

# Securities Note

## KLP Kommunekreditt AS



1,79% KLP Kommunekreditt AS Covered Bond 2016/2021  
(Extended Maturity to 28 October 2022)

ISIN NO0010756711

Arrangers:



Trondheim, 17 February 2016

**Important notice**

The Securities Note has been prepared in connection with listing of the securities at Oslo Børs. The Securities Note has been reviewed and approved by the Norwegian FSA in accordance with sections 7-7 and 7-8, cf. section 7-3 of the Norwegian Securities Trading Act. The Registration Document was approved by the Norwegian FSA October 15<sup>th</sup> 2015 and a supplement to the Registration Document was approved by the Norwegian FSA February 17<sup>th</sup> 2016, is still valid as of the date of this Securities Note. This Securities Note together with the Registration Document dated October 15<sup>th</sup> 2015 and the supplement to the Registration Document dated February 17<sup>th</sup> 2016 constitutes the Prospectus. The Prospectus is valid for a period of up to 12 months following its approval by the Norwegian FSA on February 17<sup>th</sup> 2016. The Norwegian FSA has not controlled or approved the accuracy or completeness of the information given in this Prospectus. The approval given by the Norwegian FSA only relates to the Issuer's descriptions pursuant to a pre-defined check list of requirements. The Norwegian FSA has not made any form of control or approval relating to corporate matters described in or otherwise covered by this Prospectus. New information that is significant for the Borrower or its subsidiaries may be disclosed after the Securities Note has been made public, but prior to the expiry of the subscription period. Such information will be published as a supplement to the Securities Note pursuant to Section 7-15 of the Norwegian Securities Trading Act. On no account must the publication or the disclosure of the Securities Note give the impression that the information herein is complete or correct on a given date after the date on the Securities Note, or that the business activities of the Borrower or its subsidiaries may not have been changed.

Only the Borrower and the Arrangers are entitled to procure information about conditions described in the Securities Note. Information procured by any other person is of no relevance in relation to the Securities Note and cannot be relied on.

Unless otherwise stated, the Securities Note is subject to Norwegian law. In the event of any dispute regarding the Securities Note, Norwegian law will apply.

In certain jurisdictions, the distribution of the Securities Note may be limited by law, for example in the United States of America or in the United Kingdom. Verification and approval of the Securities Note by Finanstilsynet implies that the Securities Note may be used in any EEA country. No other measures have been taken to obtain authorisation to distribute the Securities Note in any jurisdiction where such action is required. Persons that receive the Securities Note are ordered by the Borrower and the Arrangers to obtain information on and comply with such restrictions.

This Securities Note is not an offer to sell or a request to buy bonds.

The content of the Securities Note does not constitute legal, financial or tax advice and bond owners should seek legal, financial and/or tax advice.

Contact the Borrower to receive copies of the Securities Note.

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## 1. Risk factors

All investments in interest bearing securities have risk associated with such investment. The risk is related to the general volatility in the market for such securities, varying liquidity in a single bond issue as well as company specific risk factors. An investment in interest bearing securities is only suitable for investors who understand the risk factors associated with this type of investments and who can afford a loss of all or part of the investment. Please refer to the Registration Document dated October 15<sup>th</sup> 2015 for a listing of company specific risk factors.

There are five main risk factors that sums up the investors total risk exposure when investing in interest bearing securities: **liquidity risk**, **interest rate risk**, **settlement risk**, **credit risk** and **market risk** (both in general and issuer specific).

**Liquidity risk** is the risk that a party interested in trading bonds in the Loan cannot do it because nobody in the market wants to trade the bonds. Missing demand of the bonds may incur a loss on the bondholder.

**Interest rate risk** - The Bonds have been established at a fixed rate, and consequently the coupon does not vary with changes in interest rate levels. Investment in bond loans bearing interest at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the value of the Loan

**Settlement risk** is the risk that the settlement of bonds in the Loan does not take place as agreed. The settlement risk consists of the failure to pay or the failure to deliver the bonds.

**Credit risk** is the risk that the Borrower fails to make the required payments under the Loan (either principal or interest).

**Market risk** is the risk that the value of the Loan will decrease due to the change in value of the market risk factors. The price of a single bond issue will fluctuate in accordance with the interest rate and credit markets in general, the market view of the credit risk of that particular bond issue, and the liquidity of this bond issue in the market. In spite of an underlying positive development in the Issuers business activities, the price of a bond may fall independent of this fact.

No market-maker agreement is entered into in relation to this bond issue, and the liquidity of bonds will at all times depend on the market participants view of the credit quality of the Issuer as well as established and available credit lines.

## 2. Person responsible

### PERSONS RESPONSIBLE FOR THE INFORMATION

Persons responsible for the information given in the prospectus are as follows:

KLP Kommunekreditt AS  
Beddingen 8  
7042 Trondheim  
Norway

### DECLARATION BY PERSONS RESPONSIBLE

KLP Kommunekreditt AS confirms that, having taken all reasonable care to ensure that such is the case, the information contained in the prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Trondheim, 17 February 2016



KLP Kommunekreditt AS

**3. Information concerning the securities**

ISIN code:	NO 0010756711
The Loan/The Issue/The Bonds:	1,79% KLP Kommunekreditt AS Covered Bond 2016/2021 (Extended Maturity to 28 October 2022)
Borrower/Issuer:	KLP Kommunekreditt AS
Security Type:	Open covered bond issue with fixed rate.
Borrowing Limit – Tap Issue:	NOK 1,000,000,000
First Tranche:	NOK 600,000,000
Denomination – Face Value – Each Bond:	NOK 1,000,000 - each and among themselves pari passu ranking.
Securities Form:	The Bonds are electronically registered in book-entry form with the Securities Depository.
Disbursement/Settlement/Issue Date:	28 January 2016
Interest Bearing From and Including:	Disbursement/Settlement/Issue Date.
Interest Bearing To:	Maturity Date
Maturity Date:	28 October 2021
Extended Maturity Date:	28 October 2022
Coupon:	1,79 % p.a. from and including Issue Date up to Maturity Date, then Reference Rate + Margin from and including Maturity Date up to Extended Maturity Date if applicable. If the Coupon becomes negative, the Coupon shall be deemed to be zero.
NIBOR:	NIBOR 3 months.
Margin:	0.67 percentage points p.a.
Coupon Date:	28 October each year to 28 October 2021, then 28 January, 28 April, 28 July and 28 October.
Day Count Fraction:	30/360 up to Maturity Date, then Actual/360 up to Extended Maturity Date if applicable.
Business Day Convention:	No Adjustment to 28 October 2021, then Modified Following Business Day up to Extended Maturity Date if applicable.  When "No Adjustment" is specified, the applicable Payment Date shall not be adjusted even if that day is not a Business Day (payments shall be made on the first following Business Day).  When "Modified Following Business Day" is specified, the applicable Payment Date shall be the first following Business Day unless that day falls in the next calendar month, in which case the date shall be the first preceding Business Day.
Issue Price:	100 % (par value).
Yield:	Dependent on the market price. Assuming a price of 100 % yield is 1,79 %.
Business Day:	Any day when the Norwegian Central Bank's Settlement System

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	is open and when Norwegian banks can settle foreign currency transactions.
Amortisation:	<p>The bonds will run without instalments and be repaid in full at Maturity Date at par.</p> <p>If the amount due is not paid in full on the Maturity Date, payment of the unpaid amount will be automatically deferred until the Extended Maturity Date, provided that any amount representing the amount due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Coupon Date occurring thereafter up to (and including) the relevant Extended Maturity Date.</p>
Redemption:	Matured interest and matured principal will be credited each Bondholder directly from the Securities Registry. Claims for interest and principal shall be limited in time pursuant to the Norwegian Act relating to the Limitation Period Claims of May 18 1979 no 18, p.t. 3 years for interest rates and 10 years for principal.
Status of the Bonds:	<p>The Bonds are unsubordinated obligations issued as covered bonds (obligasjoner med fortrinnsrett) in accordance with Chapter 2, Sub-chapter IV and appurtenant regulations of the Financial Institutions Act and rank pari passu among (i) themselves, (ii) any other bonds issued by the Issuer that have been given the same preferential rights to the Cover Pool and (iii) any obligations of the Issuer to counterparties under derivative contracts, if any, as referred to in Section 2-28 (e) of the Financial Institutions Act that have been provided the same preferred rights to settlement against the Cover Pool.</p> <p>To the extent that claims in relation to the Bonds, other covered bonds and relating derivative agreements (both as registered in the Cover Pool Register) are not met out of the Cover Pool, the residual claims will rank pari passu with the unsecured and unsubordinated obligations of the Issuer, save for those preferred by law.</p>
Security:	The Bonds are unsecured. In accordance with the Financial Institutions Act, the Bonds, together with (i) other covered bonds issued by the Issuer and registered in the Cover Pool Register at any time and (ii) any derivative contracts, as referred to in Section 2-28 (e) of the Financial Institutions Act and registered in the Cover Pool Register at any time, shall in the event of bankruptcy, negotiation of debt under the Bankruptcy Act, winding up of the Issuer or public administration of the Issuer, have an exclusive, equal and proportional preferential claim over the Cover Pool.
Cover Pool:	<p>The pool of assets to which:</p> <ul style="list-style-type: none"><li>(i) the Bondholders,</li><li>(ii) any other holders of bonds issued by the Issuer that have been given the same preferential rights in the same cover pool, and</li><li>(iii) counterparties to derivative contracts that have been given the same preferential rights in the same cover pool, if any, as referred to in Section 2-28 (e) of the Financial Institutions Act</li></ul> <p>have a preferential right in accordance with the Financial Institutions Act Chapter 2, Sub-chapter IV and regulations given pursuant thereto, and which are registered in the designated Cover Pool Register at any time, subject to changes pursuant to Clause 3.3.2 of the Bond Agreement.</p>
Cover Pool Register:	<p>A register of:</p> <ul style="list-style-type: none"><li>(i) the Bonds,</li><li>(ii) any other bonds issued by the Issuer that have been</li></ul>

	<p>given the same preferential rights to the Cover Pool, (iii) the derivative contracts which have been given the same preferential rights as the Bonds, and (iv) the assets in the Cover Pool, - to be established and maintained by the Issuer in accordance with the Financial Institutions Act and regulations given pursuant thereto, and which is named as the "Cover Pool Register No. 1/2009".</p>
Covenants:	Information on Covenants see the Bond Agreement section 3.5.
Listing:	An application for listing will be sent to Oslo Børs.
Purpose:	The purpose of the Issue is general financing of the Issuer.
NIBOR-definition:	(Norwegian Interbank Offered Rate ) Interest rate fixed for a defined period on Oslo Børs' webpage at approximately 12.15 Oslo time. In the event that such page is not available, has been removed or changed such that the quoted interest rate no longer represents, in the opinion of the Bond Trustee, a correct expression of the Reference Rate, an alternative page or other electronic source which in the opinion of the Bond Trustee and the Issuer gives the same interest rate as the initial Reference Rate shall be used. If this is not possible, the Bond Trustee shall calculate the Reference Rate based on comparable quotes from major banks in Oslo.
Reference Rate:	NIBOR rounded to the nearest hundredth of a percentage point on each Reset Date, for the period stated.
Approvals:	The Bonds were issued in accordance with the Borrower's Board approval dated November 25 <sup>th</sup> 2015.
Bond Agreement:	<p>The Bond Agreement has been entered into between the Borrower and the Trustee. The Bond Agreement regulates the Bondholder's rights and obligations in relations with the issue. The Trustee enters into this agreement on behalf of the Bondholders and is granted authority to act on behalf of the Bondholders to the extent provided for in the Bond Agreement.</p> <p>When bonds are subscribed / purchased, the Bondholder has accepted the Bond Agreement and is bound by the terms of the Bond Agreement.</p> <p>Information regarding bondholders' meeting and the Bondholder's right to vote are described in the Bond Agreement clause 5.</p> <p>Information regarding the role of the Trustee, see Bond Agreement clause 6.</p> <p>The Bond Agreement is attached to this Securities Note.</p>
Availability of the Documentation:	<a href="http://www.klp.no">www.klp.no</a>
Trustee:	Nordic Trustee ASA, P.O. Box 1470 Vika, 0116 Oslo, Norway.
Arranger:	Nordea Markets, Middelthunsgate 17, 0368 Oslo, Norway.
Paying Agent:	DNB Bank ASA, Dronning Eufemias gate 30, 0191 Oslo, Norway.  The Paying Agent is in charge of keeping the records in the Securities Depository.
Calculation Agent:	The Trustee
Listing Agent:	NT Services AS, P.O. Box 1470 Vika, 0116 Oslo, Norway.



Securities Depository:	<p>The Securities depository in which the Loan is registered, in accordance with the Norwegian Act of 2002 no. 64 regarding Securities depository.</p> <p>On Disbursement Date the Securities Depository is Verdipapirregisteret ("VPS"), Postboks 4, 0051 OSLO</p>
Market-Making:	<p>There is no market-making agreement entered into in connection with the Loan.</p>
Legislation under which the Securities have been created:	<p>Norwegian law.</p>
Fees and Expenses:	<p>The Borrower shall pay any stamp duty and other public fees in connection with the loan. Any public fees or taxes on sales of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise decided by law or regulation. The Borrower is responsible for withholding any withholding tax imposed by Norwegian law.</p>
Fees:	<p>Listing fee 2015 NOK 24,360.- Prospectus fee Securities Note NOK 15,600.- Registration fee NOK 3,300.- Listing Agent NOK 5,000.-</p>

## 4. Additional information

The involved persons in this Issue have no interest, nor conflicting interests that is material to the Issue.

Moody's Investor Service has rated all covered bonds issued by KLP Kommunekreditt AS – Aaa, and Fitch Ratings has rated all covered bonds issued by KLP Kommunekreditt AS - AAA. Moody's Investor Service Ltd and Fitch Ratings are established in the EU and have been registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the Credit Rating Agencies Regulation).

KLP Kommunekreditt AS has mandated Nordea Markets as Arranger for the issuance of the Loan. The Arranger has acted as advisor to KLP Kommunekreditt AS in relation to the pricing of the Loan.

The Arranger and/or any of their affiliated companies and/or officers, directors and employees may be a market maker or hold a position in any instrument or related instrument discussed in this Securities Note, and may perform or seek to perform financial advisory or banking services related to such instruments. The Arranger's corporate finance department may act as manager or co-manager for this Borrower in private and/or public placement and/or resale not publicly available or commonly known.

### Statement from the Listing Agent:

NT Services AS, acting as Listing Agent, has assisted the Issuer in preparing this Securities Note. The involved persons at the Listing Agent have no interest, nor conflicting interests that is material to the Issue. The Listing Agent has not verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and the Listing Agent expressly disclaims any legal or financial liability as to the accuracy or completeness of the information contained in this Securities Note or any other information supplied in connection with bonds issued by the Issuer or their distribution. The statements made in this paragraph are without prejudice to the responsibility of the Issuer. Each person receiving this Securities Note acknowledges that such person has not relied on the Listing Agent nor on any person affiliated with it in connection with its investigation of the accuracy of such information or its investment decision.

## 5. Appendix

- Bond Agreement

## Covered Bond Agreement

Entered into:	25 January 2016
between the Issuer:	<b>KLP Kommunekreditt AS</b>
Company No.	994 526 944
and the Bond Trustee:	<b>Nordic Trustee ASA</b>
Company No.	963 342 624
on behalf of the Bondholders in:	1,79% KLP Kommunekreditt AS Covered Bond 2016/2021 (Extended Maturity to 28 October 2022)
with ISIN:	NO 0010756711

The Issuer undertakes to issue the Bonds in accordance with the terms set forth in this Bond Agreement.

### 1. Terms of the Issue

The terms of the Issue are as follows, supplemented by the definitions and clarifications set forth in Section 2:

Maximum Amount:	1,000,000,000	
Initial Amount:	600,000,000	
Face Value:	1,000,000	
Currency:	NOK (Norwegian Krone)	
Issue Date:	28 January 2016	
Maturity Date:	28 October 2021	
Extended Maturity Date:	28 October 2022	
Redemption Price:	100 % of Face Value	
Call:	NA	NA
Put:	NA	NA
Coupon Accrual Date:	Issue Date	
Coupon:	1,79 % p.a. from and including Issue Date up to Maturity Date, then Reference Rate + Margin from and including Maturity Date up to Extended Maturity Date if applicable.	
Reference Rate:	3 months (NIBOR)	
Margin:	0,67 percentage points p.a.	
Coupon Date:	28 October each year to 28 October 2021, then 28 January, 28 April, 28 July and 28 October.	
Day Count Fraction:	30/360 up to Maturity Date, then Actual/360 up to Extended Maturity Date if applicable	
Additional Return:	NA	
Business Day Convention:	No adjustment to 28 October 2021, then Modified Following Business Day up to Extended Maturity Date if applicable.	

Nordic Trustee ASA

Listing:	YES
Exchange:	Oslo Børs

## 2. Clarifications and definitions

When used in this Bond Agreement, the following words and terms shall have the following meaning and definition:

Additional Return:	If YES is specified, certain conditions set forth in Attachment apply regarding yield. If NA is specified, no provisions regarding Additional Return apply.
Attachment:	Any attachments to this Bond Agreement.
Bond Agreement:	This agreement including any Attachments to which it refers, and any subsequent amendments and additions agreed between the parties hereto.
Bond Trustee:	Nordic Trustee ASA or its successor(s).
Bondholder:	Holder of Bond(s) as registered in the Securities Register.
Bondholders' Meeting:	Meeting of Bondholders as set forth in Section 5 of this Bond Agreement.
Bonds:	Covered Bonds ( <i>obligasjoner med fortrinnsrett</i> ) issued pursuant to this Bond Agreement and which are registered in the Securities Register and in the Issuer's Cover Pool Register, each a "Bond".
Business Day:	Any day when the Norwegian Central Bank's Settlement System is open and when Norwegian banks can settle foreign currency transactions.
Business Day Convention:	Convention for adjusting any relevant payment date ("Payment Date") if it would otherwise fall on a day that is not a Business Day; (i) If Modified Business Day is specified, the applicable Payment Date shall be the first following Business Day. (ii) If Modified Following Business Day is specified, the applicable Payment Date shall be the first following Business Day unless that day falls in the next calendar month, in which case the date shall be the first preceding Business Day. (iii) If No Adjustment is specified, the applicable Coupon Payment Date shall not be adjusted even if that day is not a Business Day (payments shall be made on the first following Business Day).
Call:	Issuer's early redemption right of Bonds at the date(s) stated (the "Call Date") and corresponding price(s) (the "Call Price"), ref. Clause 3.6. and 3.7. The Call Date shall be adjusted pursuant to the Business Day Convention. If NA is specified, the provisions regarding Call do not apply.
Coupon:	Rate of interest applicable to the Bonds; (i) If the Coupon is stated in percentage points, the Bonds shall bear interest at this rate per annum (based on the Day Count Fraction set forth in Section 1), from and including the Coupon Accrual Date to the Maturity Date. (ii) If the Coupon is stated as Reference Rate + Margin the Bonds shall bear interest at a rate per annum equal to the Reference Rate + Margin (based on the Day Count Fraction set forth in Section 1), from and including the Coupon Accrual Date to the first Coupon Date, and thereafter from

	and including each Coupon Date to the next Coupon Date until Maturity Date. If the Coupon becomes negative, the Coupon shall be deemed to be zero.
Coupon Accrual Date:	The date on which interest on the Bond starts to accrue. If NA is specified, Coupon Accrual Date does not apply.
Coupon Date:	Date(s) on which the payment of Coupon falls due. The Coupon Date shall be adjusted pursuant to the Business Day Convention.
Cover Pool:	The pool of assets to which: (i) the Bondholders, (ii) any other holders of bonds issued by the Issuer that have been given the same preferential rights in the same cover pool, and (iii) counterparties to derivative contracts that have been given the same preferential rights in the same cover pool, if any, as referred to in Section 2-28 (e) of the Financial Institutions Act, have a preferential right in accordance with the Financial Institutions Act Chapter 2, Sub-chapter IV and regulations given pursuant thereto, and which are registered in the designated Cover Pool Register at any time, subject to changes pursuant to Clause 3.3.2 of this Bond Agreement.
Covered Pool Register:	The register of: (i) the Bonds, (ii) any other bonds issued by the Issuer that have been given the same preferential rights to the Cover Pool, (iii) the derivative contracts which have been given the same preferential rights as the Bonds, and (iv) the assets in the Cover Pool, - to be established and maintained by the Issuer in accordance with the Financial Institutions Act and regulations given pursuant thereto, and which is named as the "Cover Pool Register No. 1/2009"
Currency:	The currency in which the Bonds are denominated.
Day Count Fraction:	The convention for calculation of payment of Coupon. (i) If 30/360 is specified, the number of days in the relevant coupon period shall be calculated from and including the Coupon Accrual Date/Coupon Date to the next Coupon Date on basis of a year of 360 days with 12 months of 30 days divided by 360, unless (a) the last day in the relevant coupon period is the 31 <sup>st</sup> calendar day but the first day of the relevant coupon period is a day other than the 30 <sup>th</sup> or the 31 <sup>st</sup> day of a month, in which case the month that includes that last day shall not be shortened to a 30-day month, or (b) the last day of the relevant coupon period is the last calendar day in February, in which case February shall not be considered to be lengthened to a 30-day month. (ii) If Actual/360 is specified, the actual number of days in the relevant coupon period shall be from and including the Coupon Accrual Date/Coupon Date to the next Coupon Date. The number of days shall be divided by 360.
Exchange:	Exchange or other recognized marketplace for securities, on which the Issuer has, or has applied for, listing of the Bonds. If NA is

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	specified, the terms of this Bond Agreement covering Exchange do not apply.
Extended Maturity Date:	The extended date on which the Bonds fall due, as set out in Clause 3.6.4. The Extended Maturity Date shall be adjusted pursuant to the Business Day Convention.
Face Value:	The face value of each Bond.
Financial Institution	Entity with authorization according to the Norwegian Financial Institution Act (1988/40)
Financial Institution Act	The Norwegian Financial Institution Act (1988/40)
Initial Amount:	The amount equal to the aggregate Face Value of the Bonds (minimum) issued under the first Issue.
ISIN:	The identification number of the Bonds (International Securities Identification Number).
Issue:	Any issue of Bonds pursuant to this Bond Agreement.
Issue Date:	The date of the first Issue.
Issuer:	The person or entity that has issued the Bonds and is the borrower (debtor).
Issuer's Bonds:	Bonds owned by the Issuer, any party who has decisive influence over the Issuer, or any party over whom the Issuer has decisive influence.
Listing:	Indicates listing of the Bonds. If YES is specified, the Issuer shall submit an application in order to have the Bonds listed on the Exchange(s). If NO is specified, no obligation for listing applies, but the Issuer may, at its own discretion, apply for listing.
Margin:	Margin expressed in percentage points to be added to the Reference Rate (if the Margin is negative, it shall be deducted from the Reference Rate). If NA is specified, no Margin applies.
Maturity Date:	The date on which the Bonds fall due. The Maturity Date shall be adjusted pursuant to the Business Day Convention.

Maximum Amount:	Amount stating the maximum aggregate Face Value of Bonds which may be issued pursuant to this Bond Agreement. If NA is specified, the aggregate Face Value of the Bonds issued may not exceed the amount specified as the Initial Amount.
NIBOR:	(Norwegian Interbank Offered Rate) Interest rate fixed for a defined period on Oslo Børs' webpage at approximately 12.15 Oslo time. In the event that such page is not available, has been removed or changed such that the quoted interest rate no longer represents, in the opinion of the Bond Trustee, a correct expression of the Reference Rate, an alternative page or other electronic source which in the opinion of the Bond Trustee and the Issuer gives the same interest rate as the initial Reference Rate shall be used. If this is not possible, the Bond Trustee shall calculate the Reference Rate based on comparable quotes from major banks in Oslo.
Outstanding Bonds:	The aggregate value of the total number of Bonds not redeemed or otherwise discharged in the Securities Register.
Paying Agent:	The entity acting as registrar for the Bonds in the Securities Register and paying agent on behalf of the Issuer in the Securities Register.
Put:	Bondholders' right to demand early redemption of Bonds at the period stated (the "Put Period") and corresponding price(s) (the



	“Put Price”), ref. Clause 3.6 and 3.7. If NA is specified, the provisions regarding Put do not apply.
Redemption Price:	The price, stated as a percent of the Face Value, at which the Bonds shall be redeemed on the Maturity Date.
Reference Rate:	NIBOR rounded to the nearest hundredth of a percentage point on each Reset Date, for the period stated. If NA is specified, Reference Rate does not apply.
Reset Date:	Dates on which the Coupon is fixed for the subsequent coupon period for Bonds where Reference Rate applies. The first Reset Date is two Business Days before the Coupon Accrual Date. Thereafter the Reset Date is two Business Days prior to each Coupon Date.
Securities Register:	The securities register in which the Bonds are registered.
Voting Bonds:	Outstanding Bonds less Issuer’s Bonds.

### 3. Other terms of the Issue

#### 3.1. The purpose of the Issue

- 3.1.1. The purpose of the Issue is general financing of the Issuer.

#### 3.2. Listing and prospectus

- 3.2.1. In the event that the Bonds are listed on the Exchange, matters concerning the listing requiring the approval of the Bondholders shall be resolved pursuant to the terms of this Bond Agreement.
- 3.2.2. In the event that the Bonds are listed on the Exchange, the Issuer shall submit the documents and the information necessary to maintain the listing.
- 3.2.3. The Issuer shall ensure that this Bond Agreement shall be incorporated in any prospectus and other subscription or information materials related to the Bonds.

#### 3.3. Status

##### 3.3.1. Status of the Bonds.

The Bonds are unsubordinated obligations issued as covered bonds (obligasjoner med fortrinnsrett) in accordance with Chapter 2, Sub-chapter IV and appurtenant regulations of the Financial Institutions Act and rank *pari passu* among (i) themselves, (ii) any other bonds issued by the Issuer that have been given the same preferential rights to the Cover Pool and (iii) any obligations of the Issuer to counterparties under derivative contracts, if any, as referred to in Section 2-28 (e) of the Financial Institutions Act that have been provided the same preferred rights to settlement against the Cover Pool.

To the extent that claims in relation to the Bonds, other covered bonds and relating derivative agreements (both as registered in the Cover Pool Register) are not met out of the Cover Pool, the residual claims will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer, save for those preferred by law.

#### 3.4. Security

- 3.4.1. The Bonds are unsecured. In accordance with the Financial Institutions Act, the Bonds, together with (i) other covered bonds issued by the Issuer and registered in the Cover Pool Register at any time and (ii) any derivative contracts, as referred to in Section 2-28 (e) of the Financial Institutions Act and registered in the Cover Pool Register at any time, shall in the event of bankruptcy, negotiation of debt under the Bankruptcy Act, winding up of the Issuer or public administration of the Issuer, have an exclusive, equal and proportional preferential claim over the Cover Pool.

#### 3.5. Covenants

- 3.5.1. The Issuer undertakes not to (either in one action or as several actions, voluntarily or involuntarily):
- (a) sell or otherwise dispose of all or parts of its assets or business,
  - (b) change the nature of its business, or
  - (c) merge, demerge or in any other way restructure its business,

if such action will materially and adversely affect the Issuer's ability to fulfil its obligations under this Bond Agreement.

3.5.2. For information covenants, see Clause 4.7.

### 3.6. Payments

3.6.1. On each Coupon Date the Issuer shall in arrears pay the accrued Coupon amount to the Bondholders.

3.6.2. On the Maturity Date the Issuer shall pay in respect of each Bond the Face Value multiplied by the Redemption Price to the Bondholders.

3.6.3. On the Maturity Date the Issuer shall pay any Additional Return (if applicable) to the Bondholders.

3.6.4. The Issuer may not apply any counterclaims in set-off against its payment obligations pursuant to this Bond Agreement.

If the amount due is not paid in full on the Maturity Date, payment of the unpaid amount will be automatically deferred until the Extended Maturity Date, provided that any amount representing the amount due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Coupon Date occurring thereafter up to (and including) the relevant Extended Maturity Date.

3.6.5. If exercising Call or Put, the Issuer shall at the relevant date indicated under Call or Put pay to the Bondholders the Face Value of the Bonds to be redeemed multiplied by the relevant price for the relevant date plus accrued Coupon on the redeemed Bonds.

3.6.6. Amounts payable to the Bondholders by the Issuer shall be available to the Bondholders on the date the amount is due pursuant to this Bond Agreement.

3.6.7. In the event that the Issuer has not fulfilled its payment obligations pursuant to this Bond Agreement interest shall accrue on the amount due at the higher of:

- (d) the seven day NIBOR plus 3.0 percentage points (to be fixed two Business Days before due date and thereafter weekly), and
- (e) the applicable Coupon at the due date plus 3.0 percentage points.

Default interest shall be added to the amount due on a monthly basis and accrue interest together with this (compound interest).

### 3.7. Exercise of Put and Call

3.7.1. Exercise of Call shall be notified by the Issuer to the Bondholders and the Bond Trustee at least thirty Business Days prior to the relevant Call Date.

3.7.2. Partial exercise of Call shall be carried out pro rata between the Bonds (according to the procedures in the Securities Register).

3.7.3. Exercise of Put shall be notified by the Bondholder to its Securities Register agent no later than the last Business Day before the end of the Put Period, and the settlement of the Put shall take place the fifth Business Day after the end of the Put Period.

## 4. Other terms and conditions

### 4.1. Conditions precedent

4.1.1. The Bond Trustee shall have received the following documentation, no later than 2 – two – Business Days prior to the Issue Date:

- (a) this Bond Agreement duly signed,
- (b) the Issuer's corporate resolution to make the Issue,
- (c) confirmation that the relevant individuals are authorised to sign on behalf of the Issuer this Bond Agreement and other relevant documents in relation hereto, (Company Certificate, Power of Authority etc.),
- (d) the Issuer's Articles of Association,
- (e) confirmation that the requirements set forth in Chapter 7 of the Norwegian Securities Trading Act (prospectus requirements) are fulfilled,
- (f) to the extent necessary, any public authorisations required for the Issue,
- (g) confirmation that the Bonds have been registered in the Securities Register,
- (h) any agreement regarding the Bond Trustee's fees and expenses as set forth in Clause 4.9.2 duly signed,
- (i) confirmation according to Clause 4.2.2 if applicable,
- (j) any other relevant documentation presented in relation to the Issue, and
- (k) any statements (including legal opinions) required by the Bond Trustee regarding documentation in this Clause 4.1.1.

4.1.2. The Bond Trustee may, in its reasonable opinion, waive the deadline or requirements for the documentation as set forth in Clause 4.1.1.

4.1.3. The Issuance of the Bonds is subject to the Bond Trustee's written notice to the Issuer, the manager of the Issue and the Paying Agent that the documents have been controlled and that the required conditions precedent are fulfilled.

### 4.2. Representations and warranties

4.2.1. At any Issue, the Issuer represents and warrants that:

- (a) all information which has been presented in relation to such Issue is, to the best knowledge of the Issuer, in accordance with the facts and contains no omissions likely to effect the importance of the information as regards the evaluation of the Bonds, and that the Issuer has taken all reasonable measures to ensure this,
- (b) the Issuer has made a valid resolution to make such Issue, and such Issue does not contravene any of the Issuer's other liabilities, and
- (c) public requirements have been fulfilled (i.a. Norwegian Securities Trading Act Chapter 7), and that any required public authorisations have been obtained.

4.2.2. The Bond Trustee may prior to any Issue require a statement from the Issuer confirming the Issuer's compliance with Clause 4.2.1.

**4.3. Tap Issues (subsequent Issues)**

4.3.1. If Maximum Amount is applicable (Section 1), the Issuer may make subsequent Issues ("Tap Issues") up to the Maximum Amount, provided that

- (a) the Tap Issue is made no later than five – 5 – Business Days prior to the Maturity Date, and that
- (b) all conditions set forth in Clauses 4.1.1 and 4.2.1 are still valid.

Each Tap Issue requires written confirmation from the Bond Trustee, unless (i) the Issuer is a Financial Institution and (ii) the Bonds constitute (senior) unsecured indebtedness of the Issuer (i.e. not subordinated).

4.3.2. The Issuer may, upon written confirmation from the Bond Trustee, increase the Maximum Amount. The Bondholders and the Exchange shall be notified of any increase in the Maximum Amount.

**4.4. Registration of Bonds**

4.4.1. The Issuer shall continuously ensure the correct registration of the Bonds in the Securities Register, and in the Cover Pool Register of the Issuer.

**4.5. Interest Rate Fixing**

4.5.1. If, pursuant to this Bond Agreement, the Coupon shall be adjusted during the term of the Bonds, any adjustments shall be carried out by the Bond Trustee. The Bondholders, the Issuer, the Paying Agent and the Exchange shall be notified of the new Coupon applicable until the next Coupon Date.

**4.6. The Issuer's acquisition of Bonds**

4.6.1. The Issuer has the right to acquire Bonds and to retain, sell or discharge such Bonds in the Securities Register.

**4.7. Information covenants**

4.7.1. The Issuer undertakes to:

- a) without being requested to do so, inform the Bond Trustee of any other event which may have a material effect on the Issuer's ability to fulfil its obligations pursuant to this Bond Agreement,
- b) without being requested to do so, inform the Bond Trustee if the Issuer intends to sell or dispose of all or a substantial part of its assets or operations or change the nature of its business,
- c) upon request, provide the Bond Trustee with its annual and interim reports and any other information reasonably required by the Bond Trustee,
- d) upon request report to the Bond Trustee the balance of Issuer's Bonds,
- e) without being requested to do so, provide a copy to the Bond Trustee of any notice to its creditors to be made according to applicable laws and regulations,
- f) without being requested to do so, send a copy to the Bond Trustee of notices to the Exchange which have relevance to the Issuer's liabilities pursuant to this Bond Agreement,
- g) without being requested to do so, inform the Bond Trustee of changes in the registration of the Bonds in the Securities Register, and

- h) annually in connection with the release of its annual report, and upon request, confirm to the Bond Trustee compliance with any covenants set forth in this Bond Agreement.
- i) without being requested to do so, promptly upon the Issuer's receipt of the same, provide a copy to the Bond Trustee of any report(s) issued by the investigator to the Financial Supervisory Authority of Norway pursuant to the provisions of the Financial Institutions Act and regulations given pursuant thereto.

#### **4.8. Notices**

- 4.8.1. Written notices, warnings, summons etc to the Bondholders made by the Bond Trustee shall be sent via the Securities Register with a copy to the Issuer and the Exchange. Information to the Bondholders may also be published at the web site [www.stamdata.no](http://www.stamdata.no).
- 4.8.2. The Issuer's written notifications to the Bondholders shall be sent via the Bond Trustee, alternatively through the Securities Register with a copy to the Bond Trustee and the Exchange.

#### **4.9. Expenses**

- 4.9.1. The Issuer shall cover all its own expenses in connection with this Bond Agreement and the fulfillment of its obligations hereunder, including the 'preparation of this Bond Agreement, listing of the Bonds on the Exchange, and the registration and administration of the Bonds in the Securities Register.
- 4.9.2. The expenses and fees payable to the Bond Trustee shall be paid by the Issuer. For Financial Institutions, and Norwegian governmental issuers, annual fee will be determined according to applicable fee structure and terms and conditions presented at the Trustee's web site ([www.nordictrustee.com](http://www.nordictrustee.com)) at the Issue Date, unless otherwise is agreed with the Trustee. For other issuers a separate fee agreement will be entered into.
- 4.9.3. Any public fees payable in connection with this Bond Agreement and fulfilling of the obligations pursuant to this Bond Agreement shall be covered by the Issuer. The Issuer is not responsible for reimbursing any public fees levied on the trading of Bonds.
- 4.9.4. The Issuer is responsible for withholding any withholding tax imposed by Norwegian law.

### **5. Bondholders' Meeting**

#### **5.1. Authority of the Bondholders' Meeting**

- 5.1.1. The Bondholders' Meeting represents the supreme authority of the Bondholders' community in all matters regarding the Bonds. If a resolution by or an approval of the Bondholders is required, such resolution shall be passed at a Bondholders' Meeting. Resolutions passed at Bondholders' Meetings shall be binding and prevail for all Bonds.

#### **5.2. Procedural rules for the Bondholders' Meeting**

- 5.2.1. A Bondholders' Meeting shall be held at the request of:
  - (a) the Issuer,
  - (b) Bondholders representing at least 1/10 of the Voting Bonds,
  - (c) the Bond Trustee, or

(d) the Exchange.

- 5.2.2. The Bondholders' Meeting shall be summoned by the Bond Trustee. A request for a Bondholders' Meeting shall be made in writing to the Bond Trustee, and shall clearly state the matters to be discussed.
- 5.2.3. If the Bond Trustee has not summoned a Bondholders' Meeting within 10 – ten – Business Days after having received such a request, then the requesting party may summons the Bondholders' Meeting itself.
- 5.2.4. Summons to a Bondholders Meeting shall be dispatched no later than 10 – ten – Business Days prior to the Bondholders' Meeting. The summons and a confirmation of each Bondholder's holdings of Bonds shall be sent to all Bondholders registered in the Securities Register at the time of distribution. The summons shall also be sent to the Exchange for publication.
- 5.2.5. The summons shall specify the agenda of the Bondholders' Meeting. The Bond Trustee may in the summons also set forth other matters on the agenda than those requested. If amendments to this Bond Agreement have been proposed, the main content of the proposal shall be stated in the summons.
- 5.2.6. The Bond Trustee may restrict the Issuer to make any changes in the number of Voting Bonds in the period from distribution of the summons until the Bondholders' Meeting.
- 5.2.7. Matters that have not been reported to the Bondholders in accordance with the procedural rules for summoning of a Bondholders' Meeting may only be adopted with the approval of all Voting Bonds.
- 5.2.8. The Bondholders' Meeting shall be held on premises designated by the Bond Trustee. The Bondholders' Meeting shall be opened and shall, unless otherwise decided by the Bondholders' Meeting, be chaired by the Bond Trustee. If the Bond Trustee is not present, the Bondholders' Meeting shall be opened by a Bondholder, and be chaired by a representative elected by the Bondholders' Meeting.
- 5.2.9. Minutes of the Bondholders' Meeting shall be kept. The minutes shall state the number of Bondholders represented at the Bondholders' Meeting, the resolutions passed at the meeting, and the result of the voting. The minutes shall be signed by the chairman and at least one other person elected by the Bondholders' Meeting. The minutes shall be deposited with the Bond Trustee and shall be available to the Bondholders.
- 5.2.10. The Bondholders, the Bond Trustee and representatives of the Exchange have the right to attend the Bondholders' Meeting. The chairman may grant access to the meeting to other parties, unless the Bondholders' Meeting decides otherwise. Bondholders may attend by a representative holding proxy. Bondholders have the right to be assisted by an advisor. In case of dispute the chairman shall decide who may attend the Bondholders' Meeting and vote for the Bonds.
- 5.2.11. Representatives of the Issuer have the right to attend the Bondholders' Meeting. The Bondholders' Meeting may resolve that the Issuer's representatives may not participate in particular matters. The Issuer has the right to be present under the voting.

**5.3. Resolutions passed at Bondholders' Meetings**

- 5.3.1. At the Bondholders' Meeting each Bondholder may cast one vote for each Voting Bond owned at close of business on the day prior to the date of the Bondholders' Meeting in accordance with the records registered in the Securities Register. Whoever opens the Bondholders' Meeting shall adjudicate any question concerning which Bonds shall count as Issuer's Bonds. Issuer's Bonds have no voting rights.
- 5.3.2. In all matters to be dealt with at the Bondholders' Meeting, the Issuer, the Bond Trustee and any Bondholder have the right to demand vote by ballot. In case of parity of votes, the chairman shall have the deciding vote, regardless of the chairman being a Bondholder or not.
- 5.3.3. In order to form a quorum, at least half (1/2) of the Voting Bonds must be represented at the meeting, see however Clause 5.4. Even if less than half (1/2) of the Voting Bonds are represented, the Bondholders' Meeting shall be held and voting completed.
- 5.3.4. Resolutions shall be passed by simple majority of the votes at the Bondholders' Meeting, unless otherwise set forth in clause 5.3.5.
- 5.3.5. In the following matters, a majority of at least 2/3 of the votes is required:
  - (a) any amendment of the terms of this Bond Agreement regarding the Coupon, the tenor, redemption price and other terms and conditions affecting the cash flow of the Bonds.
  - (b) the transfer of rights and obligations of this Bond Agreement to another issuer (borrower), or
  - (c) change of Bond Trustee.
- 5.3.6. The Bondholders' Meeting may not adopt resolutions which may give certain Bondholders or others an unreasonable advantage at the expense of other Bondholders.
- 5.3.7. The Bond Trustee shall ensure that resolutions passed at the Bondholders' Meeting are properly implemented.
- 5.3.8. The Issuer, the Bondholders and the Exchange shall be notified of resolutions passed at the Bondholders' Meeting.

**5.4. Repeated Bondholders' Meeting**

- 5.4.1. If the Bondholders' Meeting does not form a quorum pursuant to Clause 5.3.3, a repeated Bondholders' Meeting may be summoned to vote on the same matters. The attendance and the voting result of the first Bondholders' Meeting shall be specified in the summons for the repeated Bondholders' Meeting.
- 5.4.2. When a matter is tabled for discussion at a repeated Bondholders' Meeting, a valid resolution may be passed even though less than half (1/2) of the Voting Bonds are represented.

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## 6. The Bond Trustee

### 6.1. The role and authority of the Bond Trustee

- 6.1.1. The Bond Trustee shall monitor the compliance by the Issuer of its obligations under this Bond Agreement and applicable laws and regulations which are relevant to the terms of this Bond Agreement, including supervision of timely and correct payment of principal or interest, informing the Bondholders, the Paying Agent and the Exchange of relevant information which is obtained and received in its capacity as Bond Trustee (however this shall not restrict the Bond Trustee from discussing matters of confidentiality with the Issuer), arrange Bondholders' Meetings, and make the decisions and implement the measures resolved pursuant to this Bond Agreement. The Bond Trustee is not obligated to assess the Issuer's financial situation beyond what is directly set forth in this Bond Agreement.
- 6.1.2. The Bond Trustee may take any step necessary to ensure the rights of the Bondholders in all matters pursuant to the terms of this Bond Agreement. The Bond Trustee may postpone taking action until such matter has been put forward to the Bondholders' Meeting.
- 6.1.3. The Bond Trustee may reach decisions binding for all Bondholders concerning this Bond Agreement, including amendments to the Bond Agreement, which, in the opinion of the Bond Trustee, do not have a material adverse effect on the rights or interests of the Bondholders pursuant to this Bond Agreement, see however Clause 6.1.5.
- 6.1.4. The Bond Trustee may reach decisions binding for all Bondholders in circumstances other than those mentioned in Clause 6.1.3 provided prior notification to the Bondholders is given, see however Clause 6.1.5. Such notice shall contain a proposal of the amendment and the Bond Trustee's evaluation. Further, such notification shall state that the Bond Trustee may not reach a decision binding for all Bondholders in the event that any Bondholder submits a written protest against the proposal within a deadline set by the Bond Trustee. Such deadline may not be less than five (5) Business Days after the date of such notification.
- 6.1.5. The Bond Trustee may not reach decisions pursuant to Clauses 6.1.3 or 6.1.4 for matters set forth in Clause 5.3.5 except to rectify obvious incorrectness, vagueness or incompleteness.
- 6.1.6. The Bond Trustee may not adopt resolutions which may give certain Bondholders or others an unreasonable advantage at the expense of other Bondholders.
- 6.1.7. The Issuer, the Bondholders and the Exchange shall be notified of decisions made by the Bond Trustee pursuant to Clause 6.1 unless such notice obviously is unnecessary.
- 6.1.8. The Bondholders' Meeting can decide to replace the Bond Trustee without the Issuer's approval, as provided for in Clause 5.3.5.

### 6.2. Blank

### 6.3. Liability and indemnity

- 6.3.1. The Bond Trustee is liable only for direct losses incurred by Bondholders or the Issuer as a result of negligence or wilful misconduct by the Bond Trustee in performing its



functions and duties as set forth in this Bond Agreement. The Bond Trustee is not liable for the content of information provided to the Bondholders on behalf of the Issuer.

- 6.3.2. The Issuer is liable for and shall indemnify the Bond Trustee fully in respect of all direct losses, expenses and liabilities incurred by the Bond Trustee as a result of negligence by the Issuer to fulfill its obligations under the terms of this Bond Agreement, including losses incurred by the Bond Trustee as a result of the Bond Trustee's actions based on misrepresentations made by the Issuer in connection with the establishment and performance of this Bond Agreement.

#### **6.4. Change of Bond Trustee**

- 6.4.1. Change of Bond Trustee shall be carried out pursuant to the procedures set forth in Section 5. The Bond Trustee shall continue to carry out its duties as bond trustee until such time that a new Bond Trustee is elected.
- 6.4.2. The fees and expenses of a new bond trustee shall be covered by the Issuer pursuant to the terms set out in Clause 4.9, but may be recovered wholly or partially from the Bond Trustee if the change is due to a breach of the Bond Trustee duties pursuant to the terms of this Bond Agreement or other circumstances for which the Bond Trustee is liable.
- 6.4.3. The Bond Trustee undertakes to co-operate so that the new bond trustee receives without undue delay following the Bondholders' Meeting the documentation and information necessary to perform the functions as set forth under the terms of this Bond Agreement.

### **7. General provisions**

#### **7.1. The Bondholders' community**

- 7.1.1. Through their subscription, purchase or other transfer of Bonds, the Bondholders will be deemed to have acceded to this Bond Agreement and hereby accept that:
- (a) the Bondholders are bound by the terms of this Bond Agreement,
  - (b) the Bond Trustee has power and authority to act on behalf of the Bondholders,
  - (c) the Bond Trustee has, in order to administrate the terms of this Bond Agreement, access to the Securities Register to review ownership of Bonds registered in the Securities Register,
  - (d) this Bond Agreement establishes a community between Bondholders meaning that:
    - (i) the Bonds rank pari passu between each other,
    - (ii) the Bondholders may not, based on this Bond Agreement, act directly towards the Issuer and may not themselves institute legal proceedings against the Issuer,
    - (iii) the Issuer may not, based on this Bond Agreement, act directly towards the Bondholders,
    - (iv) the Bondholders may not cancel the Bondholders' community, and that
    - (v) the individual Bondholder may not resign from the Bondholders' community.
- 7.1.2. This Bond Agreement shall be publicly available from the Bond Trustee or the Issuer.

**7.2. Dispute resolution and legal venue**

7.2.1. Disputes arising out of or in connection with this Bond Agreement which are not resolved amicably shall be resolved in accordance with Norwegian law in the Oslo District Court.

**7.3. Amendments**

7.3.1. Amendments of this Bond Agreement may only be made with the approval of the parties to this Agreement, with the exception of amendments as set forth under Clause 6.1.8.

**7.4. Contact information**

7.4.1. The Issuer and the Bond Trustee shall ensure that the other party is kept informed of any changes in its postal address, e-mail address, telephone and fax numbers and contact persons.

  
.....  
**Issuer**

  
.....  
**Bond Trustee**