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

## 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 26 March 2013, 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 the 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 regulations 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.

### PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS DIRECTIVE

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

## Subscription and Sale

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For the purposes of this provision;

- the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State;
- the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State); and includes any relevant implementing measure in the Relevant Member State; and
- the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

### UNITED KINGDOM

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

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

### JAPAN

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### NORWAY

Notes may not be offered to or sold within Norway or outside Norway to Norwegian citizens whose tax residence is in Norway without the Notes prior thereto having been registered in the VPS.

### GENERAL

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

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



# General Information

## AUTHORISATION

The update of the Programme and the issue of Notes have been duly authorised by a resolution of the board of directors of the Issuer dated 8 May 2012.

## 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 London Stock Exchange's Regulated Market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's Regulated Market. The listing of the Programme in respect of Notes is expected to be granted on or about 26 March 2013.

## DOCUMENTS AVAILABLE

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available for inspection 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 2011 and 31 December 2012 (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);
- (d) the Programme Agreement, the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (e) a copy of this Offering Circular;
- (f) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms to this Offering Circular 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 London Stock Exchange's Regulated Market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

The 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 clearance 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 clear 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, 42 Avenue JF Kennedy, L-1 855 Luxembourg. The address of the VPS is Biskop Gennerus' Gate, 14A, 0185 OSLO (Postgirobygget), 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.

## General Information

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### **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 and no material adverse change in the prospects of the Issuer since 31 December 2012.

### **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 Ernst & Young AS. The responsible partners at Ernst & Young AS are members of the Norwegian Institute of Public Accountants (*Den norske Revisorforening*). Ernst & Young AS audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in Norway for each of the two financial years ended on 31 December 2011 and 31 December 2012 respectively.

### **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 are published on the website of the Issuer at [www.sbm.no/moreboligkreditt](http://www.sbm.no/moreboligkreditt).

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.

**ISSUER**

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Norway**

**AGENT**

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United Kingdom**

**VPS AGENT**

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Norway**

**VPS TRUSTEE**

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*To the Dealers as to English law*

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**DEALERS**

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