

Amendment to Program Information

SpareBank 1 SR-Bank ASA

AMENDMENT TO PROGRAM INFORMATION

Type of Information:	Amendment to Program Information
Date of Announcement:	26 March 2019
Issuer(s) Name:	SpareBank 1 SR-Bank ASA (the " Issuer ")
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Type of Securities:	Notes
Address of Website for Announcement:	https://www.jpx.co.jp/english/equities/products/tpbm/announcement/index.html
Information on initial Program Information:	
Date of Filing:	9 May 2018
Scheduled Issuance Period:	10 May 2018 to 9 May 2019
Maximum Outstanding Issuance Amount:	€10,000,000,000

This amendment, consisting of this cover page and the Supplement dated 15 March 2019 to the Base Prospectus dated 4 May 2018, is filed to update the information included in the Program Information dated 9 May 2018 as amended by the amendments dated 14 August 2018, 1 November 2018 and 15 February 2019 (the "**Program Information**"). This constitutes an integral part of the Program Information and shall be read together with it.

To the extent that there is any inconsistency between (a) any statement in this amendment and (b) any other statement in the Program Information (and its amendments, if any) prior to the date of this amendment, the statement in (a) above will prevail.

SRBANK

SPAREBANK 1 SR-BANK ASA

(incorporated with limited liability in Norway)

€10,000,000,000

Euro Medium Term Note Programme

This Supplement dated 15 March 2019 (the “**Supplement**”) to the Base Prospectus dated 4 May 2018 (the “**Base Prospectus**”), as supplemented on 10 August 2018, 29 October 2018 and 13 February 2019 (together with the Base Prospectus, the “**Prospectus**”) constitutes a prospectus supplement for the purposes of Article 13.1 of the Luxembourg Law on Prospectuses for Securities dated 10 July 2005 (the “**Luxembourg Law**”) and is prepared in connection with the €10,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) established by SpareBank 1 SR-Bank ASA (the “**Issuer**”). Terms defined in the Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus issued by the Issuer.

The Issuer accepts responsibility for the information contained in this Supplement. To the best knowledge of the Issuer (which has taken reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement is filed for approval by the *Commission de Surveillance du Secteur Financier* (the “**CSSF**”). The CSSF gives no undertaking as to the economic and financial soundness of the transaction or the quality or solvency of the Issuer in line with the provisions of Article 7.7 of the Luxembourg Law.

The amendments in relation to the terms and conditions of the Ordinary Notes set out in the Base Prospectus shall only apply to final terms dated on or after the approval of this Supplement.

Purpose of this Supplement

The purpose of this Supplement is to:

- (a) amend the Terms and Conditions of the Ordinary Notes which can be found at pages 63 to 100 of the Base Prospectus to: (i) allow for the issuance of Senior Preferred Notes and Senior Non-Preferred Notes and (ii) amend the status of the Subordinated Notes for all Subordinated Notes issued on or after 15 March 2019;
- (b) delete the risk factors in the section headed “*Risks applicable to Subordinated Notes*” which can be found at pages 9 to 10 of the Base Prospectus and replace it with a section headed “*Risks applicable to Subordinated Notes, Senior Preferred Notes and Senior Non-Preferred Notes*”, and include a new risk factor entitled “*Capital adequacy and liquidity requirements*” in the section headed “*Factors which are material for the purposes of assessing the market risks associated with Notes issued under the Programme - Risks related to Notes generally*” which can be found on pages 10 to 13 of the Base Prospectus;
- (c) amend and update the General Description of the Programme to reflect the changes made to the Terms and Conditions of the Ordinary Notes; and

- (d) amend the section headed “*Taxation – Norwegian Taxation*” to reflect amendments to Norwegian tax regulations which have taken effect since the date of the Base Prospectus.

Base Prospectus Cover Page

- (i) The second paragraph on the Base Prospectus cover page shall be deleted in its entirety and replaced with the following: -

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

- (ii) The first sentence of the last paragraph on the Base Prospectus cover page and the first sentence under the section headed “*General Description of the Programme - Ratings*” on page 22 of the Base Prospectus shall be deleted in its entirety and replaced with the following:

“Ratings of Senior Non-Preferred and Senior Preferred Notes issued under the Programme shall be set out in the applicable Final Terms or Pricing Supplement”.

Risk Factors

- (i) The section headed “*Factors which are material for the purposes of assessing the market risks associated with Notes issued under the Programme - Risks applicable to Subordinated Notes*” on pages 9 to 10 of the Base Prospectus shall be deleted in its entirety and replaced with the following:

“Risks applicable to Subordinated Notes, Senior Preferred Notes and Senior Non-Preferred Notes

The Issuer’s obligations under Subordinated Notes are subordinated. An investor in Subordinated Notes assumes an enhanced risk of loss in the event of the Issuer’s insolvency.

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

On a liquidation, dissolution or winding-up of the Issuer by way of public administration (referred to herein as a “**winding-up of the Issuer**”), all claims in respect of the Subordinated Notes will rank *pari passu* without any preference among themselves, *pari passu* with claims in respect of Subordinated Parity Securities, in priority to claims in respect of Subordinated Junior Securities and junior to any present or future claims of Specified Senior Creditors. If, on a winding-up of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of the more senior-ranking creditors in full, the Noteholders will lose their entire investment in the Subordinated Notes. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Subordinated Notes and all other claims that rank *pari passu* with the Subordinated Notes, Noteholders will lose some (which may be substantially all) of their investment in the Subordinated Notes.

There is no restriction on the amount of securities or other liabilities that the Issuer may issue, incur or guarantee and which rank senior to, or *pari passu* with, the Subordinated Notes. The issue or guaranteeing of any such securities or the incurrence of any such

other liabilities may reduce the amount (if any) recoverable by Noteholders during a winding-up of the Issuer and may limit the Issuer's ability to meet its obligations under the Subordinated Notes.

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

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

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

The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control), which may limit the capacity of the firm to meet its repayment obligations; (iii) asset separation - which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in - which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution (which write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claims (including Notes) to equity or other instruments of ownership (the "**general bail-in tool**"), which equity or other instruments could also be subject to any future cancellation, transfer or dilution. The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support

and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

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

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

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

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

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

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

In addition to becoming subject to the general bail-in tool, holders of Subordinated Notes may accordingly be subject to write-down or conversion into equity as a result of the non-

viability loss absorption rules, which may result in such holders losing some or all of their investment.

Under the BRRD, there is a requirement for EU financial institutions to hold certain minimum levels of own funds and other eligible liabilities (“**MREL**”) which would be available to be written down or bailed-in in order to facilitate the rescue or resolution of a failing bank. Such requirements came into effect (subject to transitional provisions) in the EU from 1 January 2016. Commission Delegated Regulation (EU) 2016/1450 of 23 May 2016 sets forth regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities. In Norway, the MREL requirement will be set by the FSAN for each individual institution. As of the date of this Base Prospectus, the FSAN has not yet communicated a MREL requirement for the Issuer. On 19 December 2018 the Norwegian Ministry of Finance passed and published general Norwegian MREL regulations by way of amendments to the Financial Institutions Regulation of 9 December 2016 (the “**MREL Rules**”). According to the MREL Rules, any MREL requirement determined by the FSAN must after 31 December 2022 be fulfilled with debt instruments that rank junior to ordinary debt instruments issued by the institution. However, the MREL Rules are expected to be updated to reflect any changes to the MREL requirement set out in the BRRD or any legislation enacted thereunder.

Under current Norwegian law, there is a distinction between (i) instruments that are eligible and qualify for the fulfilment of the MREL requirement and (ii) instruments that may be bailed in (which is a broader concept). For example, instruments with an original maturity or a remaining maturity of less than one year may be bailed-in (but would not count as fulfilling the MREL requirement). Similarly, Senior Preferred Notes (which, as noted above, are not expected to be eligible towards the MREL requirement after 31 December 2022) may be bailed-in. Noteholders should therefore be aware that a broad range of debt instruments may be liable to bail-in and Noteholders may lose all or some of their investment in any Notes that are bailed-in.

There are limited events of default in relation to Senior Non-Preferred Notes and certain Senior Preferred Notes

There are limited events of default in relation to Senior Non-Preferred Notes and Senior Preferred Notes (unless Unrestricted Events of Default is specified as being applicable in the applicable Final Terms or, as the case may be, the applicable Pricing Supplement), as described in Condition 8(c). Accordingly, the rights of the holders of such Notes are restricted by the limited events of default.

There are no events of default in relation to Subordinated Notes

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

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

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

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

Where the applicable Final Terms or, as the case may be, the applicable Pricing Supplement specify that Condition 5(l) applies, if a MREL Disqualification Event (as defined in the Terms and Conditions of the Ordinary Notes) occurs, the Issuer may, at its option, but subject to obtaining the prior written permission of the Relevant Regulator (if applicable), on giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), as further provided in Condition 5(l), redeem all (but not some only) of the outstanding Notes comprising the relevant Series at the amount specified in the applicable Final Terms or, as the case may be, the applicable Pricing Supplement, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

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

Subordinated Notes: Capital Event Redemption

Where the applicable Final Terms or, as the case may be, the applicable Pricing Supplement specify that Condition 5(k) applies, if a Capital Event (as defined in the Terms and Conditions of the Ordinary Notes) occurs, the Issuer may, at its option, but subject to obtaining the prior written permission of the Relevant Regulator (if applicable), on giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), as further provided in Condition 5(k), redeem all (but not some only) of the outstanding Notes comprising the relevant Series at the amount specified in the applicable Final Terms or, as the case may be, the applicable Pricing Supplement, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

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

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

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

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

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

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

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

In certain circumstances, the Issuer can substitute or vary the terms of the Notes

In the case of Subordinated Notes only, where the applicable Final Terms or, as the case may be, the applicable Pricing Supplement specify that Condition 5(m) applies, if a Capital Event has occurred or in order to ensure the effectiveness and enforceability of Condition 17(c), the Issuer may, subject to obtaining the prior written permission of the Relevant Regulator (if applicable), substitute all (but not some only) of the Subordinated Notes or vary the terms of all (but not some only) of the Subordinated Notes (including changing the governing law of Condition 17(c) from English law to Norwegian law), without the requirement for the consent or approval of the holders of the Subordinated Notes, so that they become or remain Qualifying Subordinated Securities.

In the case of Senior Preferred Notes and Senior Non-Preferred Notes only, where the applicable Final Terms or, as the case may be, the applicable Pricing Supplement specify that Condition 5(n) applies, if a MREL Disqualification Event has occurred or in order to ensure the effectiveness and enforceability of Condition 17(c), the Issuer may, subject to obtaining the prior written permission of the Relevant Regulator (if applicable), substitute all (but not some only) of the Senior Preferred Notes and Senior Non-Preferred Notes or vary the terms of all (but not some only) of the Senior Preferred Notes and Senior Non-Preferred Notes (including changing the governing law of Condition 17(c) from English law to Norwegian law), without the requirement for the consent or approval of the holders of the Senior Preferred Notes and Senior Non-Preferred Notes, so that they become or remain Qualifying MREL Securities.

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

While the Issuer cannot otherwise make changes to the terms of Notes that, in its reasonable opinion, are materially less favourable to the holders of the relevant Notes as a class, the governing law of Condition 17(c) may be changed from English law to Norwegian law in order to ensure the effectiveness and enforceability. No assurance can be given as to whether any of these changes will negatively affect any particular holder. In addition, the tax and stamp duty consequences of holding such substituted or varied

Notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the Notes prior to such substitution or variation.

The gross-up obligation in relation to Senior Non-Preferred Notes, Subordinated Notes and certain Senior Preferred Notes is limited to payments of interest only

The Issuer's obligation under Condition 6 to pay additional amounts in the event of any withholding or deduction in respect of taxes on any payments under the terms of (i) Senior Preferred Notes where Restricted Gross-Up Senior Preferred Notes is specified as being applicable in the applicable Final Terms or, as the case may be, the applicable Pricing Supplement, (ii) Senior Non-Preferred Notes and (iii) Subordinated Notes applies only to payments of interest and not to payments of principal. As such, the Issuer would not be required to pay any additional amounts under the terms of such Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under any such Notes, Noteholders may receive less than the full amount of principal due under such Notes upon redemption, and the market value of such Notes may be adversely affected.

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

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

Upon the occurrence of a MREL Disqualification Event, the Issuer may, at its option but subject to Condition 5(j) (if applicable), (i) where the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement specify Condition 5(l) to be applicable, redeem all (but not some only) of such Series of Notes and (ii) where the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement specify Condition 5(n) to be applicable, either substitute all (but not some only) of such Series of Notes for, or vary the terms of such Series of Notes so that they remain or, as appropriate, become Qualifying MREL Securities. See "*Senior Non-Preferred Notes and Senior Preferred Notes: MREL Disqualification Event Redemption*" and "*In certain circumstances, the Issuer can substitute or vary the terms of the Notes*" for a description of the risks related to an early redemption of Notes or the substitution or variation, as the case may be, of Notes.

Brexit may also have an impact on English law governed MREL or regulatory capital issuances, as there is currently uncertainty as to whether the authorities designated by member states of the EU to apply the resolution tools and exercise the resolution powers set forth in the BRRD would be satisfied that any write down or bail in by such authorities of these instruments would be recognised by English courts for the purposes of Article 55 of the BRRD (regarding contractual bail in) and/or single European resolution board or national policy. See further – "*Risks applicable to Subordinated Notes, Senior Preferred Notes and Senior Non-Preferred Notes: The Subordinated Notes may be written down by the Issuer's shareholders or the Norwegian authorities under the Financial Institutions Act*" and "*In certain circumstances, the Issuer can substitute or vary the terms of the Notes*". For instance, it is not yet possible to predict any consequent impact on any outstanding English law governed MREL or regulatory capital issuances by the Issuer."

- (ii) The following risk factor shall be added to the section headed “*Factors which are material for the purposes of assessing the market risks associated with Notes issued under the Programme - Risks related to Notes generally*” after the risk factor headed “*Withholding Tax White Paper/Potential Issuer Redemption for Tax Reasons*” on page 10 of the Base Prospectus:

“Capital adequacy and liquidity requirements

At the international level, a number of regulatory and supervisory initiatives have been implemented in recent years in order to increase capital requirements, increase the quantity and quality of capital and raise liquidity levels in the banking sector. Among such initiatives are a number of specific measures proposed by the Basel Committee on Banking Supervision (the “**Basel Committee**”) and implemented by the EU through CRD IV (as defined below).

In 2013, the EU adopted a legislative package to strengthen the regulations of the banking sector and to implement the Basel III agreement in the EU legal framework, which resulted in increased capital requirements. This package included the directive of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013 and published in the Official Journal of the European Union on 27 June 2013 (the “**CRD IV**”) and the Regulation 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the “**CRR**”).

The CRD IV and the CRR have not yet been implemented into the Agreement on the European Economic Area, which entered into force on 1 January 1994, (the “**EEA Agreement**”), meaning that Norway is not yet directly bound by the rules set out therein. The Norwegian authorities have, however, provided for early implementation of the capital requirements. Norway introduced new capital requirements as of 1 July 2013 by making amendments to the Norwegian Financial Institutions Act of 10 June 1988 No. 40 (the “**Old Financial Institutions Act**”). With effect from 1 January 2016, the Old Financial Institutions Act was replaced by the Financial Institutions Act. The Financial Institutions Act consolidated several legislative acts relevant for financial institutions such as banks as the first step in the adaptation to the CRR/CRD IV.

On 30 April 2018, the FSAN published a proposal for final implementation of the CRR/CRD IV in Norway. The proposal has been subject to public consultation and is expected to be implemented in 2019. According to the proposal, the CRR should be implemented as is, and the provisions of CRD IV not yet implemented in Norway will be reflected in Norwegian legislation.

The capital adequacy requirements for banks consist of two pillars. Pillar 1 encompasses minimum capital requirements determined by the political authorities. As per the provisions of the Financial Institutions Act, banks must hold capital at least equal to 8 per cent. of their risk-weighted assets (“**RWAs**”), within which at least 4.5 per cent. must be common equity tier 1 capital and at least 6 per cent. must be tier 1 capital.

In addition, the Financial Institutions Act imposes various capital buffer requirements which must be met by Norwegian financial institutions, all consisting of common equity tier 1. As of 1 January 2018, the capital buffer requirements consisted of (i) a conservation buffer of 2.5 per cent. of RWAs, (ii) a systemic risk buffer of 3 per cent. of RWAs and (iii) a counter-cyclical buffer of 2 per cent. of RWAs. Financial institutions which the Norwegian authorities have designated as systemically important must also comply with a buffer for systemically important financial institutions of 2 per cent. of RWAs in order to mitigate systemic risk.

Accordingly, as of 1 January 2018, the minimum common equity tier 1 capital requirement, including the buffer requirements, was set at 14 per cent. of RWAs for financial institutions

which the Norwegian authorities have designated as systemically important and 12 per cent. of RWAs for other Norwegian banks.

Under CRD IV, each EU Member State is responsible for setting a counter-cyclical buffer rate applicable to exposures in its own jurisdiction. The relevant authorities in the other EU Member States are required to apply such rate to the exposures in that jurisdiction of the banks which they regulate (with discretion whether to recognise a rate higher than 2.5 per cent. of RWAs). The counter-cyclical buffer rate applicable to a particular bank will be the weighted average of the counter-cyclical buffer rates in those jurisdictions where such bank has exposures from time to time (with the bank's home relevant authority determining the applicable counter-cyclical buffer rate for exposures in jurisdictions outside the EU or in any EU jurisdiction where the relevant authority has not set a counter-cyclical buffer rate).

The level of the counter-cyclical buffer will be re-assessed by the Ministry of Finance and the relevant authorities in each other Member State each quarter and may result in an increase or a decrease in the rate. A decision to increase the requirement may normally enter into force no earlier than 12 months following such decision. On 13 December 2018, the Ministry of Finance announced that it has decided to increase the counter-cyclical buffer requirement to 2.5 per cent. with effect from 31 December 2019.

CRD IV permits regulators to require the banks which they regulate to hold additional capital, often referred to as "Pillar 2" capital requirements. The FSAN's Pillar 2 requirements are in addition to the Pillar 1 requirements and are expected to reflect institution-specific capital requirements relating to risks which are not covered or only partly covered by Pillar 1. The Pillar 2 requirement is the supervisory authority's assessment of many factors at a given point in time and may be revised upwards or downwards on an ongoing basis to address the specific risk profile of the institution being regulated.

The Basel III framework also provided for capital requirements based on total (i.e., non-risk weighted) assets, referred to as leverage ratio requirements. On 20 December 2016, the Ministry of Finance resolved to impose a requirement for leverage ratio of 3 per cent. for banks, finance companies, holding companies in financial groups and investment firms who provides certain investment services, as well as a general buffer requirement of 2 per cent. for banks and an additional buffer requirement of 1 per cent. for systemically important banks. Any entity which does not comply with the leverage ratio requirements must send a plan to the FSAN within five business days with a timetable for the required increase of the leverage ratio. If the FSAN does not consider the plan to be sufficient, it can order the entity to implement various types of measures to remedy the situation. The regulation setting out the leverage ratio requirements has been effective from 1 January 2017 and states that the requirements have been applicable from 30 June 2017.

In December 2017, the Basel Committee adopted changes to several parts of the Basel III standards for capital adequacy assessments, aiming, among other things, to ensure greater consistency between banks' reported capital adequacy figures and capital requirements. The changes include adjustments to the standardised approach and the internal ratings-based approach, as well as the introduction of a new capital floor. The new capital floor requirement will reduce differences in risk weights and result in more harmonised capital requirements across national borders. However, the changes to Basel III are not planned to take effect until 1 January 2022, with a five-year phase-in period. The EU is expected to adopt the recommendations by amending its legislation. This legislation will also be applicable in Norway through the EEA Agreement.

In order to ensure compliance with an ever-changing regulatory landscape, the Issuer may need to increase its capital ratios in the future by reducing its lending or investment in other operations or raising additional capital. Such capital, whether in the form of debt financing, hybrid capital or additional equity, may not be available on attractive terms or at all. In addition, it is difficult to predict what regulatory requirements relating to capital may be imposed in the future or accurately estimate the impact that any currently proposed regulatory changes may have on the business, the products and services offered by the Issuer and the values of its assets. For example, if any entity of the Issuer is required to make additional provisions, increase its reserves or capital, or exit or change its approach to certain businesses as a result of the initiatives to strengthen the regulation of credit institutions, this could materially adversely affect the Issuer's results of operations or financial condition.

The Basel III framework also aimed to raise liquidity levels in the banking sector. CRD IV includes requirements relating to the liquidity coverage ratio (the "LCR"). The Norwegian Ministry of Finance has introduced a LCR requirement of 100 per cent. for each significant currency. Due to the limited size of the domestic capital market, the minimum requirement for LCR in NOK is set at 50 per cent. for banks that have U.S.\$ and/or euro as other significant currencies. The lack of NOK LCR should be fulfilled by either U.S.\$ or euro. The LCR requirement for euro and U.S.\$ is, thus, in practice, 100 per cent. plus the lack of NOK LCR. As a result and to ensure compliance with changes in these rules, the Issuer may need to hold additional liquid assets, which may have an adverse effect on its results of operations or financial condition.

A net stable funding ratio ("NSFR") has also been proposed with the Basel III framework. This funding seeks to calculate the proportion of long-term assets which are funded by long-term stable funding. Norway has so far not implemented NSFR liquidity rules pending further developments in EU regulations governing NSFR.

On 23 November 2016, the European Commission published legislative proposals for amendments to the CRR, the CRD IV, the BRRD and Regulation (EU) No. 806/2014 establishing a Single Resolution Mechanism for the Banking Union and proposed an amending directive to facilitate the creation of a new asset class of "non-preferred" senior debt (the "Proposals"). The Proposals cover multiple areas, including the Pillar 2 framework, the leverage ratio, the mandatory restrictions on distributions, the permission for reducing own funds and eligible liabilities, the macroprudential tools, a new category of "non-preferred" senior debt, the MREL (as defined below) framework and the integration of the Financial Stability Board's proposed minimum total loss-absorbing capacity into EU legislation. The final package of new legislation may not include all elements of the Proposals and new or amended elements may be introduced through the course of the legislative process.

On 25 May 2018, the European Council agreed its stance on the Proposals and asked the presidency to start negotiations with the European Parliament as soon as the European Parliament is ready to negotiate. The European Parliament confirmed its position on the Proposals at the June 2018 plenary. Since then, 13 trilogues have taken place. The revised text of the Proposals was approved by the Economic and Financial Affairs Council on 4 December 2018 and endorsed by EU ambassadors on 15 February 2019. The text of the Proposals will now undergo a legal linguistic revision. The European Parliament and the European Council will then be called on to adopt the proposed regulation at first reading. Work on remaining outstanding issues will continue both at technical and political level, in view of finalising negotiations on the banking package and of a formal approval by the European Parliament in plenary session beginning 2019. Most proposed changes are currently scheduled to be adopted and implemented in large part by the end of 2019.

The European Commission and European Parliament continue to publish proposed amendments to the legislative regime, the effect of which may have a material adverse effect on the financial condition, or results of operations of the Issuer's business.

The new category of "non-preferred" senior debt mentioned above is included in the Proposals by virtue of a draft amending directive facilitating the creation of such new asset class of "non-preferred" senior debt which was published in final form on 12 December 2017 (the "**Creditor Hierarchy Directive**"). The Creditor Hierarchy Directive is yet to be implemented as a matter of domestic law in Norway. It is unclear when the Norwegian implementation of the Creditor Hierarchy Directive will take place.

Until the Proposals are in final form, it is uncertain how the Proposals will affect the Issuer or holders of the Notes."

- (iii) The risk factor headed "*Notes may be subject to loss absorption on any application of the general bail-in tool or at the point of nonviability of the Issuer upon implementation of the BRRD in Norway.*" in the section headed "*Factors which are material for the purposes of assessing the market risks associated with Notes issued under the Programme - Risks related to Notes generally*" on page 10 of the Base Prospectus shall be deleted in its entirety.

General Description of the Programme

- (i) The section headed "*General Description of the Programme – Redemption*" on page 20 of the Base Prospectus shall be deleted in its entirety and replaced with the following:

"Redemption: The applicable Final Terms or, as the case may be, the applicable Pricing Supplement will indicate the redemption amount, the scheduled maturity date (which in the case of Subordinated Notes, must be at least five years after the issue date in respect of such Notes) and will also indicate whether the relevant Notes can be redeemed prior to their stated maturity (other than for taxation reasons or (in the case of Senior Preferred Notes and Senior Non-Preferred Notes) following an Event of Default) or whether the relevant Notes will be redeemable at the option of the Issuer ("**Issuer Call**") (which, in respect of Subordinated Notes, may not take place prior to the fifth anniversary of the Issue Date) and/or (in the case of Senior Preferred Notes) at the option of the Noteholders ("**Investor Put**"), in each case upon giving not less than 15 nor more than 30 days' irrevocable notice (or, if applicable, not less than any other minimum period of notice nor more than any other maximum period of notice as may be specified in the applicable Final Terms or, as the case may be, the applicable Pricing Supplement) to the Noteholders or the Issuer, as the case may be, on a date or dates specified in the applicable Final Terms or, as the case may be, the applicable Pricing Supplement, at the maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms or, as the case may be, the applicable Pricing Supplement.

Where the applicable Final Terms or, as the case may be, the applicable Pricing Supplement specify that Condition 5(k) applies, if a Capital Event occurs, the Issuer shall be entitled to redeem Subordinated Notes (subject to the prior written permission of the Relevant Regulator).

Where the applicable Final Terms or, as the case may be, the applicable Pricing Supplement specify that Condition 5(l) applies, if a MREL Disqualification Event occurs, the Issuer shall be entitled to redeem the Senior Preferred Notes or the Senior Non-Preferred Notes, as the case may be (subject, in the case of Restricted Senior Preferred Notes and Senior Non-Preferred Notes, to the prior written permission of the Relevant Regulator).

No early redemption of (i) Restricted Senior Preferred Notes (other than in the case of an Investor Put), (ii) Senior Non-Preferred Notes or (iii) Subordinated Notes may take place without the prior written permission of the Relevant Regulator (if and to the extent such permission is required).

Unless previously redeemed or purchased and cancelled, each Note which is not an Exempt Note will be redeemed by the Issuer at at least 100 per cent. of its nominal value on its scheduled maturity date.

Notes having a maturity of less than one year may be subject to restrictions on their determination and distribution; see "*Certain Restrictions – Notes having a maturity of less than one year*" above."

- (ii) The sections headed "*General Description of the Programme – Cross Default*", "*General Description of the Programme – Status of the Unsubordinated Notes*" and "*General Description of the Programme – Status of the Subordinated Notes*" on page 21 of the Base Prospectus shall be deleted in their entirety and replaced with the following:

"Cross-Default: The Senior Preferred Notes will contain a cross default provision if Unrestricted Events of Default is specified as being applicable in the Final Terms or Pricing Supplement, as applicable, as further described in Condition 8(a) of the Ordinary Note Conditions.

The terms of the Unsubordinated VPS Notes will contain a cross default provision as further described in Condition 8 of the VPS Conditions.

Senior Non-Preferred Notes will not contain any cross-default provisions.

Subordinated Notes will not contain any cross-default provisions (or any other events of default).

Status of the Senior Preferred Notes: The Senior Preferred Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* among themselves and (save for any obligations preferred by mandatory provisions of applicable law) at least equally with all other unsecured obligations (but in any event senior to the Senior Non-Preferred Notes and other obligations which rank or are expressed to rank *pari passu* with or junior to the Senior Non-Preferred Notes) of the Issuer, present and future, from time to time outstanding. See Condition 2(a).

Status of the Senior Non-Preferred Notes: The Senior Non-Preferred Notes will constitute direct, unconditional and unsecured obligations of the Issuer, and will at all times rank *pari passu* without any preference among themselves and *pari passu* with claims in respect of Non-Preferred Parity Securities and Statutory Non-Preferred Claims.

Subject as set out in the paragraph below, in the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration, claims of the holders of Senior Non-Preferred Notes against the Issuer in respect of or arising under the Senior Non-Preferred Notes (including any amounts attributable to the Senior Non-Preferred Notes and any damages awarded for breach of any obligations thereunder) shall rank:

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

At any time after the Creditor Hierarchy Directive has been implemented in Norway, the Senior Non-Preferred Notes (together with any other outstanding Series of Senior Non-Preferred Notes) shall rank within the class of unsecured debt instruments of the Issuer having the lower priority ranking contemplated by Article 108(2) of the BRRD, as set out in the Creditor Hierarchy Directive (for the avoidance of doubt, should there be any inconsistency between any statutory ranking which may be introduced in Norway in order to implement the provisions of Article 108(2) of the BRRD, if any, and the ranking as set out in the paragraph above, such statutory ranking shall prevail).

See Condition 2(b).

Status of the
Subordinated
Notes:

Subordinated Notes will constitute dated, unsecured and subordinated obligations (*ansvarlig lånekapital*) of the Issuer, and will at all times rank *pari passu* without any preference among themselves and *pari passu* with claims in respect of Subordinated Parity Securities.

In the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration, claims of the holders of Subordinated Notes against the Issuer in respect of or arising under the Subordinated Notes (including any amounts attributable to the Subordinated Notes and any damages awarded for breach of any obligations thereunder) shall rank:

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

See Condition 2(c).

Subordinated
Notes –
Substitution or
Variation:

Where the applicable Final Terms or, as the case may be, the applicable Pricing Supplement specify that Condition 5(m) applies, if at any time a Capital Event occurs and is continuing, or in order to ensure the effectiveness and enforceability of Condition 17(c), the Issuer may, subject to the provisions of Condition 5(j), (if, and to the extent, so required), either substitute all (but not some only) Subordinated Notes for, or vary their terms so that they remain or, as appropriate, become, Qualifying Subordinated Securities (as defined in Condition 5(m)), as further provided in Condition 5(m).

Senior Preferred Notes and Senior Non-Preferred Notes – Substitution or Variation: Where the applicable Final Terms or, as the case may be, the applicable Pricing Supplement specify that Condition 5(n) applies, if at any time a MREL Disqualification Event occurs and is continuing, or in order to ensure the effectiveness and enforceability of Condition 17(c), the Issuer may, subject to the provisions of Condition 5(j), (if applicable and to the extent so required), either substitute all (but not some only) Senior Preferred Notes or Senior Non-Preferred Notes (as the case may be) for, or vary their terms so that they remain or, as appropriate, become, Qualifying MREL Securities (as defined in Condition 5(n)), as further provided in Condition 5(n).”

Final Terms and Pricing Supplement

- (i) Paragraph 13 of the Applicable Final Terms on page 46 of the Base Prospectus, and paragraph 13(a) of the Applicable Pricing Supplement on page 54 of the Base Prospectus shall both be deleted in their entirety and replaced with the following:

- “13. (a) Status of the Notes: [Senior Preferred/Senior Non-Preferred/Subordinated]
- (i) No Right of Set-Off or Counterclaim: [Applicable/Not Applicable]
(Only relevant for Senior Preferred Notes)
- (ii) Regulatory Consent: [Applicable/Not Applicable]
(Only relevant for Senior Preferred Notes)
- (iii) Redemption upon occurrence of Capital Event and amounts payable on redemption therefor: [Applicable – Condition 5(k) applies/Not Applicable (If applicable, specify the amount payable on redemption following a Capital Event)]
(Only relevant for Subordinated Notes)
- (iv) Redemption upon occurrence of MREL Disqualification Event and amounts payable on redemption therefor: [Applicable – Condition 5(l) applies/Not Applicable (If applicable, specify the amount payable on redemption following a MREL Disqualification Event)]
(Only relevant for Senior Preferred Notes and Senior Non-Preferred Notes)
- (v) Substitution or variation: [Applicable – Condition [5(m)/5(n)] applies/Not Applicable]
(Condition 5(m) is relevant for Subordinated Notes and Condition 5(n) is relevant for Senior Preferred Notes and Senior Non-Preferred Notes)
- (vi) Restricted Gross-Up Senior Preferred Notes: [Applicable/Not Applicable]
(Only relevant for Senior Preferred Notes)
- (vii) Unrestricted Events of Default: [Applicable/Not Applicable]
(Only relevant for Senior Preferred Notes)”

Terms and Conditions of the Ordinary Notes

- (i) The sixth paragraph of Ordinary Note Condition 1 (“Form, Denomination and Title”), on page 65 of the Base Prospectus, shall be deleted and replaced with the following:

“This Ordinary Note may also be a Senior Preferred Note, a Senior Non-Preferred Note or a Subordinated Note, as indicated in the applicable Final Terms or, as the case may be, the applicable Pricing Supplement.”

- (ii) Ordinary Note Condition 2 (“*Status of the Ordinary Notes*”), on pages 66 to 67 of the Base Prospectus, shall be deleted in its entirety and replaced with the following:

“2 Status of the Ordinary Notes

(a) Status of the Senior Preferred Notes

This Condition applies only to Senior Preferred Notes specified as such in the applicable Final Terms or, as the case may be, the applicable Pricing Supplement.

- (i) The Senior Preferred Notes and the relative Coupons are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and (save for any obligations preferred by mandatory provisions of applicable law) at least *pari passu* with all other unsecured obligations (but in any event senior to the Senior Non-Preferred Notes and other obligations which rank or are expressed to rank *pari passu* with or junior to the Senior Non-Preferred Notes) of the Issuer, present and future, from time to time outstanding. So long as any of the Senior Preferred Notes remains outstanding (as defined in the Agency Agreement), the Issuer undertakes to ensure that the obligations of the Issuer under the Senior Preferred Notes and the relative Coupons rank and will rank at least *pari passu* with all other unsecured and unsubordinated obligations of the Issuer and with all its unsecured and unsubordinated obligations under guarantees of obligations of third parties (but in any event in each case senior to Senior Non-Preferred Notes and other obligations which rank or are expressed to rank *pari passu* with or junior to the Senior Non-Preferred Notes), in each case except for any obligations preferred by mandatory provisions of applicable law.

- (ii) *No right of set-off or counterclaim*

This Condition 2(a) applies only where No Right of Set-Off or Counterclaim is specified as being applicable in the applicable Final Terms or, as the case may be, the applicable Pricing Supplement.

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

(b) Status of the Senior Non-Preferred Notes

This Condition applies only to Senior Non-Preferred Notes specified as such in the applicable Final Terms or, as the case may be, the applicable Pricing Supplement.

- (i) The Senior Non-Preferred Notes and the relative Coupons constitute direct, unconditional and unsecured obligations of the Issuer, and will at all times rank *pari passu* without any preference among themselves.

- (ii) Subject as set out in Condition 2(b)(iii) below, in the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration, claims of the Noteholders and the Couponholders against the Issuer in respect of or arising under the Senior Non-Preferred Notes and the Coupons (including any amounts attributable to the Senior Non-Preferred Notes and the Coupons and any damages awarded for breach of any obligations thereunder) shall rank:
 - (A) *pari passu* without any preference among themselves;
 - (B) *pari passu* with claims in respect of Non-Preferred Parity Securities and Statutory Non-Preferred Claims, if any;
 - (C) in priority to claims in respect of Non-Preferred Junior Securities; and
 - (D) junior to any present or future claims of Senior Creditors.
- (iii) At any time after the Creditor Hierarchy Directive has been implemented in Norway, the Senior Non-Preferred Notes (together with any other outstanding Series of Senior Non-Preferred Notes) and the relative Coupons shall rank within the class of unsecured debt instruments of the Issuer having the lower priority ranking contemplated by Article 108(2) of the BRRD, as set out in the Creditor Hierarchy Directive (for the avoidance of doubt, should there be any inconsistency between any statutory ranking which may be introduced in Norway in order to implement the provisions of Article 108(2) of the BRRD, if any, and the ranking as set out in Condition 2(b)(ii) above, such statutory ranking shall prevail).
- (iv) *Definitions*

In these Terms and Conditions, the following terms shall bear the following meanings:

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

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

“**Non-Preferred Junior Securities**” means all classes of share capital of the Issuer and any obligations of the Issuer ranking or expressed to rank junior to the Senior Non-Preferred Notes (including, *inter alia*, Subordinated Notes and Subordinated Parity Securities (as defined in Condition 2(c))).

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

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

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

- (A) the original contractual maturity of the debt instruments is at least one year;
- (B) the debt instruments contain no embedded derivatives and are not derivatives themselves; and
- (C) the relevant contractual documentation and, where applicable, the prospectus related to the issuance explicitly refer to the lower ranking under this paragraph.
- (v) *No right of set-off or counterclaim*

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

(c) Status of the Subordinated Notes

This Condition 2(c) applies only to Subordinated Notes specified as such in the applicable Final Terms or, as the case may be, the applicable Pricing Supplement.

(i) The Subordinated Notes constitute dated, unsecured and subordinated obligations (*ansvarlig lånekapital*) of the Issuer, and will at all times rank *pari passu* without any preference among themselves. The Subordinated Notes are subordinated as described in Condition 2(c)(ii).

(ii) In the event of a liquidation, dissolution or winding-up of the Issuer by way of public administration, claims of the Noteholders against the Issuer in respect of or arising under the Subordinated Notes (including any amounts attributable to the Subordinated Notes and any damages awarded for breach of any obligations thereunder) shall rank:

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

(iii) Under Norwegian legislation, if the Issuer’s most recent audited accounts reveal that its net assets are less than 25 per cent. of its share capital and share premium reserve, the general meeting of the Issuer can or the relevant authorities can if the general meeting of the Issuer does not do so: first, cancel the Issuer’s share capital and share premium reserve to compensate for the shortfall, and secondly, if any remaining shortfall exceeds a substantial part (as determined by the general meeting of the Issuer or by the relevant Norwegian authorities) of the Issuer’s subordinated loan capital, cancel, in

whole or in part, such subordinated loan capital (which would include principal and interest in respect of all Subordinated Notes).

The Issuer shall give not more than 30 nor less than 5 Business Days' (as defined in Condition 3(b)) prior notice to the Principal Paying Agent and/or the Registrar, as the case may be, and to the Noteholders in accordance with Condition 13 of any cancellation of principal and/or interest in respect of any Subordinated Notes pursuant to this Condition 2(c).

To the extent that part only of the outstanding principal amount of any Subordinated Notes has been cancelled as provided above, interest will continue to accrue in accordance with the terms hereof on the then outstanding principal amount of such Subordinated Notes.

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

(v) *Definitions*

In these Terms and Conditions, the following terms shall bear the following meanings:

"Financial Institutions Act" means the Act on Financial Institutions and Financial Groups of 10 April 2015 No. 17 (*Lov om finansforetak og finanskonsern av 10. april 2015 No. 17*), as amended.

"Relevant Regulator" means the FSAN and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer and/or the Relevant Resolution Authority (as defined in Condition 17(c)) (if applicable), in any case as determined by the Issuer.

"Specified Senior Creditors" means (a) depositors of the Issuer; (b) holders of Senior Preferred Notes; (c) holders of Senior Non-Preferred Notes (both before and after the time at which the Creditor Hierarchy Directive is implemented in Norway); (d) creditors in respect of any Non-Preferred Parity Securities and any Statutory Non-Preferred Claims, if any; (e) all unsubordinated creditors of the Issuer (to the extent not referred to above); and (f) creditors who are subordinated creditors of the Issuer (whether in the event of the liquidation, dissolution, administration or other winding-up of the Issuer or otherwise) other than those subordinated creditors whose claims by law rank, or by their terms are expressed to rank, *pari passu* with or junior to the claims of the holders of Subordinated Notes..

"Subordinated Junior Securities" means all classes of share capital of the Issuer and any obligations of the Issuer ranking or expressed to rank junior to the claims of the holders of Subordinated Notes.

"Subordinated Parity Securities" means any present or future instruments issued by the Issuer which are eligible to be recognised as Tier 2 Capital from time to time by the Relevant Regulator, any guarantee, indemnity or other contractual support arrangement

entered into by the Issuer in respect of securities (regardless of name or designation) issued by a Subsidiary (as defined below) of the Issuer which are eligible to be recognised as Tier 2 Capital and any instruments issued, and subordinated guarantees, indemnities or other contractual support arrangements entered into, by the Issuer which rank, or are expressed to rank, *pari passu* therewith, but excluding Subordinated Junior Securities.

In this Condition 2, “**Subsidiary**” has the meaning ascribed to it in Section 1-3 of the Norwegian Public Limited Liability Companies Act 1997.

- (iii) Ordinary Note Condition 5(a) (*Redemption at maturity*) on page 86 of the Base Prospectus shall be deleted in its entirety and replaced with the following:

“(a) **Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below or (pursuant to Condition 5(m)) substituted, each Ordinary Note will be redeemed by the Issuer at its Final Redemption Amount (which shall be at least equal to the Nominal Amount of each Note) specified in the applicable Final Terms or Pricing Supplement in the relevant Specified Currency on the Maturity Date.”

- (iv) The first three lines of Ordinary Note Condition 5(b) (*Redemption at the option of the Issuer (Issuer Call)*) on page 86 of the Base Prospectus shall be deleted and replaced with the following:

“This Condition 5(b) is not applicable for Subordinated Notes prior to five years from their Issue Date and references to “Ordinary Notes” in this Condition 5(b) shall be construed accordingly.

Subject, if applicable, to the provisions of Condition 5(j), if Issuer Call is specified in the applicable Final Terms or Pricing Supplement, the Issuer may, having given:”

- (v) In Ordinary Note Condition 5(c) (*Redemption for Taxation Reasons*) on page 87 of the Base Prospectus, the words “, in the case of Subordinated Notes,” in the first line, shall be deleted.

- (vi) The first paragraph of Ordinary Note Condition 5(d) (*Redemption at the option of the Noteholders (Investor Put)*) on page 88 of the Base Prospectus shall be deleted in its entirety and replaced with the following:

“This Condition 5(d) is not applicable for Senior Non-Preferred Notes and Subordinated Notes and references to “Ordinary Notes” in this Condition 5(d) shall be construed accordingly.

If Investor Put is specified in the applicable Final Terms or Pricing Supplement, upon any Noteholder giving to the Issuer in accordance with Condition 13 below not less than 15 nor more than 30 days’ notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Early Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.”

- (vii) In Ordinary Note Condition 5(g) (*Purchases*) on page 89 of the Base Prospectus, the words “, in the case of Subordinated Notes,” in the first line, shall be deleted.

- (viii) Ordinary Note Condition 5(j) (*Consent*) on page 90 of the Base Prospectus shall be deleted in its entirety and replaced with the following:

“(j) Consent

This Condition 5(j) applies to (i) Senior Preferred Notes where Regulatory Consent is specified as being applicable in the applicable Final Terms or, as the case may be, the applicable Pricing Supplement (“**Restricted Senior Preferred Notes**”), (ii) Senior Non-Preferred Notes and (iii) Subordinated Notes.

In the case of (i) Restricted Senior Preferred Notes, (ii) Senior Non-Preferred Notes and (iii) Subordinated Notes (as the case may be), no early redemption in any circumstances, purchase under Condition 5(g), substitution or variation under Condition 5(m) (in the case of Subordinated Notes), substitution or variation under Condition 5(n) (in the case of Senior Non-Preferred Notes and Restricted Senior Preferred Notes) or modification under Condition 14 shall take place without the prior written permission of the Relevant Regulator (in each case, if, and to the extent, then required by the rules of the Relevant Regulator and, in the case of Restricted Senior Preferred Notes and Senior Non-Preferred Notes, by the Applicable MREL Regulations, as defined in Condition 5(l)). In addition, in respect of any redemption of Subordinated Notes pursuant to Condition 5(c) or 5(k) only, and except to the extent the Relevant Regulator no longer so requires, the Issuer may only redeem the Subordinated Notes before five years after the Issue Date if the Issuer demonstrates to the satisfaction of the Relevant Regulator that the circumstance that entitles it to exercise such right of redemption was not reasonably foreseeable as at the Issue Date. For the avoidance of doubt, redemption of Senior Preferred Notes, Senior Non-Preferred Notes or Subordinated Notes under Condition 5(a) or repayment pursuant to Condition 8, shall not require the consent of the Relevant Regulator.”

- (ix) Ordinary Note Condition 5(k) (*Redemption of Subordinated Notes upon Capital Event*) on page 90 of the Base Prospectus, shall be deleted in its entirety and replaced with the following:

“(k) Redemption upon Capital Event – Subordinated Notes

This Condition 5(k) applies only to Subordinated Notes and where this Condition 5(k) is specified as being applicable in the applicable Final Terms or, as the case may be, the applicable Pricing Supplement.

If a Capital Event occurs, the Issuer may, at its option, but subject to the provisions of Condition 5(j), on giving not less than 30 nor more than 60 days’ notice to the Principal Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), at any time (in the case of Subordinated Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Subordinated Notes which are Floating Rate Notes) redeem all (but not some only) of the Subordinated Notes at their Early Redemption Amount referred to in Condition 5(e) above together (if appropriate) with interest accrued to (but excluding) the date of redemption. Upon the expiry of the relevant notice period, the Issuer shall redeem the Subordinated Notes.”

- (x) The following new Ordinary Note Condition 5(l) (*Redemption upon MREL Disqualification Event – Senior Preferred Notes and Senior Non-Preferred Notes, where applicable*) shall be included after Ordinary Note Condition 5(k) (*Redemption upon Capital Event – Subordinated Notes*) on page 90 of the Base Prospectus:

“(l) Redemption upon MREL Disqualification Event – Senior Preferred Notes and Senior Non-Preferred Notes, where applicable

This Condition 5(l) applies only to Senior Preferred Notes and Senior Non-Preferred Notes, in each case, only where this Condition 5(l) is specified as being applicable in the applicable Final Terms or, as the case may be, the applicable Pricing

Supplement, and references to “Ordinary Notes”, “Noteholders” and “Couponholders” in this Condition shall be construed accordingly.

If a MREL Disqualification Event occurs, the Issuer may, at its option, but subject to the provisions of Condition 5(j), on giving not less than 30 nor more than 60 days’ notice to the Principal Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), at any time (in the case of Ordinary Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Ordinary Notes which are Floating Rate Notes) redeem all (but not some only) of the Ordinary Notes at their Early Redemption Amount referred to in Condition 5(e) above together (if appropriate) with interest accrued to (but excluding) the date of redemption. Upon the expiry of the relevant notice period, the Issuer shall redeem the Ordinary Notes.

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

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

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

“**CRD IV Implementing Measures**” means any regulatory capital rules or regulations or other requirements, which are applicable to the Issuer and which prescribe (alone or in conjunction with any other rules, regulations or other requirements) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer (on a non-consolidated or consolidated basis) to the extent required by the CRD IV Directive or the CRR, including for the avoidance of doubt and without limitation any regulatory technical standards released from time to time by the European Banking Authority (or any successor or replacement thereof).

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

In this Condition 5(l), “**Group**” means the Issuer and its Subsidiaries.

“**MREL Disqualification Event**” means the determination by the Issuer that, as a result of a change in any Applicable MREL Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date of the last Tranche of the Ordinary Notes, the Ordinary Notes will be fully excluded or partially excluded from the “eligible liabilities” (or any equivalent or successor term) available to meet any MREL Requirement (however called or defined by then

Applicable MREL Regulations) if the Issuer is then or, as the case may be, will be subject to such MREL Requirement, provided that a MREL Disqualification Event shall not occur where such exclusion is or will be caused by (1) the remaining maturity of the Ordinary Notes being less than any period prescribed by any applicable eligibility criteria under the Applicable MREL Regulations, or (2) any applicable limits on the amount of “eligible liabilities” (or any equivalent or successor term) permitted or allowed to meet any MREL Requirement(s) being exceeded.

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

- (xi) The following new Ordinary Note Condition 5(m) (*Substitution or Variation – Subordinated Notes*) shall be included after Ordinary Note Condition 5(l) (*Redemption upon MREL Disqualification Event – Senior Preferred Notes and Senior Non-Preferred Notes, where applicable*) on page 90 of the Base Prospectus:

“(m) Substitution or Variation – Subordinated Notes

This Condition 5(m) applies only to Subordinated Notes and where this Condition 5(m) is specified as being applicable in the applicable Final Terms or, as the case may be, the applicable Pricing Supplement.

If at any time a Capital Event occurs and is continuing, or in order to ensure the effectiveness and enforceability of Condition 17(c), the Issuer may, subject to the provisions of Condition 5(j) (without any requirement for the consent or approval of the Noteholders or the Couponholders) on giving not less than 30 nor more than 60 days’ notice to the Principal Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable) either substitute all (but not some only) of the Subordinated Notes for, or vary the terms of the Subordinated Notes (including changing the governing law of Condition 17(c), from English law to Norwegian law) so that they remain or, as appropriate, become, Qualifying Subordinated Securities (as defined below), provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem the substituted or varied securities that are inconsistent with the redemption provisions of the Subordinated Notes.

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

- (a) other than in the case of a change to the governing law of Condition 17(c) to Norwegian law in order to ensure the effectiveness and enforceability of Condition 17(c), have terms not materially less favourable to the Noteholders as a class than the terms of the Subordinated Notes (as reasonably determined by the Issuer), and, subject thereto, they shall (1) have a ranking at least equal to that of the Subordinated Notes prior to such substitution or variation, as the case may be, (2) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Subordinated Notes prior to such substitution or variation, as the case may be, (3) have the same redemption rights as the Subordinated Notes prior to such substitution or variation, as the case may be, (4) comply with the then current requirements of the Relevant Regulator in relation to Tier 2 capital, (5) preserve any existing rights under the Subordinated Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, as the case may be, or, if none, the Interest Commencement

Date, and (6) other than in the case of a change to the governing law of Condition 17(c) to Norwegian law in order to ensure the effectiveness and enforceability of Condition 17(c), where Subordinated Notes which have been substituted or varied had a solicited rating from a Rating Agency immediately prior to such substitution or variation, each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Qualifying Subordinated Securities; and

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

In these Terms and Conditions, “**Rating Agency**” means Moody’s Investors Service Limited or Fitch Ratings Limited or their respective successors.”

- (xii) The following new Ordinary Note Condition 5(n) (*Substitution or Variation – Senior Preferred Notes and Senior Non-Preferred Notes, where applicable*) shall be included after Ordinary Note Condition 5(m) (*Substitution or Variation – Subordinated Notes*) on page 90 of the Base Prospectus:

“(n) Substitution or Variation – Senior Preferred Notes and Senior Non-Preferred Notes, where applicable

This Condition 5(n) applies only to Senior Preferred Notes and Senior Non-Preferred Notes, in each case, only where this Condition 5(n) is specified as being applicable in the applicable Final Terms or, as the case may be, the applicable Pricing Supplement, and references to “Ordinary Notes”, “Noteholders” and “Couponholders” in this Condition shall be construed accordingly.

If at any time a MREL Disqualification Event occurs and is continuing, or in order to ensure the effectiveness and enforceability of Condition 17(c), the Issuer may, subject to the provisions of Condition 5(j) (without any requirement for the consent or approval of the Noteholders or the Couponholders) on giving not less than 30 nor more than 60 days’ notice to the Principal Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable) either substitute all (but not some only) of the Ordinary Notes for, or vary the terms of the Ordinary Notes (including changing the governing law of Condition 17(c), from English law to Norwegian law) so that they remain or, as appropriate, become, Qualifying MREL Securities (as defined below), provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem the substituted or varied securities that are inconsistent with the redemption provisions of the Ordinary Notes.

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

- (a) other than in the case of a change to the governing law of Condition 17(c) to Norwegian law in order to ensure the effectiveness and enforceability of Condition 17(c), have terms not materially less favourable to the Noteholders as a class than the terms of the Ordinary Notes (as reasonably determined by the Issuer), and, subject thereto, they shall (1) have a ranking at least equal to that of the Ordinary Notes prior to such substitution or variation, as the case may be, (2) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Ordinary Notes prior to such substitution or variation, as the case may be, (3) have the same redemption rights as the Ordinary Notes prior to such substitution or variation, as the case may be, (4) comply with

the then current requirements in relation to “eligible liabilities” (or any equivalent or successor term) provided for in the Applicable MREL Regulations, (5) preserve any existing rights under the Ordinary Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, as the case may be, or, if none, the Interest Commencement Date, and (6) other than in the case of a change to the governing law of Condition 17(c) to Norwegian law in order to ensure the effectiveness and enforceability of Condition 17(c), where Ordinary Notes which have been substituted or varied had a solicited rating from a Rating Agency immediately prior to such substitution or variation, each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Qualifying MREL Securities; and

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

(xiii) In Ordinary Note Condition 6(a) (*Taxation – Gross-up*) on page 90 of the Base Prospectus, the words “(for the purposes of Subordinated Notes only)” in the first line, shall be deleted.

(xiv) Ordinary Note Condition 6(b) (*Taxation – Subordinated Notes*) on page 91 of the Base Prospectus shall be deleted in its entirety and replaced with the following:

“(b) Senior Non-Preferred Notes, Subordinated Notes and Restricted Gross-Up Senior Preferred Notes

This Condition 6(b) shall only apply to (i) Senior Preferred Notes where Restricted Gross-Up Senior Preferred Notes is specified as being applicable in the applicable Final Terms or, as the case may be, the applicable Pricing Supplement, (ii) Senior Non-Preferred Notes and (iii) Subordinated Notes.

Notwithstanding Condition 6(a), the obligation to pay additional amounts will apply in respect of payments of interest only.”

(xv) In Ordinary Note Condition 8(a) (*Events of Default – Events of Default relating to Unsubordinated Notes*) on page 91 of the Base Prospectus:

(i) the title and first two lines shall be deleted and replaced with the following:

“(a) Events of Default relating to Senior Preferred Notes, where applicable

This Condition shall apply only to Senior Preferred Notes where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms or, as the case may be, applicable Pricing Supplement and references to “Ordinary Notes”, “Noteholders”, “Coupons” and “Couponholders” in this Condition shall be construed accordingly.

If any one or more of the following events (each an “Event of Default”) shall occur and be continuing:”; and

(ii) all references to “Unsubordinated Notes” shall be deleted and replaced with “Senior Preferred Notes”.

(xvi) The following new Ordinary Note Condition 8(c) (*Events of Default relating to Senior Preferred Notes, where applicable, and Senior Non-Preferred Notes*) shall be included on page 93 of the

Base Prospectus after Ordinary Note Condition 8(b) (*Events of Default relating to Subordinated Notes*):

“(c) Events of Default relating to Senior Preferred Notes, where applicable, and Senior Non-Preferred Notes

This Condition shall apply only to (i) Senior Preferred Notes except those for which Unrestricted Events of Default is specified as being applicable in the applicable Final Terms or, as the case may be, the applicable Pricing Supplement, and (ii) Senior Non-Preferred Notes.

If any one or more of the following events (each an “Event of Default”) shall occur and be continuing:

- (i) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer; or
- (ii) if (A) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer and (B) in any case (other than the appointment of an administrator) is not discharged within 14 days; or
- (iii) if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws,

then any holder of a Senior Preferred Note or Senior Non-Preferred Note, as applicable, may, by written notice to the Issuer at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare any Senior Preferred Note or Senior Non-Preferred Note, as applicable, held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 5(e)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.”

(xvii) In Ordinary Note Condition 17(a) (*Governing Law and Submission to Jurisdiction – Governing law*) on page 97 of the Base Prospectus, references to “Condition 2(b)” shall be deleted and replaced with “Condition 2”.

(xviii) Ordinary Note Condition 17(c) on page 98 of the Base Prospectus shall be deleted in its entirety and replaced with the following:

“(c) Contractual Recognition of Norwegian Statutory Loss Absorption Powers

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for the purposes of this Condition 17(c), includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Noteholder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

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

In this Condition 17(c):

“Norwegian Statutory Loss Absorption Powers” means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Kingdom of Norway, relating to (i) the transposition into Norwegian law of Directive 2014/59/EU as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

“Relevant Amounts” means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and additional amounts due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority; and

“Relevant Resolution Authority” means the resolution authority with the ability to exercise any Norwegian Statutory Loss Absorption Powers in relation to the Issuer.”

- (xix) The definition of “Capital Event” in Ordinary Note Condition 18 on page 99 of the Base Prospectus shall be deleted in its entirety and replaced with the following:

“Capital Event” means the determination by the Issuer, after consultation with the Relevant Regulator, that, as a result of a change in Norwegian law or Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date of the last Tranche of the Subordinated Notes, the Subordinated Notes are excluded in whole or in part from the Tier 2 capital of the Issuer, such determination to be confirmed by the Issuer in a certificate signed by two authorised signatories, provided that a Capital Event shall not occur where such exclusion is or will

be caused by reason of any applicable limit on the amount of such capital under the Applicable Banking Regulations from time to time.”

Taxation – Norwegian Taxation

The two references to “flat rate of 23 per cent” appearing under the heading “*Taxation – Norwegian Taxation*” on page 134 of the Base Prospectus shall be deleted and replaced with “flat rate of 22 per cent”.

General

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

This Supplement will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).