



## DnB NOR BOLIGKREDITT AS

(incorporated in Norway)

€25,000,000,000

### Covered Bond Programme

Under this €25,000,000,000 Covered Bond Programme (the “**Programme**”), DnB NOR Boligkreditt AS (the “**Issuer**”) may from time to time issue covered bonds issued in accordance with Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions, Chapter 2, Sub-Chapter IV and appurtenant regulations (“**Covered Bonds**”) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Covered Bonds may be issued in bearer form (“**Bearer Covered Bonds**”), registered form (“**Registered Covered Bonds**”) or uncertificated and dematerialised book entry form cleared through the Norwegian Central Securities Depository, the *Verdipapirsentralen* (“**VPS**”), VP Securities Services (*Værdipapircentralen A/S*), the Danish central securities depository (“**VP**”), Nordic Central Securities Depository (*NCS D Systems Aktiebolag*), the Swedish central securities depository (“**VPC**”) and/or any other clearing system as may be specified in the applicable Final Terms (together the “**VP Systems Covered Bonds**”).

The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed €25,000,000,000 (or its equivalent in other currencies calculated as described herein). A description of the restrictions applicable at the date of this Prospectus relating to the maturity of certain Covered Bonds is set out in “Summary – Maturities”.

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

Application has been made to the Commission de Surveillance du Secteur Financier (the “**CSSF**”) in its capacity as competent authority under the Luxembourg Act dated 10th July, 2005 relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) for the approval of this document as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “**Prospectus Directive**”). Application has also been made to the Luxembourg Stock Exchange for Covered Bonds issued under the Programme (other than VP Systems Covered Bonds) during the period of 12 months from the date of this Prospectus to be admitted to trading on the Luxembourg Stock Exchange’s regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. References in this Prospectus to Covered Bonds being “listed” (and all related references) shall mean that such Covered Bonds are intended to be admitted to trading on the Luxembourg Stock Exchange’s regulated market and are intended to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange’s regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments of 21 April 2004 (the “**Markets in Financial Instruments Directive**”).

Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under “**Terms and Conditions of the Covered Bonds**”) of Covered Bonds will be set forth in a Final Terms document (“**Final Terms**”) which, with respect to Covered Bonds to be listed on the Luxembourg Stock Exchange, will be filed with the CSSF.

The Programme provides that Covered Bonds may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue Covered Bonds which are not listed or admitted to trading on any market.

The Covered Bonds issued under the Programme are expected to be assigned an “AAA” rating by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies Inc. (“**Standard & Poor’s**”), an “Aaa” rating by Moody’s Investors Service Limited (“**Moody’s**”) and a “AAA” rating by Fitch Ratings Limited (“**Fitch**”). However, the Issuer may also issue covered bonds which are unrated or rated below “AAA” by Standard & Poor’s, “Aaa” by Moody’s and “AAA” by Fitch. Details of the ratings of the Covered Bonds will be specified in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

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

Prospective investors should have regard to the factors described under the section “Risk Factors” in this Prospectus.

### Arranger Barclays Capital

#### Dealers

Barclays Capital  
Deutsche Bank  
DZ BANK AG  
The Royal Bank of Scotland

BNP PARIBAS  
DnB NOR Bank  
JP Morgan  
UBS Investment Bank  
UniCredit Group (HVB)

Credit Suisse  
Dresdner Kleinwort  
Norddeutsche Landesbank  
Girozentrale

This Prospectus constitutes a base prospectus (the “Prospectus”) for the purposes of Article 5.4 of the Prospectus Directive.

The Issuer (the “Responsible Person”) accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of Final Terms relating to Covered Bonds which are admitted to trading on the Luxembourg Stock Exchange’s regulated market will be available on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu) and from the registered office of the Issuer and the specified offices of the Paying Agents (as defined below) for the time being in London and Luxembourg.

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

To the fullest extent permitted by law, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Arranger as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Programme or the Covered Bonds or their distribution. The Arranger and each Dealer accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Prospectus or any other information provided by the Issuer in connection with the Programme and the Covered Bonds. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer under the Programme.

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

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

The delivery of this Prospectus does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Arranger expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, *inter alia*, the documents deemed incorporated herein by reference when deciding whether or not to purchase any Covered Bonds.

The Covered Bonds have not been, and will not be, registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in accordance with Regulation S under the Securities Act of 1933, as amended (the “Securities Act”) or pursuant to an exemption from the registration requirements of the Securities Act.

The distribution of this Prospectus and the offer or sale of Covered Bonds may be restricted by law in certain jurisdictions. None of the Issuer, the Dealers and the Arranger represents that this document may be lawfully distributed, or that any Covered Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Dealers or the Arranger which would permit a public offering of any Covered Bonds outside Luxembourg or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Covered Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Prospectus or any Covered Bonds come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Covered Bonds in the United States, the European Economic Area, the United Kingdom, Norway, The Netherlands and Japan (see “Subscription and Sale” below).

The Bearer Covered Bonds of each Tranche will initially be represented by a temporary global Covered Bond in bearer form (a “Temporary Bearer Global Covered Bond”) which will (i) if the global Covered Bonds are intended to be issued in new global Covered Bond (“NGCB”) form, as specified in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the “Common Safekeeper”) for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”); and (ii) if the global Covered Bonds are not intended to be issued in NGCB form, be delivered on or prior to the original issue date of the Tranche to a common depository (the “Common Depository”) for Euroclear and Clearstream, Luxembourg. The Temporary Bearer Global Covered Bond will be exchangeable, as specified in the applicable Final Terms, for either a permanent global Covered Bond in bearer form (a “Permanent Bearer Global Covered Bond”) or, in certain limited circumstances, Bearer Covered Bonds in definitive form, in each case upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. The applicable Final Terms will specify that a Permanent Bearer Global Covered Bond either (i) is exchangeable (in whole but not in part) for definitive Covered Bonds upon not less than 60 days’ notice or (ii) is only exchangeable (in whole but not in part) for definitive Covered Bonds following the occurrence of an Exchange Event (as defined under “Form of the Covered Bonds”), all as further described in “Form of the Covered Bonds” below. Bearer Covered Bonds are subject to U.S. tax law requirements, and, subject to certain exceptions, may not be offered, resold or delivered within the United States to, or for the account or benefit of, U.S. persons. See “Subscription and Sale” below.

Unless otherwise provided with respect to a particular Series (as defined under “Terms and Conditions of the Covered Bonds”) of Registered Covered Bonds, the Registered Covered Bonds of each Tranche of such Series sold outside the United States in reliance on Regulation S under the Securities Act will be represented by a permanent global Covered Bond in registered form, without interest coupons (a “Reg. S Global Covered Bond”), deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (“DTC”) for the accounts of Euroclear and Clearstream, Luxembourg for the accounts of their respective participants. Prior to expiry of the period that ends 40 days after completion of the distribution of each Tranche of Covered Bonds, as certified by the relevant Dealer, in the case of a non-syndicated issue, or the lead manager, in the case of a syndicated issue (the “Distribution Compliance Period”), beneficial interests in the Reg. S Global Covered Bond may not be offered or sold to, or for the account or benefit of, a U.S. person except in accordance with Rule 144A, Rule 903 or 904 of Regulation S or pursuant to another applicable exemption from the registration requirements of the Securities Act. The Registered Covered Bonds of each Tranche of such Series sold in private transactions to qualified institutional buyers (“QIBs”) within the meaning of Rule 144A under the Securities Act will be represented by a restricted permanent global covered bond in registered form, without interest coupons (a “Restricted Global Covered Bond”, and, together with a Reg. S. Global Covered Bond, “Registered

Global Covered Bonds”), deposited with a custodian for, and registered in the name of a nominee of, DTC. Registered Covered Bonds in definitive form will, at the request of the holder (save to the extent otherwise indicated in the applicable Final Terms), be issued in exchange for interests in the Registered Global Covered Bonds upon compliance with the procedures for exchange as described in “Form of the Covered Bonds”.

Each Tranche of VP Systems Covered Bonds will be issued in uncertificated and dematerialised book entry form, as more fully described under “Form of the Covered Bonds” below. On or before the issue date of each Tranche of VP Systems Covered Bonds entries may be made with the VPS, VP or VPC (as the case may be) to evidence the debt represented by such VP Systems Covered Bonds to accountholders with the VPS, VP or VPC (as the case may be). VP Systems Covered Bonds will be issued in accordance with the laws and regulations applicable to such VP Systems Covered Bonds from time to time.

Registered Covered Bonds may be offered and sold in the United States exclusively to persons reasonably believed by the Dealers to be QIBs (as defined herein). Each U.S. purchaser of Registered Covered Bonds is hereby notified that the offer and sale of any Registered Covered Bonds to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act.

The Issuer has agreed that, for so long as any Covered Bonds are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934 (the “Exchange Act”) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Registered Covered Bonds are not transferable to other holders within the United States except upon satisfaction of certain conditions as described under “Subscription and Sale”.

The Covered Bonds have not been recommended by or approved or disapproved by the United States Securities and Exchange Commission (the “SEC”) or any other federal or state securities commission in the United States nor has the SEC or any other federal or state securities commission confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States. The Covered Bonds are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable federal or state securities laws pursuant to a registration statement or an exemption from registration. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

All references in this document to “U.S. dollars”, “U.S.\$” and “\$” refer to United States dollars, those to “NOK” refer to Norwegian kroner, those to “DKK” refer to Danish kroner, those to “SEK” refer to Swedish kronor, those to “Yen” refer to Japanese yen, those to “Sterling” and “£” refer to pounds sterling and those to “euro” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on European Union, as amended.

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the audited annual financial statements of the Issuer for each of the financial years ended 31 December 2005, 31 December 2006 and 31 December 2007, including the information set out at the following pages of the Issuer's 'Annual Report 2005', 'Annual Report 2006' and 'Annual Report 2007'. The audited annual financial statements of the Issuer for the years ended 31 December 2005 and 31 December 2006 were prepared in accordance with generally accepted accounting principles in Norway. The audited annual financial statements of the Issuer for the year ended 31 December 2007 were prepared in accordance with simplified application of International Financial Reporting Standards according to the Norwegian Ministry of Finance's regulations on Annual Accounts Section 1-5 ("**Norwegian IFRS Regulations**"):

	2005	2006	2007
Profit and loss accounts	page 6	page 6	page 6
Balance sheets	page 7	page 7	page 7
Cashflow statements	page 8	page 8	page 9
Accounting policies and explanatory notes	pages 9-15	pages 9-20	pages 11-35
Auditors' report	page 16	page 21	page 36

- (b) the unaudited interim financial statements of the Issuer as at, and for the period ended, 31 March 2008, prepared in accordance with Norwegian IFRS Regulations, including the information set out at the following pages of the Issuer's 'First Quarter Report 2008':

Income statements	page 5
Balance sheets	page 5
Accounting policies and explanatory notes	pages 9-14

Any other information not listed above but contained in such document is incorporated by reference for information purposes only.

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

Copies of documents incorporated by reference in this Prospectus can be obtained from the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu) and, upon request, free of charge, from the registered office of the Issuer and the specified offices of the Paying Agents for the time being in London and Luxembourg.

In the event of any significant new factor arising or any material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of any Covered Bonds or any change in the condition of the Issuer which is material in the context of the Programme or the issue of any Covered Bonds, the Issuer will prepare and publish a supplement to this Prospectus or publish a new prospectus for use in connection with any subsequent issue of Covered Bonds. Furthermore, the Issuer has undertaken to the Dealers in the Programme Agreement (as defined in "Subscription and Sale") that it will, in connection with the listing of the Covered Bonds on the Luxembourg Stock Exchange, so long as any Covered Bond remains outstanding and listed on such exchange, in the event of any material adverse change in the financial condition of the Issuer which is not reflected in this Prospectus, prepare and publish a further supplement to this Prospectus or publish a new prospectus for use in connection with any subsequent issue of the Covered Bonds to be listed on the Luxembourg Stock Exchange.

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**In connection with the issue of any Tranche of Covered Bonds, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Covered Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.**

## SUMMARY

The following is a brief summary only and should be read in conjunction with the rest of this Prospectus and, in relation to any Covered Bond, in conjunction with the applicable Final Terms and, to the extent applicable, the Terms and Conditions of the Covered Bonds set out herein. Any decision to invest in the Covered Bonds should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to the Responsible Person in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

### Information relating to the Issuer:

Description:	DnB NOR Boligkreditt AS, a limited company incorporated under the laws of the Kingdom of Norway and originally established as a finance company on 14 June 2003 with registration number 985 621 551. The registered office of the Issuer is at Kirkegaten 21 c/o DnB NOR Bank ASA N-0021 Oslo Norway. The telephone number of the Issuer is + 47 91503000. On 9 May 2007, the Issuer was granted licence to become a mortgage credit institution by the Norwegian Financial Supervisory Authority.
Business of the Issuer:	The Issuer specialises in mortgage lending in Norway. The Issuer is incorporated and domiciled in Norway and is a member of the DnB NOR group (the “ <b>Group</b> ”), Norway’s largest financial services group.

### Information relating to the Programme

Description:	Covered Bond Programme
Arranger:	Barclays Bank Plc
Dealers:	Barclays Bank Plc BNP Paribas Credit Suisse Securities (Europe) Limited Deutsche Bank Aktiengesellschaft DnB NOR Bank ASA Dresdner Bank Aktiengesellschaft DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main J. P. Morgan Securities Ltd. Norddeutsche Landesbank Girozentrale The Royal Bank of Scotland plc UBS Limited Unicredit (HVB)
Fiscal Agent, Transfer Agent and Exchange Agent:	Citibank, N.A.
Registrar:	Citigroup Global Markets Deutschland AG & Co. KGaA
Luxembourg Paying Agent:	Deutsche Bank (Luxembourg) S.A.
VPS Account Manager:	DnB NOR Bank ASA, <i>Verdipapirservice</i>
VP Systems Account Manager:	DnB NOR Bank ASA, <i>Verdipapirservice</i> in its capacity as the VPS Account Manager and/or any other agent appointed by the Issuer from time to time in relation to the VP Systems Covered Bonds.

Size:	Up to €25,000,000,000 (or its equivalent in other currencies calculated as described in “General Description of the Programme”) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Covered Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Euro, Sterling, U.S. dollars, Yen, Norwegian kroner, Danish kroner, Swedish kronor and, subject to any applicable legal or regulatory restrictions and any applicable reporting requirements, any other currency agreed between the Issuer and the relevant Dealer (each a “ <b>Specified Currency</b> ”).
Redenomination:	The applicable Final Terms may provide that certain Covered Bonds may be redenominated in euro.
Maturities:	Subject to compliance with all relevant laws, regulations and directives, any maturity as agreed between the Issuer and the relevant Dealer(s).
Issue Price:	Covered Bonds may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Covered Bonds:	<p>The Covered Bonds will be issued in bearer form, registered form or, in the case of VP Systems Covered Bonds, uncertificated and dematerialised book entry form, as described in “Form of Covered Bonds” below. VP Systems Covered Bonds will not be evidenced by any physical covered bond or document of title. Entitlements to VP Systems Covered Bonds will be evidenced by the crediting of VP Systems Covered Bonds to accounts with the relevant VPS, VP or VPC (as the case may be).</p> <p>Each Tranche of Bearer Covered Bonds will be initially represented by a Temporary Bearer Global Covered Bond which will (i) if the global Covered Bonds are intended to be issued in NGCB form, as specified in the applicable Final Terms, be delivered on or prior to the Issue Date to a Common Safekeeper for Euroclear and Clearstream, Luxembourg; and (ii) if the global Covered Bonds are not intended to be issued in NGCB form, be delivered on or prior to the Issue Date to a Common Depository for Euroclear and Clearstream, Luxembourg. The Temporary Bearer Global Covered Bond will be exchangeable, as specified in the applicable Final Terms, for either a Permanent Bearer Global Covered Bond or Bearer Covered Bonds in definitive form, in each case upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations.</p> <p>Bearer Covered Bonds will not be exchangeable for Registered Covered Bonds and vice versa.</p>
Clearing Systems:	Euroclear, Clearstream, Luxembourg, DTC, VP, VPS and/or VPC and/or, in relation to any Tranche of Covered Bonds, any other clearing system as may be specified in the relevant Final Terms.
Status of the Covered Bonds:	The Covered Bonds are unsubordinated obligations issued in accordance with Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions, Chapter 2, Sub-chapter IV and appurtenant regulations (the “ <b>Financial Institutions Act</b> ”) and rank <i>pari passu</i> among themselves and with all other obligations of the Issuer that have been provided the same priority as debt instruments issued pursuant to the Financial Institutions Act. To

the extent that claims in relation to the Covered Bonds and related derivative agreements are not met out of the assets of the Issuer that are covered in accordance with the Financial Institutions Act, the residual claims will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer. In the event of the Issuer's bankruptcy, the costs of such bankruptcy will rank ahead of a claim for payment of the Covered Bonds. See also "*Summary of Norwegian legislation relating to Covered Bonds*".

Fixed Rate Covered Bonds:

Covered Bonds may provide for interest based on a fixed rate ("**Fixed Rate Covered Bonds**"). Interest will be payable on Fixed Rate Covered Bonds on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms) and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s).

Floating Rate Covered Bonds:

Covered Bonds may provide for interest based on a floating rate ("**Floating Rate Covered Bonds**"). Floating Rate Covered Bonds will bear interest at a rate determined:

- (i) on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds of the relevant Series); or
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Final Terms.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Covered Bonds.

Index Linked Covered Bonds:

Covered Bonds may provide for payments of interest to be linked to an index ("**Index Linked Interest Covered Bonds**") or redemption amounts to be linked to an index ("**Index Linked Redemption Covered Bonds**"). Payments of principal in respect of Index Linked Redemption Covered Bonds or of interest in respect of Index Linked Interest Covered Bonds will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).

Partly Paid Covered Bonds:

Covered Bonds may be issued partly paid ("**Partly Paid Covered Bonds**"). Interest will be payable only in respect of the amount paid-up on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms).

Other provisions in relation to Floating Rate Covered Bonds and Index Linked Interest Covered Bonds:

Floating Rate Covered Bonds and Index Linked Interest Covered Bonds may also have a maximum interest rate, a minimum interest rate or both (as indicated in the applicable Final Terms).

Interest on Floating Rate Covered Bonds and Index Linked Interest Covered Bonds in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will

be payable on such Interest Payment Dates and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s).

Dual Currency Covered Bonds: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Covered Bonds will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms).

Zero Coupon Covered Bonds: Covered Bonds may provide that no interest is payable (“**Zero Coupon Covered Bonds**”). Zero Coupon Covered Bonds will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption: The applicable Final Terms will indicate the scheduled maturity date of such Covered Bonds (the “**Maturity Date**”) and will also indicate whether such Covered Bonds cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons or that such Covered Bonds will be redeemable at the option of the Issuer (“**Issuer Call**”) and/or at the option of the Covered Bondholders (“**Investor Put**”), in each case upon giving not less than 15 nor more than 30 days’ irrevocable notice (or such other notice period (if any) as is indicated in the applicable Final Terms) to the Covered Bondholders or the Issuer, as the case may be, on a date or dates specified in the applicable Final Terms, at the maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.

The applicable Final Terms may provide that Covered Bonds may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

Extended Maturity Date: The applicable Final Terms will provide that an Extended Maturity Date applies to each Series of Covered Bonds unless to do so would result in the Issuer being unable to obtain the relevant credit ratings from the rating agencies appointed by the Issuer at the relevant time in respect of a Series of Covered Bonds.

As regards redemption of Covered Bonds to which an Extended Maturity Date so applies, if the Issuer fails to redeem the relevant Covered Bonds in full on the Maturity Date (or within two Business Days thereafter), the maturity of the principal amount outstanding of the Covered Bonds not redeemed will automatically extend on a monthly basis up to but, not later than, the Extended Maturity Date, subject as otherwise provided for in the applicable Final Terms. In that event the Issuer may redeem all or any part of the principal amount outstanding of the Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date or as otherwise provided for in the applicable Final Terms.

As regards interest on Covered Bonds to which an Extended Maturity Date so applies, if the Issuer fails to redeem the relevant Covered Bonds in full on the Maturity Date (or within two Business Days thereafter), the Covered Bonds will bear interest on the principal amount outstanding of the Covered Bonds from (and including) the Maturity Date to (but excluding) the earlier of the Interest Payment Date after the Maturity Date on which the Covered Bonds are redeemed in full or the Extended Maturity Date and will be payable in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date in arrear

or as otherwise provided for in the applicable Final Terms on each Interest Payment Date after the Maturity Date at the rate provided for in the applicable Final Terms.

In the case of a Series of Covered Bonds to which an Extended Maturity Date so applies, those Covered Bonds may for the purposes of the Programme be:

- (a) Fixed Interest Covered Bonds, Floating Rate Covered Bonds, Zero Coupon Covered Bonds, Index Linked Interest Covered Bonds or Dual Currency Covered Bonds in respect of the period from the Issue Date to (and including) the Maturity Date; and
- (b) Fixed Interest Covered Bonds, Floating Rate Covered Bonds, Index Linked Interest Covered Bonds or Dual Currency Covered Bonds in respect of the period from (but excluding) the Maturity Date to (and including) the Extended Maturity Date,

as set out in the applicable Final Terms.

In the case of Covered Bonds which are Zero Coupon Covered Bonds up to (and including) the Maturity Date and for which an Extended Maturity Date applies, the initial outstanding principal amount on the Maturity Date for the above purposes will be the total amount otherwise payable by the Issuer but unpaid on the relevant Covered Bonds on the Maturity Date.

Denomination of Covered Bonds: Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms save that the minimum denomination of each Covered Bond admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency at the time of issue) or such other amount as may be allowed or required from time to time by the relevant regulatory authority or any laws or regulations applicable to the relevant Specified Currency.

Taxation: All payments in respect of the Covered Bonds will be made without deduction for or on account of withholding taxes imposed within the Kingdom of Norway, subject as provided in Condition 6 (Taxation).

Negative Pledge: **The Covered Bonds will not contain a negative pledge provision.**

Cross Default and other Events of Default: **The Covered Bonds will not contain a cross-default provision or any other events of default entitling holders of Covered Bonds to demand immediate redemption.**

Approval, Listing and Admission to Trading: Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Covered Bonds issued under the Programme (other than VP Systems Covered Bonds) during the period of 12 months from the date of this Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

Applications may be made to list VP Systems Covered Bonds on the Oslo Stock Exchange, Copenhagen Stock Exchange and/or Stockholm Stock Exchange (as the case may be). Any such

applications will be in accordance with applicable laws and regulations governing the listing of VP Systems Covered Bonds on the Oslo Stock Exchange, Copenhagen Stock Exchange and/or Stockholm Stock Exchange (as the case may be), from time to time.

Covered Bonds issued under the Programme may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer(s) in relation to each Series. Covered Bonds which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Covered Bonds are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law:

The Covered Bonds will be governed by, and construed in accordance with, English law except that the provisions of the Covered Bonds under Condition 2 and Condition 11 will be governed by, and construed in accordance with, Norwegian law.

VP Systems Covered Bonds must comply with the relevant regulations and legislation (as amended from time to time) of the VPS, VP or VPC (as the case may be) and the holders of VP Systems Covered Bonds will be entitled to the rights and are subject to the obligations and liabilities which arise under the relevant Danish, Norwegian or Swedish regulations and legislation.

Selling Restrictions:

There are selling restrictions on the offer, sale and transfer of the Covered Bonds in the United States, the European Economic Area, the United Kingdom, Norway, Denmark, Sweden, The Netherlands and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Covered Bonds. See "Subscription and Sale" below.

United States Selling Restrictions:

For United States securities law only, the Issuer is a Category 2 issuer under Regulation S. Bearer Covered Bonds will be issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (the "**D Rules**") or 1.163-5(c)(2)(i)(C) (the "**C Rules**"), unless the Bearer Covered Bonds are issued in circumstances in which the Bearer Covered Bonds will not constitute "registration required obligations" for U.S. federal income tax purposes, which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Risk Factors:

There are certain factors that may affect the Issuer's ability to fulfil its obligations under Covered Bonds issued under the Programme. These are set out under "Risk Factors" on page 14.

## RISK FACTORS

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

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme are also described below.*

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

### **Factors that may affect the Issuer's ability to fulfil its obligations under Covered Bonds issued under the Programme**

#### *Economic activity in Norway*

The Issuer's residential mortgage lending activities are dependent on the level of finance required by residential borrowers in Norway. In particular, levels of borrowing are heavily dependent on residential property prices, employment trends, the state of the economy, market interest rates, taxation, mortgage lenders' levels of income and other factors that affect the Norwegian economy. As the Issuer currently conducts the majority of its business in Norway, its performance is influenced by the level and cyclical nature of business activity in Norway, which is in turn affected by both domestic and international economic and political events. There can be no assurance that a weakening in the economy of Norway will not have an adverse effect on the Issuer's future results.

Financial instruments issued by the Kingdom of Norway are rated "AAA" by S&P, "Aaa" by Moody's and "AAA" by Fitch. Norway has relatively strong public finances and macroeconomic fundamentals (for example a competitive export sector, a high level of investment in natural resources such as oil and gas, a low unemployment rate (currently 2.4 per cent.), generally increasing levels of corporate income and a low rate of inflation). Interest rates in Norway have increased in recent years, with 3-month NIBOR now at 6.5 per cent. which is above the neutral level of 5-6 per cent. The creditworthiness of Norway is further supported by financial assets accumulated through investing the revenues arising from oil and gas extraction, a well educated labour force and a high standard of living.

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

The financial position of many households in Norway has improved considerably in the last ten years. Incomes have generally grown and in addition house prices have increased strongly. Low interest rates and increased disposable income have reduced the financial strain on households and led to a continued strong growth in demand for loans, especially in the residential mortgage market. Due to strong growth in levels of indebtedness and higher interest rates, the potential financial vulnerability of some mortgage borrowers has increased, especially some of the young and/or low-income households. Norwegian customers prefer floating rate mortgages and increased interest rates could affect the liquidity situation of some borrowers. The strong growth in existing home prices has thus come to an end. The Issuer takes into account (among other factors) a possible percentage point increase in interest rates when calculating each customer's ability to meet payment obligations in respect of a mortgage loan.

#### *Competition*

The Issuer faces intense competition in the residential mortgage market in Norway, primarily from financial institutions based in Norway and the Nordic region. Certain of the Issuer's competitors may be larger and better capitalised. The Issuer may face pricing pressure in certain areas of its operations in the future as competitors seek to obtain market shares by reducing prices or offering new services at low process. The Norwegian banking market in particular has witnessed intensifying competition, which has resulted in narrower lending spreads. While the

Issuer believes it is positioned to compete effectively with these competitors, there can be no assurance that existing or increased competition will not adversely affect the Issuer. The demand for the Issuer's products is also dependant on levels of customer confidence, prevailing market rates and other factors that have an influence on the customers economic situation.

#### *Business risk factors*

As a result of its business activities, the Issuer is exposed to a variety of risks, the most significant of which are credit risk, market risk, operational risk and liquidity risk. Failure to control these risks could result in adverse effects on the Issuer's financial performance and reputation.

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

Given that the Issuer's loans are granted with mortgages as collateral, the credit risk is partly related to the performance of the real estate and housing market in Norway. There can be no guarantees regarding the future development of the value of the collateral. When collateral is made use of, a court order may be needed to establish the borrower's obligation to pay and to enable a sale by executive measures. The Issuer's ability to make use of the collateral without the consent of the borrower may thus be dependant on the relevant court decision and the executive measures, on other relevant circumstances in the mortgage market and on prevailing levels of demand for the relevant real property. Should the prices of real property and the housing market substantially decline, this could affect the Issuer.

There are many circumstances that affect the level of credit loss, early repayments, withdrawals and final payments of interest and principal amounts, such as changes in the economic climate, both nationally and internationally, changes regarding taxation, interest rate developments, inflation and political changes. Borrowers may default as a result of interest rate increases or as a result in changes in their own personal circumstances (e.g. following redundancy or divorce).

Default in respect of the Issuer's assets comprised in the Cover Pool could jeopardise the Issuer's ability to make payments in full or on a timely basis on the Covered Bonds. Risks attaching to the Covered Bonds as a result of default in respect of the assets in the Cover Pool are reduced by a number of features of the Covered Bonds, including the ability of the Issuer to substitute assets to and from the Cover Pool. However, if a material amount of assets in the Cover Pool were to default, there is no guarantee that the required level of assets within the Cover Pool could be maintained or that the Issuer would be in a position to substitute non-defaulting assets for the defaulting assets.

#### *Covered Bonds are obligations of the Issuer only*

The Covered Bonds will constitute obligations of the Issuer which have the benefit of a statutory preference under Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions, Chapter 2, Sub-chapter IV and appurtenant regulations (the "**Financial Institutions Act**") on the pool of assets maintained by the Issuer (the "**Cover Pool**"). An investment in the Covered Bonds involves a reliance on the creditworthiness of the Issuer. The Covered Bonds are not guaranteed by any member of the DnB NOR group or any other person.

In addition, an investment in the Covered Bonds involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer may adversely affect the market value of the relevant Covered Bonds.

#### *No due diligence*

The Issuer has not undertaken, nor will it undertake, any investigations, searches or other actions in respect of the loans and other assets contained or to be contained in the Issuer's Cover Pool, but will instead fully rely on the warranties of DnB NOR Bank under the Master Sale Agreement.

Neither the Arranger nor the Dealers have undertaken, nor will they undertake, any investigations, searches or other actions in respect of the loans and other assets contained or to be contained in the Issuer's Cover Pool, but will instead rely on the obligations of the Issuer under the Financial Institutions Act.

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

Covered Bondholders will not receive detailed statistics or information in relation to the loans or other assets contained or to be contained in the Issuer's Cover Pool, as it is expected that the

constitution of the Cover Pool may change from time to time due to, for example, the purchase of further loans by the Issuer from time to time. However, an independent inspector appointed under the Financial Institutions Act shall monitor the Issuer's compliance with the requirements of the Financial Institutions Act.

#### *Impact of regulatory changes*

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

### **Factors which are material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme**

#### *The Covered Bonds may not be a suitable investment for all investors*

Each potential investor in the Covered Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

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

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

### ***Risks related to the structure of a particular Issue of Covered Bonds***

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

#### *Covered Bonds subject to optional redemption by the Issuer*

An optional redemption feature is likely to limit the market value of Covered Bonds. During any period when the Issuer may elect to redeem Covered Bonds, the market value of such Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a significantly lower rate.

Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Index Linked Covered Bonds and Dual Currency Covered Bonds*

The Issuer may issue Covered Bonds with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “**Relevant Factor**”). In addition, the Issuer may issue Covered Bonds with principal or interest payable in one or more currencies which may be different from the currency in which the Covered Bonds are denominated. Potential investors should be aware that:

- (i) the market price of such Covered Bonds may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Covered Bonds or even zero;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Covered Bonds in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Covered Bonds. Accordingly, potential investors should consult their own financial and legal advisers about the risk entailed by an investment in any Index Linked Covered Bonds and the suitability of such Covered Bonds in light of their particular circumstances.

#### *Partly-paid Covered Bonds*

The Issuer may issue Covered Bonds where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

#### *Variable rate Covered Bonds with a multiplier or other leverage factor*

Covered Bonds with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### *Inverse Floating Rate Covered Bonds*

Inverse Floating Rate Covered Bonds have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Covered Bonds typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Covered Bonds are more volatile because an increase in the reference rate not only decreases the interest rate of the Covered Bonds, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Covered Bonds.

#### *Fixed/Floating Rate Covered Bonds*

Fixed/Floating Rate Covered Bonds may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of such Covered Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference

rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Covered Bonds.

#### *Covered Bonds issued at a substantial discount or premium*

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

#### *Extendable obligations under the Covered Bonds*

The applicable Final Terms will provide that an Extended Maturity Date (as defined below) applies to each Series of Covered Bonds unless to do so would result in the Issuer being unable to obtain the relevant credit ratings from the rating agencies appointed by the Issuer at the relevant time in respect of a Series of Covered Bonds.

If the Issuer fails to redeem the relevant Covered Bonds in full on the Maturity Date (or within two Business Days thereafter the maturity of the principal amount outstanding of the Covered Bonds not redeemed will automatically extend on a monthly basis up to but not later than twelve months from the Maturity Date, subject as otherwise provided for in the applicable Final Terms (the “**Extended Maturity Date**”). In that event, the Issuer may redeem all or part of the principal amount outstanding of the Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date, up to and including the Extended Maturity Date or as otherwise provided for in the applicable Final Terms. In that event also, the Covered Bonds will bear interest on the principal amount outstanding of the Covered Bonds in accordance with the applicable Final Terms, save in respect of Zero Coupon Covered Bonds.

The extension of the maturity of the principal amount outstanding of the Covered Bonds from the Maturity Date to the Extended Maturity Date will not result in any right of the Covered Bondholders to accelerate payments or take action against the Issuer, and no payment will be payable to the Covered Bondholders in that event other than as set out in the Terms and Conditions of the Covered Bonds as amended by the applicable Final Terms.

#### ***Risks related to Covered Bonds generally***

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

##### *No events of default*

The Terms and Conditions of the Covered Bonds do not include any events of default relating to the Issuer, the occurrence of which would entitle Covered Bondholders to accelerate the Covered Bonds, and it is envisaged that Covered Bondholders will only be paid the scheduled interest payments under the Covered Bonds as and when they fall due under the Terms and Conditions of the Covered Bonds.

##### *Non-compliance with the Financial Institutions Act*

Pursuant to the Norwegian Act of 1996 on Guarantee Schemes For Banks and Public Administration etc. of Financial Institutions, the managing director and the board of directors of the Issuer are under an obligation to file a report with the Norwegian Financial Supervisory Authority (the “**NFSA**”) if there is reason to believe that the Issuer may fail to meet its obligations under the Financial Institutions Act. The NFSA shall, in collaboration with the Issuer, ascertain the necessary measures to be taken. If such measures are not initiated by the Issuer, the NFSA may also impose conditions and guidelines on the Issuer, for the purpose of ensuring that continued operation is performed satisfactorily.

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

##### *Conflicting interests of other creditors*

The rights of the holders of Covered Bonds and counterparties to derivatives agreements included in the Cover Pool rank *pari passu* with the claims of all other creditors of the Issuer (other than those preferred by law) but have a preferential right against the Cover Pool save for costs incurred in connection with the operation, management, collection and realisation of the Cover Pool which shall be covered before the claims of the holders of Covered Bonds and claims relating to

the fees and expenses of a bankruptcy estate, which pursuant to the Norwegian Liens Act are secured by a first priority lien over all of the bankruptcy estate's assets. Such liens will be limited to 700 times the standard Norwegian court fee (which at present is approximately NOK 615,000) in respect of each Cover Pool.

#### *Insolvency of the Issuer*

In the event of insolvency of the Issuer, the holders of Covered Bonds and the counterparties to derivatives agreements included in the Cover Pool have a prioritised claim over the Cover Pool, subject to the reservation for bankruptcy fees described above.

#### *Meetings of Covered Bondholders*

The Terms and Conditions of the Covered Bonds contain provisions for calling meetings of Covered Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Covered Bondholders including Covered Bondholders who did not attend and vote at the relevant meeting and Covered Bondholders who voted in a manner contrary to the majority.

#### *Change of law*

The Terms and Conditions of the Covered Bonds are based on English law, other than Condition 2 and Condition 11 which are based on Norwegian law, in each case, in effect as at the date of issue of the relevant Covered Bonds. No assurance can be given as to the impact of any possible judicial decision or change to English law, Norwegian law or administrative practice after the date of issue of the relevant Covered Bonds.

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

#### ***Risks related to the market generally***

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

##### *The secondary market generally*

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

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

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

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

#### *Interest rate risks*

Investment in Fixed Rate Covered Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Covered Bonds.

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

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

#### *Reliance on Swap Providers*

The Issuer may enter into derivative contracts to hedge interest rate risk, foreign exchange risk or liquidity risks (See “*Summary of Transaction Documents*”). If the Issuer fails to make timely payments of the amounts due or certain other event occur in relation to the Issuer under a derivative contract, and any applicable grace period has expired, then the Issuer will have defaulted on that derivative contract. If the Issuer defaults under a derivative contract due to non-payment or otherwise, the relevant hedge counterparty will not be obliged to make further payments under that derivative contract and may terminate that derivative contract. If a hedge counterparty is not obliged to make payments, or if it exercises any right of termination it may have in relation to the derivative contract, or if it defaults in its obligation to make payments under the derivative contract, the Issuer will be exposed to changes in currency exchange rates, interest rates or liquidity concerns (as applicable). Unless a replacement derivative contract is entered into, the Issuer may have insufficient funds to make payments due on the Covered Bonds.

#### *Legal investment considerations may restrict certain investments*

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

## GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Covered Bonds denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Covered Bonds is set out in “Summary” above. The applicable terms of any Covered Bonds will be agreed between the Issuer and the relevant Dealer(s) prior to the issue of the Covered Bonds and will be set out in the Terms and Conditions of the Covered Bonds endorsed on, attached to, or incorporated by reference into, the Covered Bonds, as modified by Part A of the applicable Final Terms attached to, applicable to, or endorsed on, such Covered Bonds, as more fully described under “Form of the Covered Bonds” below.

This Prospectus and any supplement to this Prospectus will only be valid for listing Covered Bonds on the Luxembourg Stock Exchange, or any other stock exchange in the European Economic Area, in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Covered Bonds previously or simultaneously issued under the Programme, does not exceed €25,000,000,000 or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Covered Bonds issued under the Programme from time to time:

- (a) the euro equivalent of Covered Bonds denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Covered Bonds, described under “Form of the Covered Bonds”) shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Covered Bonds or on the preceding day on which commercial banks and foreign exchange markets are open for general business in London, in each case on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;
- (b) the euro equivalent of Dual Currency Covered Bonds, Index Linked Covered Bonds and Partly Paid Covered Bonds (each as specified in the applicable Final Terms in relation to the relevant Covered Bonds, described under “Form of the Covered Bonds”) shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Covered Bonds (in the case of Partly Paid Covered Bonds, regardless of the subscription price paid); and
- (c) the euro equivalent of Zero Coupon Covered Bonds (as specified in the applicable Final Terms in relation to the relevant Covered Bonds, described under “Form of the Covered Bonds”) and other Covered Bonds issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

## FORM OF THE COVERED BONDS

The Covered Bonds of each Series will be in bearer form, registered form or, in the case of VP Systems Covered Bonds, uncertificated and dematerialised book entry form.

Each Tranche of Bearer Covered Bonds will initially be represented by a Temporary Bearer Global Covered Bond without Coupons, Receipts or Talons (each as defined in “Terms and Conditions of the Covered Bonds”) which will (i) if the global Covered Bonds are intended to be issued in NGCB form, as specified in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg; and (ii) if the global Covered Bonds are not intended to be issued in NGCB Form, be delivered on or prior to the original issue date of the Tranche to a Common Depository for, Euroclear and Clearstream, Luxembourg. Interests in the Temporary Bearer Global Covered Bond will be exchanged either for interests in a Permanent Bearer Global Covered Bond or, where specified in the applicable Final Terms (subject to such notice period as is specified in the Final Terms), for definitive Bearer Covered Bonds on or after the date (the “**Exchange Date**”) which is the later of (i) 40 days after the Temporary Bearer Global Covered Bond is issued and (ii) 40 days after completion of the distribution of the relevant Tranche, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant lead manager (in the case of a syndicated issue). Such exchange will be made only upon delivery of written certification to Euroclear and/or Clearstream, Luxembourg, as the case may be, to the effect that the beneficial owner of such Covered Bonds is not a U.S. person or other person who has purchased such Covered Bonds for resale to, or on behalf of, U.S. persons and Euroclear and/or Clearstream, Luxembourg, as the case may be, has given a like certification (based on the certification it has received) to the Fiscal Agent.

If an interest or principal payment date for any Covered Bonds occurs whilst such Covered Bonds are represented by a Temporary Bearer Global Covered Bond, the related interest or principal payment will be made only to the extent that certification of non-U.S. beneficial ownership has been received as described in the last sentence of the immediately preceding paragraph unless such certification has already been given. The holder of a Temporary Bearer Global Covered Bond will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Covered Bond is improperly withheld or refused. Payments of principal or interest (if any) on a Permanent Bearer Global Covered Bond will be made through Euroclear or Clearstream, Luxembourg (against presentation or surrender, as the case may be, of the Permanent Bearer Global Covered Bond if the Permanent Bearer Global Covered Bond is not intended to be issued in NGCB form) without any further requirement for certification. Pursuant to the Agency Agreement (as defined under “Terms and Conditions of the Covered Bonds” below) the Fiscal Agent shall arrange that, where a further Tranche of Covered Bonds is issued, the Covered Bonds of such Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Covered Bonds of any other Tranche of the same Series until at least expiry of the Distribution Compliance Period applicable to the Covered Bonds of such Tranche.

The applicable Final Terms will specify that either (i) a Permanent Bearer Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Covered Bonds with, where applicable, Receipts, Coupons and Talons attached upon not less than 60 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Covered Bond) to the Fiscal Agent as described therein or (ii) a Permanent Bearer Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Covered Bonds with, where applicable, Receipts, Coupons and Talons attached only upon the occurrence of an Exchange Event as described therein. “**Exchange Event**” means (i) the Issuer has been notified that either Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system satisfactory to the Issuer, the Fiscal Agent, the other Paying Agents and the Covered Bondholders is available or, unless otherwise specified in the applicable Final Terms, (ii) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 6 (Taxation) which would not be required were the Covered Bonds represented by the Permanent Bearer Global Covered Bond in definitive bearer form and a certificate to such effect signed by two

Directors of the Issuer has been given to the Fiscal Agent. The Issuer will promptly give notice to Covered Bondholders in accordance with Condition 13 (Notices) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Covered Bond) or the Covered Bondholders may give notice to the Fiscal Agent requesting exchange and in the event of the occurrence of an Exchange Event as described in (ii) above, the Issuer may also give notice to the Fiscal Agent and the Covered Bondholders requesting exchange. Any such exchange shall occur not later than 30 days after the date of receipt of the first relevant notice by the Fiscal Agent.

The following legend will appear on all bearer Covered Bonds, Coupons, Receipts and Talons which have an original maturity of more than 365 days:

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

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

Unless otherwise provided with respect to a particular Series of Registered Covered Bonds, the Registered Covered Bonds of each Tranche of such Series offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a Reg. S Global Covered Bond which will be deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream, Luxembourg. Prior to expiry of the Distribution Compliance Period applicable to each Tranche of Covered Bonds, beneficial interests in a Reg. S Global Covered Bond may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 9 (Transfer and Exchange of Covered Bonds) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Reg. S Global Covered Bond will bear a legend regarding such restrictions on transfer.

Registered Covered Bonds of each Tranche of such Series may only be offered and sold in the United States or to U.S. persons in private transactions to QIBs. The Registered Covered Bonds of each Tranche sold to QIBs will be represented by a Restricted Global Covered Bond which will be deposited with a custodian for, and registered in the name of a nominee of, DTC.

Persons holding beneficial interests in Registered Global Covered Bonds will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Covered Bonds in fully registered form.

Payments of principal on the Registered Covered Bonds will be made on the relevant payment date to the persons shown on the Register at the close of business on the business day (being for this purpose a day on which banks are open for business in Brussels) immediately prior to the relevant payment date. Payments of interest on the Registered Covered Bonds will be made on the relevant payment date to the person in whose name such Covered Bonds are registered on the Record Date (as defined in Condition 4(b) (Presentation of Covered Bonds, Receipts and Coupons)) immediately preceding such payment date.

Payments of the principal of, and interest (if any) on, the Registered Global Covered Bonds will be made to the nominee of DTC as the registered holder of the Registered Global Covered Bonds. None of the Issuer, any Paying Agent and the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

For so long as any of the Covered Bonds are represented by a Bearer Global Covered Bond held on behalf of Euroclear and/or Clearstream, Luxembourg or so long as DTC or its nominee is the registered holder of a Registered Global Covered Bond or so long as the Covered Bond is a VP Systems Covered Bond, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg, DTC, the VPS, VP or VPC, as the case may be, as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate

or other document issued by Euroclear, Clearstream, Luxembourg, DTC or its nominee, the VPS, VP or VPC as to the nominal amount of such Covered Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Fiscal Agent and any other Paying Agent as the holder of such nominal amount of such Covered Bonds for all purposes other than (in the case only of Covered Bonds not being VP Systems Covered Bonds) with respect to the payment of principal or interest on the Covered Bonds, for which purpose, in the case of Covered Bonds represented by a Bearer Global Covered Bond, the bearer of the relevant Global Bearer Covered Bond or, in the case of Covered Bonds where DTC or its nominee is the registered holder of a Registered Global Covered Bond, DTC or its nominee shall be treated by the Issuer, the Fiscal Agent and any other Paying Agent as the holder of such Covered Bonds in accordance with and subject to the terms of the relevant global Covered Bond (and the expressions “**Covered Bondholder**” and “**holder of Covered Bonds**” and related expressions shall be construed accordingly).

Covered Bonds which are represented by a Bearer Global Covered Bond will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg.

No beneficial owner of an interest in a Registered Global Covered Bond will be able to exchange or transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

Each Tranche of VP Systems Covered Bonds will be issued in uncertificated and dematerialised book entry form. Legal title to the VP Systems Covered Bonds will be evidenced by book entries in the records of the VPS, VP or VPC (as the case may be). Issues of VP Systems Covered Bonds will be issued with the benefit of the Agency Agreement. On the issue of such VP Systems Covered Bonds, the Issuer will send a letter to the Fiscal Agent, with copies sent to the other Paying Agents and the VP Systems Account Manager (the “**VP Systems Letter**”), which letter will set out the terms of the relevant issue of VP Systems Covered Bonds in the form of Final Terms attached thereto. On delivery of a copy of such VP Systems Letter by the VP Systems Account Manager including the applicable Final Terms to the VPS, VP or VPC (as the case may be) and notification to the VPS, VP or VPC (as the case may be) of the subscribers and their VPS, VP or VPC (as the case may be) account details by the relevant Dealer, the account operator acting on behalf of the Issuer will credit each subscribing account holder with the VPS, VP or VPC (as the case may be) with a nominal amount of VP Systems Covered Bonds equal to the nominal amount thereof for which it has subscribed and paid.

Settlement of sale and purchase transactions in respect of VP Systems Covered Bonds in the VPS, VP or VPC (as the case may be) will take place in accordance with market practice at the time of the relevant transaction. Transfers of interests in the relevant VP Systems Covered Bonds will take place in accordance with the rules and procedures for the time being of the VPS, VP or VPC (as the case may be).

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or the VPS, VP or VPC (as the case may be) shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Fiscal Agent, the other Paying Agents and the Covered Bondholders.

## FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Covered Bonds issued under the Programme.

[Date]

### DnB NOR Boligkreditt AS

#### Issue of [Aggregate Nominal Amount of Tranche] [Title of Covered Bonds] under the €25,000,000,000 Covered Bond Programme

#### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [date] [and the supplements] to the Prospectus dated [date] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the supplement[s]] [is] [are] available for viewing at [address] and [website] and copies may be obtained from [address].

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Prospectus dated [original date]. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of Directive 2003/71/EC (the “**Prospectus Directive**”) and must be read in conjunction with the Prospectus dated [current date] [and the supplement[s] to the Prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Prospectuses dated [original date] and [current date] [as so supplemented]. Copies of such Prospectuses [and the supplement[s]] are available for viewing at [address] [and] [website] and copies may be obtained from [address].]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

*[When adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

1 Issuer: DnB NOR Boligkreditt AS

2 (i) Series Number: [ ]

(ii) Tranche Number: [ ]

*(If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible)*

3 Specified Currency or Currencies: [ ]

4 Aggregate Nominal Amount: [ ]

[Series: [ ]

[Tranche: [ ]

- 5 Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
- 6 (i) Specified Denominations: [ ]
- (N.B. If an issue of Covered Bonds is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the €1,000 minimum denomination is not required)*
- (ii) Calculation Amount: [ ]
- 7 (i) Issue Date: [ ]
- (ii) Interest Commencement Date:
- (a) Period to Maturity Date: [ ]
- (b) Period from Maturity Date up to Extended Maturity Date: [Not Applicable] [Maturity Date]
- 8 (i) Maturity Date: *[Fixed rate – specify date/Floating Rate – Interest Payment Date falling in or nearest to [specify month and year]]*
- (ii) Extended Maturity Date: [Applicable/Not Applicable]  
[insert date]<sup>1</sup>
- [Extended Maturity Date must be Applicable to all issues of Covered Bonds, unless the Issuer is unable to obtain the relevant credit ratings for the relevant Series of Covered Bonds to which an Extended Maturity Date applies from the rating agencies appointed by the Issuer at the relevant time in respect of such Series of Covered Bonds]*
- [The Extended Maturity Date is [ ]].

In accordance with the Conditions and these Final Terms, if the Issuer fails to redeem the Covered Bonds in full on the Maturity Date or within two Business Days thereafter, the maturity of the principal amount outstanding of the Covered Bonds will automatically be extended up to one year to the Extended Maturity Date without constituting an event of default or giving holders of the Covered Bonds any right to accelerate payments on the Covered Bonds. In that event, the interest rate payable on, and the interest periods and Interest Payment Dates, in respect of the Covered Bonds, will change from those that applied up to the Maturity Date and the Issuer may redeem all or part of the principal amount outstanding of those Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date, all in accordance with the Conditions and these Final Terms. See Conditions 3(f) and 5(k).]

<sup>1</sup> If applicable, the date should be that falling one year after the Maturity Date. If not applicable, insert “Not Applicable”.

- 9 Interest Basis:
- (i) Period to (and including) Maturity Date: [[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
(further particulars specified below)
- (ii) Period from (but excluding) Maturity Date up to (and including) Extended Maturity Date: [Not Applicable]  
[[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Index Linked Interest]  
(further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[specify other]  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal amount, the Covered Bonds will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to Commission Regulation (EC) No 809/2004 (the "Prospectus Regulation") will apply)*
- 11 Change of Interest Basis or Redemption/Payment Basis: [*Specify details of any provision for change of Covered Bonds into another Interest Basis or Redemption/Payment Basis*]
- 12 Put/Call Options: [Investor Put]  
[Issuer Call]  
(further particulars specified below)]
- 13 Status of the Covered Bonds: The Covered Bonds are unsubordinated obligations issued in accordance with Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions, Chapter 2, Sub-chapter IV and appurtenant regulations (the "**Financial Institutions Act**") and rank *pari passu* among themselves and with all other obligations of the Issuer that have been provided the same priority as debt instruments issued pursuant to the Financial Institutions Act. To the extent that claims in relation to the Covered Bonds and relating derivative contracts are not met out of the assets of the Issuer that are covered in accordance with the Financial Institutions Act, the residual claims will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer.
- 14 Method of distribution: [Syndicated/Non-syndicated]

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

- 15 Fixed Rate Covered Bond Provisions
- (I) To Maturity Date: [Applicable/Not Applicable]
- (II) From Maturity Date up to Extended Maturity Date: [Applicable/Not Applicable]  
*(If (I) and (II) above are not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Rate(s) of Interest:
- (a) To Maturity Date: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
- (ii) Interest Payment Date(s):
- (a) To Maturity Date: [ ] in each year up to and including the Maturity Date/[specify other]  
*(N.B. This will need to be amended in the case of long or short coupons)*
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [ ] in each month up to and including the Extended Maturity Date/ [specify other]  
*(N.B. This will need to be amended in the case of coupons which are not on a monthly basis)*
- (iii) Fixed Coupon Amount(s):
- (a) To Maturity Date: [ ] per Calculation Amount
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [ ] per Calculation Amount
- (iv) Broken Amount(s):
- (a) To Maturity Date: [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
- (v) Day Count Fraction (subject to paragraph 30):
- (a) To Maturity Date: [Actual/Actual (ICMA) or 30/360 or [specify other]]
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [Actual/Actual (ICMA) or 30/360 or [specify other]]
- (vi) Determination Date(s):
- (a) To Maturity Date: [ ] in each year  
*[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]*  
*N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration*  
*N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)]*
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [ ] in each year  
*[Insert regular interest payment dates, ignoring maturity date or extended maturity date in the case of a long or short first or last coupon]*  
*N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration*  
*N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)]*

- (vii) Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds: [None/Give details]
- 16 Floating Rate Covered Bond Provisions
- (I) To Maturity Date: [Applicable/Not Applicable]
- (II) From Maturity Date up to Extended Maturity Date: [Applicable/Not Applicable]  
(If (I) and (II) above are not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Dates:
- (a) To Maturity Date: [ ]
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [ ]
- (ii) Business Day Convention:
- (a) To Maturity Date: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (iii) Additional Business Centre(s):
- (a) To Maturity Date: [ ]
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [ ]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined:
- (a) To Maturity Date: [Screen Rate Determination/ISDA Determination/*specify other*]
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [Screen Rate Determination/ ISDA Determination/*specify other*]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent):
- (a) To Maturity Date: [ ]
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [ ]
- (vi) Screen Rate Determination:
- (a) To Maturity Date:
- Reference Rate: [ ]  
(Either LIBOR, EURIBOR or other, although additional information is required if other – including the fall back provisions in the Agency Agreement)
- Interest Determination Date(s): [ ]  
(Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR

*(other than euro LIBOR or Sterling LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*

– Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters Screen EURIBOR 01 (or any successor page) ensure it is a page which shows a composite rate or amend the fall back provisions appropriately)*

(b) From Maturity Date up to Extended Maturity Date: [Not Applicable]

– Reference Rate: [ ]  
*(Either LIBOR, EURIBOR or other, although additional information is required if other – including the fall back provisions in the Agency Agreement)*

– Interest Determination Date(s): [ ]  
*(Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*

– Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters Screen EURIBOR 01 (or any successor page) ensure it is a page which shows a composite rate or amend the fall back provisions appropriately)*

(vii) ISDA Determination

(a) To Maturity Date:

– Floating Rate Option: [ ]  
– Designated Maturity: [ ]  
– Reset Date: [ ]

(b) From Maturity Date up to Extended Maturity Date: [Not Applicable]

– Floating Rate Option: [ ]  
– Designated Maturity: [ ]  
– Reset Date: [ ]

(viii) Margin(s):

(a) To Maturity Date: [+/-][ ] per cent. per annum

(b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [+/-][ ] per cent. per annum

(ix) Minimum Rate of Interest:

(a) To Maturity Date: [ ] per cent. per annum

- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [ ] per cent. per annum
- (x) Maximum Rate of Interest:
- (a) To Maturity Date: [ ] per cent. per annum
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [ ] per cent. per annum
- (xi) Day Count Fraction:
- (a) To Maturity Date: [Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
Other]  
(See Condition 3 for alternatives)
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable]  
[Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
Other]  
(See Condition 3 for alternatives)
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions:
- (a) To Maturity Date: [ ]
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [ ]
- 17 Zero Coupon Covered Bond Provisions [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Any other formula/basis of determining amount payable: [ ]
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 5(e)(iii) and 5(j) apply/specify other]  
(Consider applicable day count fraction if not U.S. dollar denominated)
- 18 Index Linked Interest Covered Bond Provisions
- (I) To Maturity Date: [Applicable/Not Applicable]

- (II) From Maturity Date up to Extended Maturity Date: [Applicable/Not Applicable]  
*(If (I) and (II) above are not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula:
- (a) To Maturity Date: *[give or annex details]*
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] *[give or annex details]*
- (ii) Calculation Agent responsible for calculating the principal and/or interest due (address):
- (a) To Maturity Date: [ ]
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [ ]
- (iii) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable:
- (a) To Maturity Date: *(Need to include a description of market disruption or settlement disruption events and adjustment provisions)*
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] *(Need to include a description of market disruption or settlement disruption events and adjustment provisions)*
- (iv) Specified Period(s)/Specified Interest Payment Dates:
- (a) To Maturity Date: [ ]
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [ ]
- (v) Business Day Convention:
- (a) To Maturity Date: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (vi) Additional Business Centre(s):
- (a) To Maturity Date: [ ]
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [ ]
- (vii) Minimum Rate of Interest:
- (a) To Maturity Date: [ ] per cent. per annum
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [ ] per cent. per annum
- (viii) Maximum Rate of Interest:
- (a) To Maturity Date: [ ] per cent. per annum
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [ ] per cent. per annum

- (ix) Day Count Fraction:
  - (a) To Maturity Date: [       ]
  - (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [       ]
- 19 Dual Currency Covered Bond Provisions
  - (I) To Maturity Date: [Applicable/Not Applicable]
  - (II) From Maturity Date up to Extended Maturity Date: [Applicable/Not Applicable]  
*(If (I) and (II) above are not applicable, delete the remaining sub-paragraphs of this paragraph)*
  - (i) Rate of Exchange/method of calculating Rate of Exchange:
    - (a) To Maturity Date: *[give or annex details]*
    - (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] *[give or annex details]*
  - (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest payable (address):
    - (a) To Maturity Date: [       ]
    - (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [       ]
  - (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:
    - (a) To Maturity Date: *(Need to include a description of market disruption or settlement disruption events and adjustment provisions)*
    - (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] *(Need to include a description of market disruption or settlement disruption events and adjustment provisions)*
  - (iv) Person at whose option Specified Currency(ies) is/are payable:
    - (a) To Maturity Date: [       ]
    - (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [       ]

**PROVISIONS RELATING TO REDEMPTION**

- 20 Issuer Call [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [       ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [       ] per Calculation Amount
- (iii) If redeemable in part:
  - Minimum Redemption Amount: [       ] per Calculation Amount
  - Higher Redemption Amount: [       ] per Calculation Amount
- (iv) Notice period (if other than as set out in the Conditions): [       ]

*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent or the Covered Bondholders)*

21 Investor Put

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(i) Optional Redemption Date(s): [ ]

(ii) Optional Redemption Amount(s) of each Covered Bond and method, if any, of calculation of such amount(s): [ ] per Calculation Amount

(iii) Notice period (if other than as set out in the Conditions): [ ]

*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent or the Covered Bondholders)*

22 Final Redemption Amount of each Covered Bond: [ ] per Calculation Amount

*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal amount, the Covered Bonds will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Regulation will apply)*

23 Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 5(e)): [ ]

**GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

24 Form of Covered Bonds:

(i) Form:

[Bearer Covered Bonds:

Temporary Bearer Global Covered Bond exchangeable for a Permanent Bearer Global Covered Bond which is exchangeable for Definitive Bearer Covered Bonds [on not less than 60 days' notice given at any time/only upon an Exchange Event]]

[Temporary Bearer Global Covered Bond exchangeable for Definitive Covered Bonds on and after the Exchange Date on [ ] days' notice given at any time]

- [Registered Covered Bonds: Reg. S Global Covered Bond [ ] nominal amount/Rule 144A global Covered Bond [ ] nominal amount/Definitive Registered Covered Bonds (*specify nominal amounts*)]
- [VP Systems Covered Bonds issued in uncertificated and dematerialised book entry form]
- (ii) New Global Covered Bond: [Yes] [No]
- 25 Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details*] (*Note that this item relates to the place of payment, and not Interest Period end dates to which items 16(iii) and 18(vi) relate*)
- 26 Talons for future Coupons or Receipts to be attached to Definitive Covered Bonds (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
- 27 Details relating to Partly Paid Covered Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and, if different from those specified in the Temporary Global Covered Bond, consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late payment: [Not Applicable/*give details*. N.B. a new form of Temporary Global Covered Bond and/or Permanent Global Covered Bond may be required for Partly Paid issues]
- 28 Details relating to Instalment Covered Bonds:
- (i) Instalment Amount(s): [Not Applicable/*give details*]
- (ii) Instalment Date(s):
- 29 Redenomination applicable: Redenomination [not] applicable (*If Redenomination is applicable, specify the terms of the redenomination in an annex to the Final Terms*)
- 30 Other final terms: [Not Applicable/*give details*] (*When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive*)
- 31 Additional U.S. federal income tax considerations: [Not Applicable/*give details*]

## DISTRIBUTION

- 32 (i) If syndicated, names [and addresses]\*\* of Managers [and amount and nature of underwriting commitments]\*\*: [Not Applicable/*give names [and addresses and amount and nature of underwriting commitments]\*\**]
- (ii) Date of Subscription Agreement:\*\* [ ]\*\* [Where not all of the issue is underwritten, specify the portion not covered.]\*\*
- (iii) Stabilising Manager (if any): [Not Applicable/*give name and address*]
- 33 If non-syndicated, name [and address]\*\* of relevant Dealer: [*Name [and address]\*\**]

- 34 Total commission and concession:\*\* [ ] per cent. of the Aggregate Nominal Amount\*\*
- 35 (i) Whether TEFRA D rules applicable or TEFRA rules not applicable, and (i) [TEFRA D/TEFRA not applicable]
- (ii) whether Rule 144A and private placement sales in the United States are permitted to be made: (ii) [Yes/No]
- 36 Additional selling restrictions: [Not Applicable/give details]

**[LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Covered Bonds described herein pursuant to the €25,000,000,000 Covered Bond Programme of DnB NOR Boligkreditt AS.]

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 1 LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made for the Covered Bonds to be admitted to trading on [ ] with effect from [ ].] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)\*\**
- (iii) Estimate of total expenses related to admission to trading:\* [ ]\*

### 2 RATINGS:

The Covered Bonds have been assigned the following ratings:

[S & P: [ ]]  
[Moody's: [ ]]  
[Fitch: [ ]]  
[[Other]: [ ]]

*(Include here a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)\*\**

*(The above disclosure should reflect the rating allocated to Covered Bonds issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3 [NOTIFICATION:

The *Commission de Surveillance du Secteur Financier* [has been requested to provide/has provided – *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the [names of competent authorities of host Member States] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

### 4 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE:

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the offer.]  
*[Amend as appropriate if there are other interests]*

### 5 REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES:

- [(i) Reasons for the offer: [ ]  
*(See "Use of Proceeds" wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here)\*\**
- [(ii) Estimated net proceeds: [ ]  
*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding)\*\**
- [(ii) Estimated total expenses [(including taxes)]\*\* [ ]  
[ ]  
*(Expenses are required to be broken down into*

each principal intended “use” and presented in order of priority of such “uses”)\*\*

(N.B. If the Covered Bonds are derivative securities to which Annex XII of the Prospectus Regulation applies (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)

- 6 **[YIELD:** (Fixed Rate Covered Bonds only) Indication of yield: [ ]

[Calculated as [include details of method of calculation in summary form] on the Issue Date.]\*\*

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

- 7 **[HISTORICAL INTEREST RATES:** (Floating Rate Covered Bonds only)\*\*

Details of historical [LIBOR/EURIBOR/other] rates can be obtained from [Reuters (or any successor page)].]

- 8 **[PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING:** (Index-Linked Covered Bonds only)

(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained.)

(Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.)\*\*

(Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.)

(Where the underlying is a security need to include the name of the issuer of the security and the International Securities Identification Number (ISIN) or equivalent identification number. Where the underlying is a basket of underlyings, need to include the relevant weightings of each underlying in the basket.)]

- 9 **[PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT:** (Dual Currency Covered Bonds only)

(Need to include details of where past and future performance and volatility of the relevant rates can be obtained.)

(Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.)\*\*]

- 10 **OPERATIONAL INFORMATION:**

(i) ISIN Code: [ ]

(ii) Common Code: [ ]

(iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme (together with the address of each such clearing system) and the relevant identification number(s): [Not Applicable/(give name(s) and number(s))/Verdipapirsentralen, Norway. VPS identification number: [ ]. /Vaerdipapircentralen, Denmark. VP identification number: [●]./ VPC, Sweden, VPC identification number: [●].]The Issuer shall be entitled to obtain certain information from the register maintained by the VPS, VP or VPC (as the case may be) for the purposes of performing its obligations under the issue of VPS, VP or VPC (as

- the case may be) Covered Bonds]\*\*\*\*
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): [       ]
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]  
 [Note that the designation “yes” simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *(Include this text if “yes” selected in which case the Covered Bonds must be issued in NGCB form)*

*(Insert here any other relevant codes such as CUSIP and CINS codes)*

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Notes:

\* Delete if the minimum denomination is less than €50,000

\*\* Delete if the minimum denomination is €50,000

\*\*\* Delete as applicable

## DTC INFORMATION – REGISTERED COVERED BONDS

DTC will act as securities depository for the Reg. S Global Covered Bonds and the Restricted Global Covered Bonds. The Reg. S Global Covered Bonds and the Restricted Global Covered Bonds will be issued as fully registered securities registered in the name of Cede & Co. The deposit of such Covered Bonds with DTC and their registration in the name of Cede & Co. will effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Registered Covered Bonds; DTC's records reflect only the identity of the participants to whose accounts such Covered Bonds are credited, which may or may not be the beneficial owners of the Registered Covered Bonds.

DTC has advised the Issuer as follows: "DTC is a limited-purpose trust company organised under the New York Banking Law, a "**banking organisation**" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "**clearing corporation**" within the meaning of the New York Uniform Commercial Code and a "**clearing agency**" registered pursuant to the provisions of section 17A of the United States Securities Exchange Act of 1934. DTC holds securities that its participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). The rules applicable to DTC and its Participants are on file with the U.S. Securities and Exchange Commission."

Neither DTC nor Cede & Co. will consent or vote with respect to the Registered Covered Bonds represented by the Registered Global Covered Bonds. However, DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Registered Covered Bonds represented by the Registered Global Covered Bonds (including, without limitation, the delivery of consent, the exercise of voting rights, or the presentation of a Registered Global Covered Bond for exchange as described above) at the direction of one or more Agent Members to whose account with DTC interests in a Registered Global Covered Bond are credited and only in respect of such portion of the aggregate principal amount of the Registered Covered Bonds as to which such Agent Member or Agent Members has or have given such direction.

Purchases of Registered Covered Bonds represented by the Registered Global Covered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Registered Covered Bonds on DTC's records. The ownership interest of each actual purchaser of a Registered Covered Bond (a "**Beneficial Owner**") held through DTC is in turn recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase but are expected to receive written confirmations regarding details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owners entered into the transaction. Transfer of ownership interests in Registered Covered Bonds represented by the Registered Global Covered Bonds held by DTC are accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Registered Covered Bonds represented by the Registered Global Covered Bonds from DTC, except in the event that the use of the book-entry system for the Covered Bonds is discontinued.

Principal and interest payments on Registered Covered Bonds represented by the Registered Global Covered Bonds held by DTC will be made to Cede & Co., as nominee of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payment date. Payments by Direct Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the

responsibility of such Participant and not of DTC, the Fiscal Agent, the other Paying Agents or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. is the responsibility of the Issuer or the Fiscal Agent or any other Paying Agents, as the case may be. Disbursement of payment received by DTC to Direct Participants shall be the responsibility of DTC. Disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

The laws of some states within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, any transfer of beneficial interests in a Registered Global Covered Bond to such persons may require that such interests be exchanged for Registered Covered Bonds in definitive form. Because DTC can only act on behalf of Direct Participants which, in turn, act on behalf of Indirect Participants and certain banks, the ability of a person having a beneficial interest in a Registered Global Covered Bond to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take action in respect of such interest, may be affected by the lack of a physical registered certificate.

DTC may discontinue providing its services as securities depository with respect to Registered Covered Bonds at any time by giving reasonable notice to the Issuer or the Paying Agents. Under such circumstances, in the event that a successor securities depository is not obtained, Registered Covered Bonds in definitive form would be delivered to individual Covered Bondholders. In addition, the Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Registered Covered Bonds in definitive form would be delivered to individual Covered Bondholders.

## TERMS AND CONDITIONS OF THE COVERED BONDS

*The following are the Terms and Conditions of the Covered Bonds which will be incorporated by reference into each global Covered Bond and each definitive Covered Bond, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such definitive Covered Bond will have endorsed thereon or attached thereto such Terms and Conditions. The following Terms and Conditions will be applicable to each VP Systems Covered Bonds. VP Systems Covered Bonds will not be evidenced by any physical covered bond or document of title other than statements of account made by the VPS, VP or VPC (as the case may be). Ownership of VP Systems Covered Bonds will be recorded and transfer effected only through the book entry system and register maintained by the VPS, VP or VPC (as the case may be). Part A of the applicable Final Terms in relation to any Tranche of Covered Bonds (including VP Systems Covered Bonds) may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Covered Bonds. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each global Covered Bond and definitive Covered Bond. Reference should be made to “**Form of the Covered Bonds**” for a description of the content of the Final Terms which will specify which of such terms are to apply in relation to the relevant Covered Bonds.*

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by DnB NOR Boligkreditt AS (the “**Issuer**”) pursuant to a Agency Agreement (as amended and restated on 20 2008 and as amended or supplemented from time to time, the “**Agency Agreement**”) dated 25 June 2007 between the Issuer, Citibank, N.A. as fiscal agent and the other agents named in it and with the benefit of a Deed of Covenant (as amended or supplemented from time to time, the “**Deed of Covenant**”) dated 25 June 2007 executed by the Issuer in relation to the Covered Bonds.

References herein to the “**Covered Bonds**” shall be references to the Covered Bonds of this Series and shall mean:

- (i) in relation to any Covered Bonds represented by a global Covered Bond, units of the lowest Specified Denomination in the Specified Currency;
- (ii) (in the case of Bearer Covered Bonds) definitive Bearer Covered Bonds issued in exchange (or part exchange) for a global Covered Bond;
- (iii) (in the case of Registered Covered Bonds) definitive Registered Covered Bonds;
- (iv) any global Covered Bond; and
- (v) Covered Bonds cleared through the Norwegian Central Securities Depository, the *Verdipapirsentralen* (“**VPS**”), VP Securities Services (*Værdipapircentralen A/S*), the Danish central securities depository (“**VP**”), Nordic Central Securities Depository (*NCSD Systems Aktiebolag*), the Swedish central securities depository (“**VPC**”) and/or any other clearing system as may be specified in the applicable Final Terms (as the case may be) (together “**VP Systems Covered Bonds**”).

The fiscal agent, the paying agents, the registrar, the exchange agents, the transfer agents and the calculations agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent), the “**Registrar**”, the “**Exchange Agents**”, the “**Transfer Agents**” and the “**Calculation Agent(s)**”. Each Tranche of VP Systems Covered Bonds will be created and held in uncertificated book entry form in accounts with the VPS, VPC or VP (as the case may be). DnB NOR Bank ASA, *Verdipapirservice* (the “**VPS Account Manager**”) and/or any other agent appointed by the Issuer from time to time (together with the VPS Account Manager, each being a “**VP Systems Account Manager**”) will act as agent of the Issuer in respect of all dealings with the VPS, VP or VPC (as the case may be) in relation to VP Systems Covered Bonds.

Interest bearing definitive Bearer Covered Bonds have interest coupons (“**Coupons**”) and, if indicated in the applicable Final Terms, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Covered Bonds repayable in instalments have receipts (“**Receipts**”) for the payment of the instalments of principal (other than

the final instalment) attached on issue. Registered Covered Bonds, in definitive or global form, do not have Receipts or Coupons attached on issue.

The final terms for this Covered Bond (or the relevant provisions thereof) are set out in Part A of the Final Terms which are (except in the case of VP Systems Covered Bonds) attached to or endorsed on this Covered Bond. Part A of the Final Terms (or such relevant provisions thereof) must be read in conjunction with these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Covered Bond. References to the “applicable Final Terms” are to Part A of the Final Terms (or the relevant provisions thereof) which are (except in the case of VP Systems Covered Bonds) attached to or endorsed on this Covered Bond.

In these Terms and Conditions, “**Covered Bondholders**” means the holders for the time being of the Covered Bonds, and such expression shall, in relation to any Covered Bonds represented by a global Covered Bond and in relation to VP Systems Covered Bonds, be construed as provided below; “**Receiptholders**” means the holders of the Receipts; and “**Couponholders**” means the holders of the Coupons, and such expression shall, unless the context otherwise requires, include the holders of Talons). VP Systems Covered Bonds are in dematerialised form: any references in these Terms and Conditions to Receipts, Coupons and Talons shall not apply to VP Systems Covered Bonds and no global or definitive Covered Bonds will be issued in respect thereof. These Terms and Conditions shall be construed accordingly.

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

Copies of the Agency Agreement and the Deed of Covenant are obtainable during normal business hours at the specified office of each of the Paying Agents, the Registrar and the Transfer Agents. Copies of the applicable Final Terms may be obtained, upon request, free of charge, from the registered office of the Issuer and the specified offices of the Paying Agents save that, if this Covered Bond is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under Directive 2003/71/EC (the “**Prospectus Directive**”), the applicable Final Terms will only be obtainable by a Covered Bondholder holding one or more Covered Bonds and such Covered Bondholder must produce evidence satisfactory to the Issuer and/or the Paying Agent as to its holding of such Covered Bonds and identity. If this Covered Bond is admitted to trading on the Luxembourg Stock Exchange’s regulated market, the applicable Final Terms will also be available for viewing on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu). The Covered Bondholders, the Receiptholders and the Couponholders are deemed to have notice of all the provisions of the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

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

## **1 Form, Denomination and Title**

The Covered Bonds are in bearer form (“**Bearer Covered Bonds**”), registered form (“**Registered Covered Bonds**”) or, in the case of VP Systems Covered Bonds, uncertificated book entry form, as specified in the applicable Final Terms and, in the case of definitive Covered Bonds, serially numbered, in the Specified Currency and the Specified Denomination(s). Save as provided in Condition 9 (Transfer and Exchange of Registered Covered Bonds), Covered Bonds of one Specified Denomination may not be exchanged for Covered Bonds of another Specified Denomination.

Bearer Covered Bonds may not be exchanged for Registered Covered Bonds and *vice versa*. VP Systems Covered Bonds may not be exchanged for Bearer Covered Bonds or Registered Covered Bonds and *vice versa*.

This Covered Bond is a Fixed Rate Covered Bond, a Floating Rate Covered Bond, a Zero Coupon Covered Bond, an Index Linked Interest Covered Bond or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Where the applicable Final Terms specifies that an Extended Maturity Date applies to a Series of Covered Bonds, those Covered Bonds may be Fixed Rate Covered Bonds, Floating Rate Covered Bonds, Index Linked Interest Covered Bonds or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms in respect of the period from the Issue Date to and including the Maturity Date, and Fixed Rate Covered Bonds, Floating Rate Covered Bonds, Index Linked Interest Covered Bonds or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms in respect of the period from the Maturity Date up to and including the Extended Maturity Date, subject as specified in the applicable Final Terms.

This Covered Bond may be an Index Linked Redemption Covered Bond, an Instalment Covered Bond, a Dual Currency Covered Bond, a Partly Paid Covered Bond or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Bearer Covered Bonds are issued with Coupons attached, unless they are Zero Coupon Covered Bonds and an Extended Maturity Date is not specified in the applicable Final Terms to the relevant Series of Covered Bonds, in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Covered Bonds, Receipts and Coupons will pass by delivery, and title to the Registered Covered Bonds will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and the Replacement Agent (as defined in the Agency Agreement), the Registrar, any Transfer Agent and any Paying Agent may deem and treat the bearer of any Bearer Covered Bond, Receipt or Coupon and the registered holder of any Registered Covered Bond as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Covered Bond, without prejudice to the provisions set out in the next succeeding paragraph, and the expressions "**Covered Bondholder**" and "**holder of Covered Bonds**" and related expressions shall be construed accordingly. The holder of a VP Systems Covered Bonds will be the person evidenced as such by a book entry in the records of the VPS, VP or VPC (as the case may be). Title to the VP Systems Covered Bonds will pass by registration in the registers between the direct or indirect accountholders at the VPS, VP or VPC (as the case may be) in accordance with the rules and procedures of the VPS, VP or VPC (as the case may be). Where a nominee is so evidenced, it shall be treated by the Issuer as the holder of the relevant VP Systems Covered Bonds.

For so long as any of the Covered Bonds is represented by a bearer global Covered Bond held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") or for so long as The Depository Trust Company ("**DTC**") or its nominee is the registered holder of a Registered Global Covered Bond or so long as the Covered Bond is a VP Systems Covered Bond, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg, DTC, the VPS, VP or VPC, as the case may be, as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by such clearing system as to the nominal amount of such Covered Bonds standing to the account of any person shall, save in the case of manifest error, be conclusive and binding for all purposes, including any form of statement or print out of electronic records provided by the relevant clearing system in accordance with its usual procedures and in which the holder of a particular nominal amount of such Covered Bonds is clearly identified together with the amount of such holding) shall be treated by the Issuer, the Fiscal Agent, the Replacement Agent and any other Paying Agent as the holder of such nominal amount of such Covered Bonds for all purposes other than (in the case only of Covered Bonds not being VP Systems Covered Bonds) with respect to the payment of principal or interest on the Covered Bonds, for which purpose, in the case of Covered Bonds represented by a bearer global Covered Bond, the bearer of the relevant bearer global Covered

Bond or, in the case of a Registered Global Covered Bond registered in the name of DTC or its nominee, DTC or its nominee shall be treated by the Issuer, the Fiscal Agent and any other Paying Agent as the holder of such Covered Bonds in accordance with and subject to the terms of the relevant global Covered Bond and the expressions “**Covered Bondholder**” and “**holder of Covered Bonds**” and related expressions shall be construed accordingly.

Covered Bonds which are represented by a global Covered Bond and VP Systems Covered Bonds will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, DTC, the VPS, VP and/or VPC, as the case may be.

References to Euroclear, Clearstream, Luxembourg, DTC, the VPS, VP and/or VPC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Fiscal Agent.

## 2 Status of the Covered Bonds

The Covered Bonds are unsubordinated obligations issued in accordance with Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions, Chapter 2, Sub-chapter IV and appurtenant regulations (the “**Financial Institutions Act**”) and rank *pari passu* among themselves and with all other obligations of the Issuer that have been provided the same priority as debt instruments issued pursuant to the Financial Institutions Act. To the extent that claims in relation to the Covered Bonds and relating derivative agreements are not met out of the assets of the Issuer that are covered in accordance with the Financial Institutions Act, the residual claims will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer.

## 3 Interest

### (a) Interest on Fixed Rate Covered Bonds

Each Fixed Rate Covered Bond bears interest on its outstanding nominal amount (or, if it is a Partly Paid Covered Bond, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

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

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

If interest is required to be calculated for a period other than a Fixed Interest Period or if no Fixed Coupon Amount is specified in the applicable Final Terms, such interest shall be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

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

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

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

In these Terms and Conditions:

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

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

(b) *Interest on Floating Rate Covered Bonds and Index Linked Interest Covered Bonds*

(i) Interest Payment Dates

Each Floating Rate Covered Bond and Index Linked Interest Covered Bond bears interest on its outstanding nominal amount (or, if it is a Partly Paid Covered Bond, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

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

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 3(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding

Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

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

In these Terms and Conditions, “**Business Day**” means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to interest payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System or any successor thereto (the “**TARGET System**”) is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Covered Bonds and Index Linked Interest Covered Bonds will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Covered Bonds

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent under an interest rate swap transaction if the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent were acting as Calculation Agent (as such term is defined in the ISDA Definitions) for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds (the “**ISDA Definitions**”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“**LIBOR**”) or on the Euro-zone inter-bank offered rate (“**EURIBOR**”), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

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

(B) Screen Rate Determination for Floating Rate Covered Bonds

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

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

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the Specified Time.

If the Reference Rate from time to time in respect of Floating Rate Covered Bonds is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Covered Bonds will be determined as provided in the applicable Final Terms.

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

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

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

(iv) Determination of Rate of Interest and Calculation of Interest Amounts

The Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent will calculate the amount of interest (the “**Interest Amount**”) payable per Calculation Amount in respect of the Floating Rate Covered Bonds or Index Linked Interest Covered Bonds for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

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

- (i) if “Actual/365” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(v) Notification of Rate of Interest and Interest Amounts

The Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Fiscal Agent, each of the other Paying Agents, the Covered Bondholders and any stock exchange on which the relevant Floating Rate Covered Bonds or Index Linked Interest Covered Bonds are for the time being listed and, in the case of VP Systems Covered Bonds, the VPS, VP, VPC or any other relevant clearing system (as the case may be) and each VP Systems Account Manager (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 13 (Notices) as soon as possible after their determination but in no event later than the fourth London Business Day (as defined below) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Covered Bonds or Index Linked Interest Covered Bonds are for the time being listed and to the Covered Bondholders in accordance with Condition 13 (Notices). For the purposes of this paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vi) Determination or Calculation by Fiscal Agent

If for any reason at any relevant time where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent defaults in its obligation to determine the Rate of Interest or any Interest Amount in accordance with the above provisions or as otherwise specified in the applicable Final Terms, as the case may be, and in each case

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

(vii) *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3(b), whether by the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, the other Paying Agents, the Registrar, the Exchange Agent, the Transfer Agents and all Covered Bondholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Covered Bondholders, the Receiptholders or the Couponholders shall attach to the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Dual Currency Covered Bonds*

In the case of Dual Currency Covered Bonds, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

(d) *Partly Paid Covered Bonds*

In the case of Partly Paid Covered Bonds (other than Partly Paid Covered Bonds which are Zero Coupon Covered Bonds), interest will accrue as aforesaid on the paid-up nominal amount of such Covered Bonds and otherwise as specified in the applicable Final Terms.

(e) *Accrual of Interest*

Subject as provided in Condition 3(f) (Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Covered Bonds up to the Extended Maturity Date), each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue in accordance with these Terms and Conditions.

(f) *Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Covered Bonds up to the Extended Maturity Date*

(i) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Covered Bonds and the maturity of those Covered Bonds is extended beyond the Maturity Date in accordance with Condition 5(k) (Extension of Maturity up to Extended Maturity Date), the Covered Bonds shall bear interest from (and including) the Maturity Date to (but excluding) the earlier of the relevant Interest Payment Date after the Maturity Date on which the Covered Bonds are redeemed in full or the Extended Maturity Date, subject to Condition 3(e) (Accrual of Interest). In that event, interest shall be payable on those Covered Bonds at the rate determined in accordance with Condition 3(f)(ii) on the principal amount outstanding of the Covered Bonds in arrear on the Interest Payment Date in each month after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date, subject as otherwise provided in the applicable Final Terms. The final Interest Payment Date shall fall no later than the Extended Maturity Date.

(ii) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Covered Bonds and the maturity of those Covered Bonds is extended beyond the Maturity Date in accordance with Condition 5(k) (Extension of Maturity up to Extended Maturity Date), the rate of interest payable from time to time in respect of the

principal amount outstanding of the Covered Bonds on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date will be as specified in the applicable Final Terms and, where applicable, determined by the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified, two Business Days after the Maturity Date in respect of the first such Interest Period and thereafter as specified in the applicable Final Terms.

- (iii) In the case of Covered Bonds which are Zero Coupon Covered Bonds up to (and including) the Maturity Date and for which an Extended Maturity Date is specified under the applicable Final Terms, for the purposes of this Condition 3(f) the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.
- (iv) This Condition 3(f) shall only apply to Covered Bonds to which an Extended Maturity Date is specified in the applicable Final Terms and if the Issuer fails to redeem those Covered Bonds (in full) on the Maturity Date (or within two Business Days thereafter) and the maturity of those Covered Bonds is automatically extended up to the Extended Maturity Date in accordance with Condition 5(k) (Extension of Maturity up to Extended Maturity Date).

#### **4 Payments**

##### *(a) Method of Payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6 (Taxation). References to “**Specified Currency**” will include any successor currency under applicable law.

##### *(b) Presentation of Covered Bonds, Receipts and Coupons*

Payments of principal in respect of definitive Bearer Covered Bonds will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or in the case of part payment of any sum due only, endorsement) of definitive Bearer Covered Bonds, and payments of interest in respect of definitive Bearer Covered Bonds will (subject as provided below) be made as aforesaid only against presentation and surrender (or in the case of part payment of any sum due only, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal in respect of definitive Bearer Covered Bonds (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or in the case of part payment of any sum due only, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or in the case of part payment of any sum due only, endorsement) of the relevant definitive Bearer Covered Bond in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Covered Bond to which it appertains. Receipts presented without the definitive Bearer Covered Bonds to which they appertain do not constitute valid obligations of the Issuer.

Upon the date on which any definitive Bearer Covered Bond becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Except as provided below, all payments of interest and principal with respect to Bearer Covered Bonds will be made at such paying agencies outside the United States as the Issuer may appoint from time to time and to accounts outside the United States.

Fixed Rate Covered Bonds in definitive bearer form (other than Dual Currency Covered Bonds, Index Linked Covered Bonds or Long Maturity Covered Bonds (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 6 (Taxation)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 7 (Prescription)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Covered Bond in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Covered Bond, Dual Currency Covered Bond, Index Linked Covered Bond or Long Maturity Covered Bond in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A “**Long Maturity Covered Bond**” is a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond shall cease to be a Long Maturity Covered Bond on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Covered Bond.

If the due date for redemption of any definitive Bearer Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such definitive Bearer Covered Bond from (and including) the preceding Interest Payment Date or Interest Commencement Date, as the case may be, shall be payable only against surrender of the relevant definitive Bearer Covered Bond.

Payments of principal and interest (if any) in respect of Covered Bonds represented by any bearer global Covered Bond will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Covered Bonds and otherwise in the manner specified in the relevant bearer global Covered Bond against presentation or surrender, as the case may be, of such bearer global Covered Bond at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of such bearer global Covered Bond, distinguishing between any payment of principal and any payment of interest, will be made on such bearer global Covered Bond by such Paying Agent and such record shall be prima facie evidence that the payment in question has been made.

The holder of a global Covered Bond shall be the only person entitled to receive payments in respect of Covered Bonds represented by such global Covered Bond and the Issuer will be discharged by payment to, or to the order of, the holder of such global Covered Bond in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Covered Bonds represented by such global Covered Bond must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such global Covered Bond.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Covered Bond in respect of Covered Bonds denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for payment in such Specified Currency or conversion into U.S. dollars in accordance with the provisions of the Agency Agreement.

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

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

Payments of principal (other than instalments of principal (if any) prior to the final instalment) in respect of Registered Covered Bonds (whether in definitive or global form) will be made in the manner provided in paragraph (a) above to the persons in whose name such Covered Bonds are registered at the close of business on the business day (being for this purpose a day on which banks are open for business in the city where the Registrar is located) immediately prior to the relevant payment date against presentation and surrender (or, in the case of part payment of any sum due only, endorsement) of such Covered Bonds at the specified office of the Registrar or a Transfer Agent in Luxembourg.

Payments of interest due on a Registered Covered Bond (whether in definitive or global form) and payments of instalments (if any) of principal on a Registered Covered Bond, other than the final instalment, will be made in the manner specified in paragraph (a) to the person in whose name such Covered Bond is registered at the close of business on the fifteenth day (whether or not such fifteenth day is a business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) (the “**Record Date**”)) prior to such due date. In the case of payments by cheque, cheques will be mailed to the holder (or the first named of joint holders) at such holder’s registered address on the business day (as described above) immediately preceding the due date.

If payment in respect of any Registered Covered Bonds is required by credit or transfer as referred to in paragraph (a) above, application for such payment must be made by the holder to the Registrar not later than the relevant Record Date.

Payments of principal and interest in respect of VP Systems Covered Bonds will be made to the Covered Bondholders shown in the records of the VPS, VP, VPC or any other relevant clearing system (as the case may be), in accordance with and subject to the rules and regulations from time to time governing the VPS, VP, VPC or any other relevant clearing system (as the case may be).

*(a) Payment Day*

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

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation;
  - (B) London;
  - (C) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency

deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open.

*(b) Interpretation of Principal and Interest*

Any reference in these Terms and Conditions to principal in respect of the Covered Bonds shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 6 (Taxation);
- (ii) the Final Redemption Amount of the Covered Bonds;
- (iii) the Early Redemption Amount of the Covered Bonds;
- (iv) the Optional Redemption Amount(s) (if any) of the Covered Bonds;
- (v) in relation to Covered Bonds redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Covered Bonds, the Amortised Face Amount (as defined in Condition 5(e) (Early Redemption Amounts)); and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Covered Bonds.

Any reference in these Terms and Conditions to interest in respect of the Covered Bonds shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 6 (Taxation) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Agency Agreement.

## **5 Redemption and Purchase**

*(a) At Maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Covered Bond (including each Index Linked Redemption Covered Bond) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date, subject as provided below if an Extended Maturity Date is specified in the applicable Final Terms.

*(b) Redemption for Tax Reasons*

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Covered Bond is neither a Floating Rate Covered Bond nor an Index Linked Interest Covered Bond) or on any Interest Payment Date (if this Covered Bond is either a Floating Rate Covered Bond or an Index Linked Interest Covered Bond), on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent (and, in the case of VP Systems Covered Bonds, each VP Systems Account Manager) and, in accordance with Condition 13 (Notices), the Covered Bondholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Covered Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 (Taxation) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Norway or any political subdivision or any authority thereof or any authority or agency therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Covered Bonds; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

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

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent and, in the case of VP Systems Covered Bonds, to each VP Systems Account Manager a certificate signed by two Directors of the Issuer stating that the Issuer is

entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

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

*(c) Redemption at the Option of the Issuer (Issuer Call)*

If Issuer Call is specified in the applicable Final Terms, the Issuer shall, having given:

- (i) not less than 15 nor more than 30 days' notice to the Covered Bondholders in accordance with Condition 13 (Notices); and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Fiscal Agent and (in the case of a redemption of Registered Covered Bonds) the Registrar and (in the case of a redemption of VP Systems Covered Bonds) each VP Systems Account Manager,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Covered Bonds then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Covered Bonds, the Covered Bonds (or, as the case may be, parts of Registered Covered Bonds) to be redeemed ("**Redeemed Covered Bonds**") will be selected individually by lot without involving any part only of a Bearer Covered Bond, in the case of Redeemed Covered Bonds represented by definitive Covered Bonds, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or DTC, as the case may be, in the case of Redeemed Covered Bonds represented by a global Covered Bond and in accordance with the rules of the VPS, VP, VPC or any other relevant clearing system (as the case may be), in the case of VP Systems Covered Bonds, in each case not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Covered Bonds represented by definitive Covered Bonds, a list of the serial numbers of such Redeemed Covered Bonds will be published in accordance with Condition 13 (Notices) not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Covered Bonds represented by definitive Covered Bonds shall bear the same proportion to the aggregate nominal amount of all Redeemed Covered Bonds as the aggregate nominal amount of definitive Covered Bonds outstanding bears to the aggregate nominal amount of the Covered Bonds outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Calculation Amount, and the aggregate nominal amount of Redeemed Covered Bonds represented by a global Covered Bond shall be equal to the balance of the Redeemed Covered Bonds. No exchange of the relevant global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with Condition 13 (Notices) at least 5 days prior to the Selection Date.

*(d) Redemption at the Option of the Covered Bondholders (Investor Put)*

If Investor Put is specified in the applicable Final Terms, upon the holder of any Covered Bond giving to the Issuer in accordance with Condition 13 (Notices) 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, in whole (but not in part), such Covered Bond on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Covered Bond is in definitive form and held outside Euroclear or Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Covered Bond the holder of this Covered Bond must deliver such Covered Bond at the specified office of any Paying Agent, in

the case of Bearer Covered Bonds, or any Transfer Agent or the Registrar in the case of Registered Covered Bonds at any time during normal business hours of such Paying Agent, Transfer Agent or the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent, Transfer Agent or the Registrar (a “**Put Notice**”) and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

If this Covered Bond is represented by a global Covered Bond or is a Covered Bond in definitive form and held through Euroclear or Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Covered Bond the holder of this Covered Bond must, within the notice period, give notice to the Fiscal Agent or the Registrar of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg or DTC (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Fiscal Agent by electronic means) in a form acceptable to Euroclear or Clearstream, Luxembourg or DTC, as the case may be, from time to time and, if this Covered Bond is represented by a global Covered Bond in bearer form, at the same time present or procure the presentation of the relevant global Covered Bond to the Fiscal Agent for notation accordingly.

If this Covered Bond is a VP Systems Covered Bonds, to exercise the right to require redemption of the VP Systems Covered Bonds, the holder of the VP Systems Covered Bonds, must, within the notice period, give notice to the relevant account operator of such exercise in accordance with the standard procedures of the VPS, VP, VPC or any other relevant clearing system (as the case may be) from time to time.

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

*(e) Early Redemption Amounts*

For the purpose of paragraph (b) above, the Covered Bonds will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Covered Bonds with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of Covered Bonds (other than Zero Coupon Covered Bonds but including Instalment Covered Bonds and Partly Paid Covered Bonds) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Covered Bonds are denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the Final Terms, at their nominal amount; or
- (iii) in the case of Zero Coupon Covered Bonds, at an amount (the “**Amortised Face Amount**”) calculated in accordance with the following formula:

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

where:

“**RP**” means the Reference Price per Calculation Amount;

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

“**y**” is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

*(f) Instalments*

Instalment Covered Bonds will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

*(g) Partly Paid Covered Bonds*

Partly Paid Covered Bonds will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

*(h) Purchases*

The Issuer, DnB NOR ASA or any of their respective subsidiaries may at any time purchase beneficially or procure others to purchase beneficially for its account Covered Bonds (provided that, in the case of definitive Bearer Covered Bonds, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Covered Bonds purchased by or on behalf of the Issuer or any of its subsidiaries shall be surrendered to any Paying Agent and/or the Registrar for cancellation.

*(i) Cancellation*

All Covered Bonds which are redeemed will forthwith be cancelled (together with, in the case of definitive Bearer Covered Bonds, all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). The details of all Covered Bonds so cancelled and the Covered Bonds purchased and cancelled pursuant to Condition 5(h) (Purchases) (together, in the case of definitive Bearer Covered Bonds, with all unmatured Receipts and Coupons cancelled therewith) shall be forwarded to the Fiscal Agent and, in the case of VP Systems Covered Bonds, shall be deleted from the records of the VPS, VP, VPC or any other relevant clearing system (as the case may be) and cannot be reissued or resold.

*(j) Late payment on Zero Coupon Covered Bonds*

If the amount payable in respect of any Zero Coupon Covered Bond upon redemption of such Zero Coupon Covered Bond pursuant to paragraph (a), (b), (c) or (d) above is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Covered Bond shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Covered Bonds has been received by the Fiscal Agent or the Registrar and notice to that effect has been given to the Covered Bondholders in accordance with Condition 13 (Notices).

*(k) Extension of Maturity up to Extended Maturity Date*

- (i) An Extended Maturity Date shall be specified in the applicable Final Terms as applying to each Series of Covered Bonds unless to do so would result in the Issuer being unable to obtain the relevant credit ratings from the rating agencies appointed by the Issuer at the relevant time in respect of a Series of Covered Bonds.
- (ii) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Covered Bonds and the Issuer fails to redeem all of those Covered Bonds in full on the Maturity Date or within two Business Days thereafter, the maturity of the Covered Bonds and the date on which such Covered Bonds will be due and repayable for the purposes of these Terms and Conditions will be automatically extended up to but no later than the Extended Maturity Date, subject as otherwise provided for in the applicable Final Terms. In that event, the Issuer may redeem all or any part of the principal amount outstanding of the Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date or as otherwise provided for in the applicable Final Terms. The Issuer shall give to the Covered Bondholders (in accordance with Condition 13 (Notices)) and the Paying Agents, notice of its intention to redeem all or any of the principal amount outstanding of the Covered Bonds in full at least five Business Days prior to the relevant Interest Payment Date or, as applicable, the Extended Maturity Date. Any failure by the Issuer to notify such persons shall not affect the validity or effectiveness of any redemption by the Issuer on the relevant Interest Payment Date or as applicable, the Extended Maturity Date or give rise to rights in any such person.

- (iii) In the case of Covered Bonds which are Zero Coupon Covered Bonds up to (and including) the Maturity Date to which an Extended Maturity Date is specified under the applicable Final Terms, for the purposes of this Condition 5(k) the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Terms and Conditions.
- (iv) Any extension of the maturity of Covered Bonds under this Condition 5(k) shall be irrevocable. Where this Condition 5(k) applies, any failure to redeem the Covered Bonds on the Maturity Date or any extension of the maturity of Covered Bonds under this Condition 5(k) shall not constitute an event of default for any purpose or give any Covered Bondholder any right to receive any payment of interest, principal or otherwise on the relevant Covered Bonds other than as expressly set out in these Terms and Conditions.
- (v) In the event of the extension of the maturity of Covered Bonds under this Condition 5(k), interest rates, interest periods and interest payment dates on the Covered Bonds from (and including) the Maturity Date to (but excluding) the Extended Maturity Date shall be determined and made in accordance with the applicable Final Terms and Condition 3(f) (Interest Rate and Payments from the Maturity Date in the event of extension of Maturity of the Covered Bonds up to the Extended Maturity Date).
- (vi) If the Issuer redeems part and not all of the principal amount outstanding of Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date, the redemption proceeds shall be applied rateably across the Covered Bonds and the principal amount outstanding on the Covered Bonds shall be reduced by the level of that redemption.
- (vii) If the maturity of any Covered Bonds is extended up to the Extended Maturity Date in accordance with this Condition 5(k), subject as otherwise provided for in the applicable Final Terms, for so long as any of those Covered Bonds remains in issue, the Issuer shall not issue any further mortgage Covered Bonds, unless the proceeds of issue of such further mortgage Covered Bonds are applied by the Issuer on issue in redeeming in whole or in part the relevant Covered Bonds in accordance with the terms hereof.
- (viii) This Condition 5(k) shall only apply to Covered Bonds to which an Extended Maturity Date is specified in the applicable Final Terms and if the Issuer fails to redeem those Covered Bonds in full on the Maturity Date (or within two Business Days thereafter).

## 6 Taxation

All payments of principal and interest in respect of the Covered Bonds, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Norway or any political subdivision or any authority or agency thereof or therein having power to tax unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Covered Bonds, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Covered Bonds, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Covered Bond, Receipt or Coupon:

- (i) presented for payment in Norway; or
- (ii) presented for payment by or on behalf of a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such Covered Bond, Receipt or Coupon by reason of his having some connection with the Kingdom of Norway other than the mere holding of such Covered Bond, Receipt or Coupon; or
- (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4(c) (Payment Day)); or

- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Covered Bond, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent or the Registrar or, in the case of VP Systems Covered Bonds, the holders of the VP Systems Covered Bonds, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 13 (Notices).

## **7 Prescription**

The Covered Bonds (whether in bearer, registered or uncertificated book entry form), Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 6 (Taxation)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 4(b) (Presentation of Covered Bonds, Receipts and Coupons) or any Talon which would be void pursuant to Condition 4(b) (Presentation of Covered Bonds, Receipts and Coupons).

## **8 Replacement of Covered Bonds, Receipts, Coupons and Talons**

Should any Covered Bond, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Replacement Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Covered Bonds, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **9 Transfer and Exchange of Registered Covered Bonds**

### *(a) Form of Registered Covered Bonds*

Registered Covered Bonds of each Tranche sold outside the United States in reliance on Regulation S under the United States Securities Act of 1933, as amended (the “**Securities Act**”), will initially be represented by a permanent global Covered Bond in registered form, without interest coupons (the “**Reg. S Global Covered Bond**”), deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream, Luxembourg. Covered Bonds in definitive form issued in exchange for Reg. S Global Covered Bonds or otherwise sold or transferred in reliance on Regulation S under the Securities Act, together with the Reg. S Global Covered Bonds, are referred to herein as “**Reg. S Covered Bonds**”. Beneficial interests in a Reg. S Global Covered Bond may be held only through DTC directly, by a participant in DTC, or indirectly, through a participant in DTC, including Euroclear or Clearstream, Luxembourg.

Registered Covered Bonds of each Tranche sold in private transactions to qualified institutional buyers within the meaning of Rule 144A under the Securities Act (“**QIBs**”) will initially be represented by a permanent global Covered Bond in registered form, without interest coupons (the “**Restricted Global Covered Bond**” and, together with the Reg. S Global Covered Bond, the “**Registered Global Covered Bonds**”), deposited with a custodian for, and registered in the name of a nominee of, DTC. Covered Bonds in definitive form issued in exchange for Restricted Global Covered Bonds or otherwise sold or transferred in accordance with the requirements of Rule 144A under the Securities Act, together with the Restricted Global Covered Bonds, are referred to herein as “**Restricted Covered Bonds**”.

Registered Covered Bonds in definitive form and Restricted Covered Bonds shall bear the legend set forth in the Restricted Global Covered Bond (the “**Legend**”), such Covered Bonds being referred to herein as “**Legended Covered Bonds**”. Upon the transfer, exchange or replacement of Legended Covered Bonds, or upon specific request for removal of the Legend, the Registrar shall

(save as provided in Condition 9(f) (Exchanges and transfers of Registered Covered Bonds generally)) deliver only Legended Covered Bonds or refuse to remove such Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Subject as otherwise provided in this Condition 9, Registered Covered Bonds in definitive form may be exchanged or transferred in whole or in part in the authorised denominations for one or more definitive Registered Covered Bonds of like aggregate nominal amount.

*(b) Exchange of interests in Registered Global Covered Bonds for Registered Covered Bonds in definitive form*

Interests in the Reg. S Global Covered Bond and the Restricted Global Covered Bond will be exchangeable for Registered Covered Bonds in definitive form if (i) Euroclear and/or Clearstream, Luxembourg or DTC, as the case may be, notifies the Issuer that it is unwilling or unable to continue as depositary for such Registered Global Covered Bond or (ii) if applicable, DTC ceases to be a “Clearing Agency” registered under the Securities Exchange Act of 1934 or the Issuer has been notified that either Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced its intention permanently to cease business or has in fact done so, and a successor depositary or alternative clearing system satisfactory to the Issuer, the Fiscal Agent, the other Paying Agents and the Covered Bondholders is not available, or (iii) a payment default has occurred and is continuing with respect to such Covered Bonds, or (iv) if the applicable Final Terms so permit, a written request for one or more Registered Covered Bonds in definitive form is made by a holder of a beneficial interest in a Registered Global Covered Bond; provided that in the case of (iv) such written notice or request, as the case may be, is submitted to the Registrar by the beneficial owner not later than 60 days prior to the requested date of such exchange. Upon the occurrence of any of the events described in the preceding sentence, the Issuer will cause the appropriate Registered Covered Bonds in definitive form to be delivered provided that, notwithstanding the above, no Reg. S Covered Bonds in definitive form will be issued until the expiry of the period that ends 40 days after completion of the distribution of each Tranche of Covered Bonds, as certified by the relevant Dealer, in the case of a non-syndicated issue, or by the Lead Manager, in the case of a syndicated issue (the “**Distribution Compliance Period**”).

*(c) Transfers of Registered Global Covered Bonds*

Transfers of a Registered Global Covered Bond shall be limited to transfers of such Registered Global Covered Bond, in whole but not in part, to a nominee of DTC or to a successor of DTC or such successor’s nominee.

*(d) Transfers of interests in Reg. S Covered Bonds*

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Reg. S Covered Bond to a transferee in the United States will only be made:

- (i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a “**Transfer Certificate**”), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Covered Bond or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities law of any state of the United States,

and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

In the case of (i) above, such transferee may take delivery through a Legended Covered Bond in global or definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Reg. S Covered Bonds may be held through DTC directly, by a participant in

DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

*(e) Transfers of interests in Legended Covered Bonds*

Transfers of Legended Covered Bonds or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Reg. S Covered Bond, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Covered Bonds being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or
- (ii) to a transferee who takes delivery of such interest through a Legended Covered Bond where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States,

and in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Covered Bonds transferred to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC and the Registrar will arrange for any Covered Bonds which are the subject of such a transfer to be represented by the appropriate Registered Global Covered Bond, where applicable.

*(f) Exchanges and transfers of Registered Covered Bonds generally*

Registered Covered Bonds may not be exchanged for Bearer Covered Bonds and vice versa.

Holders of Registered Covered Bonds in definitive form may exchange such Covered Bonds for interests in a Registered Global Covered Bond of the same type at any time.

Transfers of beneficial interests in Registered Global Covered Bonds will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Covered Bond will be transferable and exchangeable for Covered Bonds in definitive form or for a beneficial interest in another Registered Global Covered Bond only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be (the “**Applicable Procedures**”).

Upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Covered Bond in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms) by the holder or holders surrendering the Registered Covered Bond for registration of the transfer of the Registered Covered Bond (or the relevant part of the Registered Covered Bond) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and upon the Registrar or, as the case may be, the relevant Transfer Agent, after due and careful enquiry, being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer, the Fiscal Agent and the Registrar, or as the case may be, the relevant Transfer Agent prescribe, including any restrictions imposed by the Issuer on transfers of Registered Covered Bonds originally sold to a U.S. person. Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by mail to such address as the transferee may request, a new Registered Covered Bond in definitive form of a like aggregate nominal amount to the Registered Covered Bond (or the relevant part of the Registered Covered

Bond) transferred. In the case of the transfer of part only of a Registered Covered Bond in definitive form, a new Registered Covered Bond in definitive form in respect of the balance of the Registered Covered Bond not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

Exchanges or transfers by a holder of a Registered Covered Bond in definitive form for an interest in, or to a person who takes delivery of such Covered Bond through, a Registered Global Covered Bond will be made no later than 60 days after the receipt by the Registrar or as the case may be, relevant Transfer Agent of the Registered Covered Bond in definitive form to be so exchanged or transferred and, if applicable, upon receipt by the Registrar of a written certification from the transferor.

*(g) Registration of transfer upon partial redemption*

In the event of a partial redemption of Covered Bonds under Condition 5 (Redemption and Purchase), the Issuer shall not be required to register the transfer of any Registered Covered Bond, or part of a Registered Covered Bond, called for partial redemption.

*(h) Closed Periods*

No Covered Bondholder may require the transfer of a Registered Covered Bond to be registered during the period of 30 days ending on the due date for any payment of principal or interest on that Covered Bond.

*(i) Costs of exchange or registration*

The costs and expenses of effecting any exchange or registration of transfer pursuant to the foregoing provisions (except for the expenses of delivery by other than regular mail (if any) and, if the Issuer shall so require, for the payment of a sum sufficient to cover any tax or other governmental charge or insurance charges that may be imposed in relation thereto which will be borne by the Covered Bondholder) will be borne by the Issuer.

## **10 Fiscal Agent, Paying Agents, Exchange Agent, Transfer Agents, Registrar and VP Systems Account Manager**

The names of the initial Fiscal Agent, the initial Registrar and the other initial Paying Agents, the initial Exchange Agent and the initial Transfer Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent or the Registrar or the Exchange Agent or any Transfer Agent or any VP Systems Account Manager or any Calculation Agent and/or appoint additional or other Paying Agents or additional or other Registrars, Exchange Agents, Transfer Agents, VP Systems Account Managers or Calculation Agents and/or approve any change in the specified office through which any Paying Agent, Registrar, Exchange Agent, Transfer Agent, VP Systems Account Manager or Calculation Agent acts, provided that:

- (i) so long as the Covered Bonds are listed on any stock exchange or admitted to listing by any other relevant authority there will at all times be a Paying Agent (which may be the Fiscal Agent), in the case of Bearer Covered Bonds, and a Transfer Agent (which may be the Registrar), in the case of Registered Covered Bonds, with a specified office in such place as may be required by the rules and regulations of such stock exchange or other relevant authority;
- (ii) there will at all times be a Paying Agent (which may be the Fiscal Agent) with a specified office in a city in continental Europe outside Norway;
- (iii) there will at all times be a Fiscal Agent;
- (iv) there will at all times be a Transfer Agent having a specified office in a place approved by the Fiscal Agent;
- (v) so long as any of the Registered Global Covered Bonds are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in London;
- (vi) there will at all times be a Registrar with a specified office outside the United Kingdom and, so long as the Covered Bonds are listed on any stock exchange, in such place as may be required by the rules and regulations of the relevant stock exchange;

- (vii) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (viii) in the case of VP Systems Covered Bonds issued from time to time, there will at all times be a VP Systems Account Manager authorised to act as an account operating institution with the VPS, VP, VPC or any other relevant clearing system (as the case may be) and one or more Calculation Agent(s) where the Terms and Conditions of the relevant VP Systems Covered Bonds so require.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the eleventh paragraph of Condition 4(b) (Presentation of Covered Bonds, Receipts and Coupons). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Covered Bondholders in accordance with Condition 13 (Notices).

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Covered Bondholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

## 11 Issuer Covenants

- (i) Maintenance of the Issuer Cover Pool:
  - (A) For so long as the Covered Bonds are outstanding, the Value (as defined below) of the Issuer Cover Pool (as defined below) will not at any time be less than the total aggregate outstanding principal amount of all Covered Bonds issued under the Issuer's €25,000,000,000 Covered Bond Programme and any other mortgage covered bonds of the Issuer in issue at such time (such total aggregate outstanding principal amount, the "**Total Outstanding Amount**").
  - (B) In the event that both the following events occur:
    - (1) the Issuer provides additional collateral to the Issuer Cover Pool in order to increase the Value of the Issuer Cover Pool by a specified percentage (the "**Additional Cover Percentage**") of the Total Outstanding Amount in order to meet the relevant rating agencies' credit rating criteria to obtain a particular rating (in which case the Issuer will cause such percentage to be notified to the Inspector); and
    - (2) the Value of the Issuer Cover Pool falls below an amount equal to the product of (x) 100 per cent. plus the Additional Cover Percentage and (y) the Total Outstanding Amount at any time after complying with such rating agencies' credit rating criteria requirement, then:
      - (i) the Issuer shall be obliged under Condition 11(i)(A) to provide additional collateral to the Issuer Cover Pool to ensure that the Value of the Issuer Cover Pool is at least equal to the Total Outstanding Amount at such time; and
      - (ii) the Issuer may, but shall not be obliged under this Condition 11(i)(B) to, provide additional collateral to the Issuer Cover Pool in order to maintain the Value of the Issuer Cover Pool at an amount equal to the product of (x) 100 per cent. plus the Additional Cover Percentage and (y) the Total Outstanding Amount at such time.
  - (C) For the avoidance of doubt, the Issuer shall not at any time reduce the then Additional Cover Percentage which applies for the purposes of this Condition 11 if to do so would result in any credit rating then applying to the Covered Bonds by any rating agency appointed by the Issuer in respect of the Covered Bonds being reduced, removed, suspended or placed on credit watch.

For the purposes of this Condition 11(i), if more than one rating agency assigns a credit rating to the Covered Bonds, the Additional Cover Percentage shall be construed as the highest percentage value as may be required under the relevant credit rating criteria from time to time.

(ii) Other Issuer Covenants:

For so long as any of the Covered Bonds are outstanding, save where the Norwegian Supplementary Regulations (as defined below) provide otherwise, the Issuer shall ensure that:

(A) Composition of the Issuer Cover Pool

- (1) the Cover Pool (as defined under the Financial Institutions Act) maintained or to be maintained by the Issuer under the Financial Institutions Act shall comply with the requirements of the Financial Institutions Act save that it shall exclude commercial mortgages as such term is defined in the Financial Institutions Act (the “**Issuer Cover Pool**”);
- (2) substitute assets within the meaning of the Financial Institutions Act only makes up to 20 per cent. of the Issuer Cover Pool, save where special authority has been granted by Kredittilsynet in accordance with the Financial Institutions Act, in which case, substitute assets will not exceed 30 per cent. of the Issuer Cover Pool;

(B) Loan-to-Value Ratio

- (1) the Value of each loan forming part of the Issuer Cover Pool which falls within the meaning of a specific category of mortgages under the Financial Institutions Act shall not exceed the percentage applicable to such category of mortgages (as prescribed under the Financial Institutions Act) of the Property Value of the property securing such loan at the time at which the loan is contributed to the Issuer Cover Pool; and
- (2) if at any time the Value of a loan forming part of the Issuer Cover Pool which falls within the meaning of a specific category of mortgages under the Financial Institutions Act exceeds the percentage applicable to such category of mortgages (as prescribed under the Financial Institutions Act) of the Property Value of the property securing such loan, only such applicable percentage of the Property Value will be counted towards the overall valuation of the Issuer Cover Pool,

provided that, for the purposes of this Condition 11, “**Value**” shall mean nominal par value and shall, at any time, exclude the nominal par value of each loan within the Issuer Cover Pool which is in arrears for 90 days or longer at such time, and “**Property Value**” shall mean the most recent valuation of the relevant property on which the relevant loan is secured;

(C) Interest Cover

the amounts receivable by the Issuer in respect of the Issuer Cover Pool and under the related derivative contracts entered into by the Issuer shall be at least equal to or exceed the amounts payable by the Issuer under the Covered Bonds and the related derivative contracts entered into by the Issuer;

(D) Interest Rate, Liquidity and Foreign Exchange Risks

the Issuer’s interest rate, liquidity and foreign exchange risks shall be hedged or otherwise limited in accordance with the terms of the Financial Institutions Act;

(E) Valuations

save as expressly provided in this Condition 11, all valuations required under the Financial Institutions Act shall be made in compliance with the terms of the Financial Institutions Act;

(F) Register

a register (the “**Register**”) of the Covered Bonds and the Issuer Cover Pool shall be maintained by the Issuer in accordance with the terms of the Financial Institutions Act;

(G) No Encumbrance, etc.

assets in the Issuer Cover Pool shall not be pledged, or subject to execution, attachment or other enforcement proceedings in favour of particular creditors of the Issuer, or subject to a right of set-off, right of retention or the like; and

(H) Inspector

the independent inspector appointed under the Financial Institutions Act (the “**Inspector**”) shall be (1) given all relevant information about the Issuer’s business and such other further information as may be requested by the Inspector, (2) given full access to the Register, (3) facilitated to conduct investigations at the Issuer’s premises, and (4) paid reasonable remuneration by the Issuer, in each case, in accordance with the terms of the Financial Institutions Act.

All references to the Financial Institutions Act in this Condition 11 shall, unless the context requires otherwise, include the Regulations on mortgage credit institutions which issue bonds conferring a preferential claim over a cover pool consisting of public sector loans and loans secured on residential property or other real property (Covered Bonds) (the “**Norwegian Regulations**”) and any other supplementary regulations laid down pursuant to the Financial Institutions Act (any and all such regulations, the “**Norwegian Supplementary Regulations**”).

## 12 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 7 (Prescription).

## 13 Notices

All notices regarding the Covered Bonds (other than VP Systems Covered Bonds) shall be published (i) in a leading English language daily newspaper of general circulation in London and (ii) if and for so long as the Covered Bonds are admitted to trading on the regulated market and listed on the Official List of the Luxembourg Stock Exchange, either in a daily newspaper of general circulation in Luxembourg and/or on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu). It is expected that any such publication in a newspaper will be made (i) in the *Financial Times* or any other daily newspaper in London and (ii) either in the *Luxemburger Wort* or the *Tageblatt* in Luxembourg or on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange (or any other relevant authority) on which the Covered Bonds are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in each such newspaper or, where published in such newspapers on different dates, the last date of such first publication. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Fiscal Agent shall approve.

Until such time as any definitive Covered Bonds are issued, there may (provided that, in the case of Covered Bonds listed on a stock exchange, the rules of such stock exchange (or other relevant authority) permit), so long as the global Covered Bond(s) is or are held in its/their entirety on behalf of Euroclear and/or Clearstream, Luxembourg or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg or DTC, as the case may be, for communication by them to the holders of the Covered Bonds. Any such notice shall be deemed to have been given to the holders of the Covered Bonds on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg or DTC, as the case may be.

Notices to be given by any holder of the Covered Bonds (other than VP Systems Covered Bonds) shall be in writing and given by lodging the same, together with the relative Covered Bond or Covered Bonds, with the Fiscal Agent. Whilst any of the Covered Bonds is represented by a global Covered Bond, such notice may be given by any holder of a Covered Bond to the Fiscal

Agent and/or Registrar via Euroclear and/or Clearstream, Luxembourg or DTC, as the case may be, in such manner as the Fiscal Agent and/or Registrar and/or Euroclear and/or Clearstream, Luxembourg or DTC, as the case may be, may approve for this purpose.

In the case of VP Systems Covered Bonds, notices shall be given in accordance with the procedures of the VPS, VP, VPC or any other relevant clearing system (as the case may be).

## **14 Meetings of Covered Bondholders**

### *(a) Holders of Bearer Covered Bonds and/or Registered Covered Bonds*

The Agency Agreement contains provisions for convening meetings of the Covered Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Covered Bonds, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer or the Covered Bondholders if required in writing by Covered Bondholders holding not less than 5 per cent. in nominal amount of the Covered Bonds for the time being remaining outstanding (as defined in the Agency Agreement). The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Covered Bonds for the time being outstanding (as defined in the Agency Agreement), or at any adjourned meeting one or more persons being or representing Covered Bondholders whatever the nominal amount of the Covered Bonds so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Covered Bonds, Receipts or Coupons or the Agency Agreement (including modifying the date of maturity of the Covered Bonds or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Covered Bonds or altering the currency of payment of the Covered Bonds, Receipts or Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in aggregate nominal amount of the Covered Bonds for the time being outstanding (as defined in the Agency Agreement), or at any adjourned such meeting one or more persons holding or representing not less than one-third in aggregate nominal amount of the Covered Bonds for the time being outstanding (as defined in the Agency Agreement). An Extraordinary Resolution passed at any meeting of the Covered Bondholders shall be binding on all the Covered Bondholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

### *(b) Holders of VP Systems Covered Bonds*

The Agency Agreement contains provisions for convening meetings of the Covered Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the VP Systems Covered Bonds or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or the Covered Bondholders and shall be convened by the Issuer if required in writing by Covered Bondholders holding not less than 5 per cent. in nominal amount of the VP Systems Covered Bonds for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding a certificate (dated no earlier than 14 days prior to the meeting) from either the VPS, VP, VPC or any other relevant clearing system (as the case may be) or a VP Systems Account Manager stating that the holder is entered into the records of the VPS, VP, VPC or any other relevant clearing system (as the case may be) as a Covered Bondholder or representing not less than 50 per cent. in nominal amount of the VP Systems Covered Bonds for the time being outstanding and providing an undertaking that no transfers or dealing have taken place or will take place in the relevant VP Systems Covered Bonds until the conclusion of the meeting, or at any adjourned meeting one or more persons being or representing Covered Bondholders whatever the nominal amount of the Covered Bonds so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the VP Systems Covered Bonds or the Agency Agreement (including modifying the date of maturity of the VP Systems Covered Bonds or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the VP Systems Covered Bonds or altering the currency of payment of the VP Systems Covered Bonds), the quorum shall be one or more persons holding or representing not less than two-thirds in aggregate nominal amount of the Covered Bonds for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in aggregate nominal amount of the Covered Bonds for the time being outstanding. An Extraordinary

Resolution passed at any meeting of the Covered Bondholders shall be binding on all the Covered Bondholders, whether or not they are present at the meeting.

For the purposes of a meeting of Covered Bondholders, the person named in the certificate from the VPS, VP, VPC or any other relevant clearing system (as the case may be) or a VP Systems Account Manager described above shall be treated as the holder of the VP Systems Covered Bonds specified in such certificate provided that he has given an undertaking not to transfer the VP Systems Covered Bonds so specified (prior to the close of the meeting) and the Fiscal Agent shall be entitled to assume that any such undertaking is validly given, shall not enquire as to its validity and enforceability, shall not be obliged to enforce any such undertaking and shall be entitled to rely on the same.

## **15 Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Covered Bondholders, Receiptholders or Couponholders to create and issue further covered bonds ("**Further Covered Bonds**") having terms and conditions the same as the Covered Bonds or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds.

These Further Covered Bonds, even if they are treated for non-tax purposes as part of the same series as the original Covered Bonds, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the Further Covered Bonds may be considered to have been issued with "original issue discount" ("**OID**") for U.S. federal income tax purposes, even if the original Covered Bonds had no OID, or the Further Covered Bonds may have a greater amount of OID than the original Covered Bonds. These differences may affect the market value of the original Covered Bonds if the Further Covered Bonds are not otherwise distinguishable from the original Covered Bonds.

## **16 Provision of Information**

For so long as any Covered Bonds remain outstanding and are "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act), the Issuer shall, during any period in which it is neither subject to Sections 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available to any holder of, or beneficial owner of an interest in, such Covered Bonds in connection with any resale thereof and to any prospective purchaser designated by such holder or beneficial owner, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

## **17 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Covered Bonds under the Contracts (Rights of Third Parties) Act 1999.

## **18 Governing law and submission to jurisdiction**

- (a) The Agency Agreement, the Covered Bonds, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law except that the provisions of the Covered Bonds under Condition 2 and Condition 11 are governed by, and shall be construed in accordance with, Norwegian law. VP Systems Covered Bonds must comply with the relevant regulations and legislation (as amended from time to time) of the VPS, VP or VPC (as the case may be) and the holders of VP Systems Covered Bonds will be entitled to the rights and are subject to the obligations and liabilities which arise under this Act and any related regulations and legislation.
- (b) The Issuer agrees, for the exclusive benefit of the Paying Agents, the Covered Bondholders, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Covered Bonds, the Receipts and/or the Coupons and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Agency Agreement, the Covered Bonds, the Receipts and the Coupons may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the courts of England shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer appoints DnB NOR Bank ASA (London Branch) at its registered office for the time being at 20 St Dunstan's Hill, London EC3R SHY as its agent for service of process, and undertakes that, in the event of DnB NOR Bank ASA (London Branch) ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Fiscal Agent as its agent for service of process in England in respect of any Proceedings.

Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## SUMMARY OF NORWEGIAN LEGISLATION RELATING TO COVERED BONDS

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

As of the date of this Prospectus, the main legislation which governs covered bonds comprises an amendment to Chapter 2, Subsection IV of the Norwegian Financial Institutions Act of 1988 (the “**Financial Institutions Act**”) which came into legal effect on 1 June 2007, and regulation of 25 May 2007 issued by the Ministry of Finance (the “**Ministry**”) under the authority conferred on it by the Financial Institutions Act (the “**Regulation**”) which came into legal effect on 1 June 2007 (together the “**New Legislation**”).

### New legislation

Under the New Legislation, certain Norwegian credit institutions which meet the general definitions of a “**Financial Institution**” (*finansinstitusjon*) and “**Credit Institution**” (*kredittforetak*) contained in the Financial Institutions Act, and whose articles of association comply with prescribed mandatory requirements may issue covered bonds (*obligasjoner med fortrinnsrett*). The Financial Institutions Act defines Credit Institutions as credit businesses which are not banks (and whose activity is the receiving of funds or other assets to be repaid and the granting of credit and loans in its own name). Credit Institutions must hold licences issued by the King in order to conduct business as a Credit Institution. However, they are not required to obtain any specific governmental licence or approval in order to issue covered bonds, but must notify the Norwegian Financial Supervisory Authority (*Kredittilsynet*) no less than 30 days in advance before the Credit Institution’s first issuance of covered bonds. The Issuer is a “**kredittforetak**”, as defined by the Financial Institutions Act, has received the required Credit Institution licence, and has adapted its articles of association to meet the mandatory requirements, and consequently may issue covered bonds.

The New Legislation provides that holders of covered bonds (and also counterparties under derivatives contracts entered into for hedging purposes in relation to the covered bonds) have an exclusive and prioritised right of claim, on a *pari passu* basis between themselves and the counterparties under derivatives agreements relating to the covered bonds, over a pool of certain security assets (the “**Cover Pool**”). Under Norwegian law, an issuer of bonds, such as an issuer of covered bonds, must register the bonds in paperless book entry form by registration in the Norwegian Central Securities Depository (“**Verdipapirsentralen**” or “**VPS**”) if the bonds issued in Norway. If the bonds are issued outside Norway and (a) if in NOK, they can only be subscribed for by entities not residing in Norway, or (b) if in a currency other than NOK, there is no requirement for VPS registrations and the bonds may be issued as bearer bonds, registered bonds or by book entry into a securities registry.

### The Register

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

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

Such registration is not in itself conclusive evidence of the Cover Pool pertaining to the covered bonds, but shall, according to the preparatory works to the Financial Institutions Act, serve as strong evidence.

### Benefit of a prioritised claim

Pursuant to the Financial Institutions Act, if a Credit Institution which has issued covered bonds is declared bankrupt (*konkurs*), enters into debt negotiations pursuant to the Norwegian Bankruptcy Act, is liquidated, or is placed under public administration, the holders of covered bonds issued by the relevant Credit Institution and the counterparties to the relevant derivatives agreements will have an exclusive, equal and *pro rata* prioritised claim over the Cover Pool. The prioritised claims will rank ahead of all other claims, save for claims relating to the fees and

expenses of a bankruptcy estate. According to the provisions of section 6-4 of the Norwegian Liens Act and section 2-35 of the Financial Institutions Act, a future bankruptcy estate of the Credit Institution will have a first priority lien over all of the assets included in the Cover Pool, as security for fees and expenses incurred by the bankruptcy administrator and creditors' committee in connection with the administration of the bankruptcy estate, ranking ahead of the claims of holders of covered bonds and of the counterparties to the relevant derivatives agreements. Such liens will, however, be limited to 700 times the standard Norwegian court fee (approximately NOK 615,000 (€77,000)) in respect of each Cover Pool.

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

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

### **Cover Pool – composition of assets**

Pursuant to the Financial Institutions Act, the Cover Pool may only consist of certain assets, which include loans secured by various types of mortgages ("**Mortgages**"), on other registered assets (*realregistrerte formuesgoder*), loans granted to or guaranteed by certain governmental bodies ("**Government Loans**"), receivables in the form of certain derivatives agreements and supplemental assets.

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

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

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

### **Loan to value ratios (and other restrictions)**

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

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

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

Additional provisions regarding quantitative and qualitative requirements placed on the assets forming part of the Cover Pool are set out in the Regulation. In order to qualify for inclusion in the

Cover Pool all legislative requirements must be met. However, if the Cover Pool assets at a later stage ceases to meet the requirements of the Financial Institutions Act and/or the Regulation in relation to ratios, risk categories or proportion limits, such assets may nevertheless form part of the Cover Pool, but will be excluded from the calculation (which is required by the Financial Institutions Act and described below) of the value of the Cover Pool.

### **Valuations**

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

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

### **Balance and liquidity requirements**

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

The Financial Institutions Act requires that the Credit Institution ensures that the cash flow from the Cover Pool at all times is sufficient to enable the Credit Institution to discharge its payment obligations towards the holders of covered bonds and counterparties under related derivatives agreements. The Credit Institution must also establish a liquidity reserve which shall be included in the Cover Pool.

### **Inspector**

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

The Credit Institution is required to give the Inspector all relevant information pertaining to its business. The Inspector must be granted access to the Register, and may also request additional information. The Inspector may perform inspections of the Credit Institution, and shall at least every 3 months determine if the requirements of sections 2-31 and 2-33 of the Financial Institutions Act are complied with. Furthermore, the Inspector shall submit annual reports of observations and assessments to the Kredittilsynet.

### **Cover Pool administration in the event of bankruptcy**

Bankruptcy or insolvency on the part of the Credit Institution does not in itself give the right to accelerate claims.

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

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

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

## THE ISSUER COVER POOL

### Composition of assets

The Financial Institutions Act prescribes that the Cover Pool may only consist of certain assets, which include loans secured by various types of mortgages. However, the Issuer covenants under the Terms and Conditions of the Covered Bonds that the Cover Pool (as defined under the Financial Institutions Act) maintained or to be maintained by the Issuer under the Financial Institutions Act shall comply with the requirements of the Financial Institutions Act save that it shall exclude commercial mortgages as such term is defined in the Financial Institutions Act (the “**Issuer Cover Pool**”). All references to the Cover Pool under the Financial Institutions Act shall be construed as the Issuer Cover Pool with respect to the Issuer, the Programme, the Covered Bonds and any matters relating to the Issuer, the Programme and the Covered Bonds.

### Valuation of assets

The Financial Institutions Act prescribes that the prudent market value (as determined in accordance with the Financial Institutions Act) of the Cover Pool will not at any time be less than the total aggregate outstanding principal amount of all Covered Bonds issued under the Programme and any other mortgage covered bonds of the Issuer in issue at such time. However, the Issuer covenants under the Terms and Conditions of the Covered Bonds that at any time, the nominal par value (the “**Value**”) of the Issuer Cover Pool (but excluding the nominal par value of each loan within the Issuer Cover Pool which is in arrears for 90 days or longer at the relevant time) will not at the relevant time be less than the total aggregate outstanding principal amount of all Covered Bonds issued under the Programme and any other mortgage covered bonds of the Issuer in issue at the relevant time. All references to the prudent market value under the Financial Institutions Act shall be construed as the Value with respect to the Issuer, the Programme, the Covered Bonds and any matters relating to the Issuer, the Programme and the Covered Bonds.

## SUMMARY OF KEY TRANSACTION DOCUMENTS

### Master Sale Agreement

#### *General*

Pursuant to the terms of a transfer agreement entered into by the Issuer (as purchaser) and DnB Nor Bank ASA (the “**Seller**”) on 25 June 2007 (as amended on 8 November 2007 and 8 May 2008 and as amended or supplemented from time to time, the “**Master Sale Agreement**”) (which took effect as of 1 January 2007), the Seller has agreed to sell, and the Issuer has agreed to purchase loans secured: (i) on residential property; or (ii) on a document of proprietary lease of a housing unit; or (iii) on a certificate showing that a lessee owns a share in the housing co-operative that owns the housing structure of which the unit forms part (“**Residential Mortgages**”). The Residential Mortgages purchased by the Issuer must each have a loan to value ratio of less than 75 per cent. in accordance with the Financial Institutions Act (the “**Qualified Loans**”). Qualified Loans purchased by the Issuer prior to 25 June 2007 are referred to as “Initially Qualified Loans”, and those loans purchased after 25 June 2007 are referred to as “New Qualified Loans” (the “**Initially Qualified Loans**” and the “**New Qualified Loans**” together being the “**Loans**”).

#### *Consideration*

The consideration payable by the Issuer in respect of Qualified Loans purchased by the Issuer amounts to the total principal sum of the Qualified Loans being transferred (the “**Transferring Loans**”) on the relevant transfer date plus total accrued interest in respect of the Transferring Loans for the period up until the transfer of the Transferring Loans is completed. A small estimated sum in excess of the book value of the Transferring Loans may also be payable in accordance with Norwegian company law.

The consideration payable for the Initial Qualifying Loans was funded by the issuance of NOK 2,070,000,000 of equity, subordinated loans of NOK 730,000,000 and any remaining sums were paid by utilising an overdraft facility advanced by the Seller (the “**Overdraft Facility**”). Future purchases of New Qualified Loans will be funded by the issuance of Covered Bonds under the Issuer’s Covered Bond Programme. Claims by the Seller for any amounts payable in respect of the Overdraft Facility shall, in the event of the Issuer’s compulsory liquidation, entry by the Issuer into a voluntary arrangement or other such agreement with its creditors or in connection with the Issuer’s liquidation, be subordinate to the claims of the Covered Bondholders.

#### *Registration and Transfer of Legal Title*

The transfer and assignment of each Loan shall be effected by the relevant Loan being entered into the Issuer’s register of assets held within the cover pool in accordance with the Financial Institutions Act (the “**Cover Pool Register**”), and entered into the Issuers’ accounts, and deregistered in the loan register and accounts of the Seller.

The Seller shall notify each borrower under the Transferring Loans, in writing, of the transfer to the Issuer at its earliest convenience following the transfer (the “**Transfer Notices**”). The Transfer Notices will inform each borrower that all future payments are to be made to a bank account held in the name of the Issuer with DnB NOR Bank ASA as “Account Bank”.

#### *Eligibility Criteria and Representations and Warranties*

All Loans sold to the Issuer must (in whole or in part) be eligible for inclusion in the Cover Pool in accordance with the Financial Institutions Act (the “**Eligibility Criteria**”).

The Issuer has not made (nor will it make) any of the investigations which a prudent purchaser would normally make in relation to the acquisition of secured loans. In addition, the Issuer has not made (nor will it make) any investigations as to whether (i) the Transferring Loans are advanced in accordance with the relevant legislation; or (ii) secured loans are validly established with the necessary legal protection; or (iii) secured loans can be subject to legal measures if a borrower under a Loan defaults on its obligations.

In relation to the Transferring Loans and their related security, the Issuer will rely entirely on the representations and warranties (the “**Warranties**”) given by the Seller to the Issuer. The Warranties given by the Seller under the Master Sale Agreement are that:

- (a) The Seller had all creditor rights to each of the Loans and these rights are included in the transfer of the Loans to the Issuer. The Seller confirms that none of the Loans are encumbered with transfer restrictions;

- (b) All of the Loans backed by collateral are validly established and binding for the borrowers and the guarantors in question. The Loans and the collateral may be enforced in accordance with the wording of both the debt certificates and the collateral documents.
- (c) All collateral documents cover repayments of the respective Loans' principal sums, interest, costs and expenses;
- (d) All necessary registrations are completed, or will be as soon as new loans have been established, to secure the Issuer's legal remedy with respect to the Loans backed by collateral (the Seller will also ensure that necessary notifications are and/or will be given to the individual borrowers about the Issuer's acquisition of the loans backed by collateral);
- (e) All requirements stipulated in the Financial Institutions Act whereby loans can be deemed to be Qualified Loans are fulfilled on the transfer date, and all collateral which the Seller shall introduce in the Issuer's cover pool will be introduced there in accordance with the Financial Institutions Act as soon as possible;
- (f) The individual transferred loan agreements will not bind the Issuer to granting additional loans to any of the borrowers.

The Seller will immediately inform the Issuer in the event that one or more of the above-mentioned conditions are violated.

The Issuer and the Seller each represent and warrant that each Loan has been and will be transferred and assigned in accordance with the Act on Financial Contracts of Financial Assignment (No. 46 of 25 June 1999) and all other applicable laws.

#### *Purchase by the Seller on Breach of Warranty*

If there is a breach of any Warranty given by the Seller, the Seller shall be required to repurchase the relevant secured Loan immediately from the Issuer for a consideration equal to the then remaining principal sum of the relevant Loan plus any accrued interest for the period until the relevant Loan is transferred to the Seller. The Seller shall also be required to refund any costs incurred by the Issuer as a result of such repurchase.

#### *Governing Law*

The Master Sale Agreement will be governed by Norwegian Law.

### **Service Agreement**

Pursuant to the terms of the servicing agreement entered into between the Issuer and DnB Nor Bank ASA as servicer (the "**Servicer**") on or about 25 June 2007 (as amended on 11 January 2008 and 8 May 2008 and as amended or supplemented from time to time, the "**Service Agreement**") (which took effect as of 1 January 2007), the Servicer has agreed to manage all assets owned by the Issuer which meet the Eligibility Criteria (the "**Cover Pool**") in accordance with the Financial Institutions Act.

#### *Servicing of the Loans*

The Servicer shall conduct management of the Cover Pool in a prudent manner, in accordance with the terms of the Service Agreement and the Financial Institutions Act, other relevant legislation (which includes but is not limited to capital requirement rules based on internal measurements, legislation regarding the use of information and communication technology and personal data legislation) and sound business standards. The Servicer's role shall include, but is not limited to, the following tasks:

- (a) providing assistance to the Issuer in obtaining all relevant approvals, permits, consents and licences required for its operation;
- (b) monitoring the size of the Cover Pool to ensure that it comprises only assets which meet the Eligibility Criteria;
- (c) monitoring the Loan to Value ratio of Residential Mortgages to ensure that this does not exceed 75 per cent. when the Residential Mortgages are included in the Cover Pool;
- (d) monitoring the Cover Pool to ensure that the requirements set out in the Financial Institutions Act relating to, amongst other things, location, risk, and classification, are complied with at all times;

- (e) monitoring the maturity and the Loan to Value ratio of the assets in the Cover Pool to ensure that the value of the Cover Pool at all times exceeds the value of the Covered Bonds, and that the interest returns from the Cover Pool at all times exceed the sum of the costs linked with the Covered Bonds, having regards to cash flows from the interest rate and currency contracts concluded;
- (f) providing regular reports to demonstrate to the Issuer compliance with the Financial Institutions Act;
- (g) establishing and constantly maintaining registers showing records of all Residential Mortgages, derivative contracts, substitute collateral and covered bonds owned or issued by the Issuer, specifying such details as are required by the Financial Institutions Act (and allowing access to such registers by the Issuer, the Issuer's auditors and the Inspector appointed in respect of the Covered Bonds); and
- (h) administering and maintaining the accounts of the Issuer separately to those of the Servicer.

#### *Collection and Enforcement Procedures*

The Servicer will, on behalf of the Issuer, send out instalment payment notices in accordance with the procedures that apply for the Servicer's own loans and that are otherwise employed by an ordinary, prudent credit institution.

The Servicer will also comply with similar procedures in respect of sending reminders, debt recovery and taking any legal steps to protect the Issuer's interests in defaulted Residential Mortgages and the related security, or other parts of the Cover Pool. The Servicer shall keep the Issuer continuously informed of which loans are in default and what steps are being taken in respect of such defaulting loans. The Servicer will ensure that any sums recovered on behalf of the Issuer are credited to the defaulted loan account directly or within 2 working days of such sum being recovered by the Servicer.

#### *Fees*

The Issuer will pay the Servicer a fee for performing its functions under the Service Agreement. The Issuer will pay the Servicer NOK 1,900 for each Residential Mortgage purchased by the Issuer from the Seller, together with a portfolio commission of 0.20 per cent. per annum (including margin swaps fee of a total of 0.03 per cent. per annum) which shall be calculated monthly on the average Residential Mortgage portfolio managed by the Servicer on behalf of the Issuer in the preceding calendar month (the "**Servicing Fee**"). The Servicing Fees shall be payable in addition to the consideration payable to the Seller under the Master Sale Agreement. The fees may, subject to the satisfaction of certain conditions, be varied by the parties.

#### *Duty of Confidentiality*

The Servicer, and all officers and employees of the Servicer have a duty of confidentiality under Section 18 of the Commercial Banks Act. The Servicer will effect the necessary measures to prevent unauthorised and illegal use of personal data and to prevent accidental loss or destruction of such information.

#### *Termination and Cancellation of the Service Agreement*

The Issuer may terminate the appointment of the Servicer with immediate effect by letter to the Servicer (and a copy to any relevant rating agency) in the event that:

- (a) the Servicer is in default of its payment obligations towards the Issuer under the Service Agreement and such breach continues for at least 7 days after the Issuer has notified the Servicer of the defaulted payments or the Servicer itself has undoubtedly become aware of the default;
- (b) the Servicer is in default of other obligations under the Service Agreement and the Inspector or Kredittilsynet is of the opinion that the default is material relative to the holders of Covered Bonds and such default continues for a period of 14 days after the Servicer has been given written notice of the default, demanding that it be remedied, or the Servicer itself has undoubtedly become aware of the default;
- (c) the Servicer is placed under public administration; or
- (d) it becomes illegal for the Servicer to perform all or a major portion of its obligations under this Contract.

In addition, subject to the fulfilment of certain conditions including, without limitation, that a substitute servicer satisfactory to the Issuer be appointed by the Issuer, the Servicer may voluntarily resign by giving not less than 12 months' notice of termination to the Issuer.

#### *Governing Law*

The Service Agreement will be governed by Norwegian Law.

### **Derivative Contracts**

#### *General*

The Financial Institutions Act allows the inclusion of derivative contracts in the Cover Pool. Such derivative contracts can be entered into in order to hedge interest rate, exchange rate or liquidity risks and may be taken into account in the assessment of the financial ratios and requirements of the Financial Institutions Act.

Pursuant to the requirements of the Financial Institutions Act, any such derivative contract can only be entered into with a counterparty which is: (i) a clearing house established in the EEA or the OECD area; or (ii) a state or central bank in the EEA or OECD area; or (iii) a credit institution established in the EEA or OECD area. Each counterparty must comply with the credit rating requirements applicable thereto set out in the Financial Institutions Act.

In addition, pursuant to the Financial Institutions Act, the register of assets within the Cover Pool shall, in relation to each derivative contract, identify: (i) the Covered Bonds to which the relevant derivative contract relates; (ii) the corresponding Cover Pool; (iii) the nominal value of the derivative contract; (iv) the hedge counterparty; and (v) the commencement date and the maturity date of such derivative contract.

#### *Currency Exchange Risk*

If a particular Tranche of Covered Bonds is issued in a denomination other than the Norwegian kroner, the Issuer shall enter into derivative contracts for the purpose of hedging any currency exchange risk. The market value of cross currency swaps will fluctuate with exchange rates. Such market value fluctuations will be managed according to a Credit Support Annex (see below). The Issuer also has the option to reverse existing swaps and enter into new ones at current exchange rates.

#### *Interest Rate Risk*

Interest rate exposure of the Issuer relating to assets within the Cover Pool will be managed through the derivative contracts. Interest rate swaps will be entered into with a hedge counterparty relating to both the Cover Pool and the Covered Bonds issued by the Issuer. The derivative contracts will qualify as derivative financial instruments for the purposes of the Financial Institutions Act.

Under derivative contracts, with respect to interest rate hedging on the fixed rate Cover Pool, on a monthly basis the Issuer will pay to a hedge counterparty an amount related to a weighted average basket interest rate, determined by reference to the interest rates payable on the relevant assets held by the Issuer and which are included in the Cover Pool on the relevant date. The payment will be calculated on a notional amount equal to the principal amount outstanding of those relevant assets on the relevant date. In return, on a monthly basis, the hedge counterparty will pay to the Issuer an amount related to NIBOR on that notional amount.

Additionally, with respect to interest rate hedging on Covered Bonds, on an annual basis or such other basis referable to the relevant coupon period, the hedge counterparty will pay under the derivative contracts an amount related to the interest rate payable on the relevant Covered Bonds on a notional amount equal to the principal amount outstanding of the relevant Covered Bonds and the Issuer will pay to such hedge counterparty an amount related to EURIBOR on that notional amount. In addition, a basis swap will be entered into, whereby the Issuer pays to the Counterparty NIBOR and receives EURIBOR.

#### *Downgrade in Rating of Hedge Counterparty*

Under the terms of the proposed derivative contracts to be entered into with the hedge counterparty, if the rating of any hedge counterparty short term unsecured, unsubordinated debt obligations falls below "F1" by Fitch, "Prime-1" by Moody's or "A-1" by S&P or the rating of any hedge counterparty long-term unsecured, unsubordinated debt obligations falls below "A+" (in relation to cross currency swaps) or "A" (in relation to interest rate swaps) by Fitch or "A+" by

S&P or “A1” by Moody’s at any time, the hedge counterparty will be required to take certain remedial measures which may include: (i) providing collateral for its obligations under the Hedging Contract; (ii) arranging for its obligations under the derivative contracts to be transferred to an entity with the ratings required by the relevant rating agency; (iii) procuring another entity with the ratings required by the relevant rating agency to become co-obligor in respect of its obligations under the derivative contracts; or (iv) taking such other action as it may agree with the relevant rating agency. A failure to take such steps will allow the Issuer to terminate the derivative contracts.

#### *Restrictions on Use of Derivative Contracts*

The Issuer uses derivatives, including the swaps described above, strictly for hedging purposes and these are designated as hedging instruments. Derivatives are not used in trading activities or for speculative purposes.

Under regulations made under the Act, the Issuer is required to fix a limit on interest risk in relation to its own funds and potential losses resulting from 1 per cent. parallel shift in all interest rate curves. In addition, the Issuer sets an internal limit to the sensitivity of net worth to interest rate movements which is approved by the Board of Directors.

In addition, the Issuer complies with restrictions on currency related derivative activities under the Act. In respect of assets within the Pool, the Issuer complies with the currency matching requirements set out in the Act and provisions applicable to cover assets derivative contracts.

#### *Hedge Counterparty*

DnB NOR will be the counterparty to the Issuer for all derivatives transactions and bank deposits/bank borrowing. A Credit Support Annex (a “**CSA**”) is established, ensuring that DnB NOR will post collateral in the case of a downgrade. In such a case, right and title of the collateral will be transferred to the Issuer.

## **USE OF PROCEEDS**

The net proceeds from each issue of Covered Bonds will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## DESCRIPTION OF THE ISSUER

DnB NOR Boligkreditt AS will be the issuer of Covered Bonds under the programme. The Issuer is a wholly owned subsidiary of DnB NOR Bank and is part of Retail Banking Area in the Bank's functional organisation.

The Issuer is a limited company incorporated under the laws of the Kingdom of Norway and was originally established as a finance company on 14 June 2003 with registration number 985 621 551. The Issuer's registered address is Kirkegaten 21, c/o DnB NOR Bank ASA, N-0021 Oslo, Norway, and its visiting address is Kirkegaten 21, N-0021 Oslo, Norway. The telephone number of the Issuer is + 47 91503000. The Norwegian Financial Supervisory Authority granted the Issuer licence to operate as a finance company on 11 August 2005, and licence to become a Mortgage Credit Institution on 9 May 2007.

### Operations

The Issuer employs nine staff directly to administer the portfolio and to work on issues which may affect its quality. All other activities, including lending operations, are performed by DnB NOR Bank pursuant to a Service Agreement, as more fully described under "Service Agreement" below.

Since August 2005 the Issuer has acquired mortgage portfolios from DnB NOR Bank at fair market value (as agreed between DnB NOR Bank and the Issuer). The Issuer also grants new loans through DnB NOR Bank's distribution channels and will have a mortgage portfolio with an amortised value of approximately NOK 115.5 billion as at 30 April 2008. This portfolio is financed by Covered Bonds, and through DnB NOR Bank by subordinated loan capital and equity as well as unsecured senior debt.

On 25 June 2007 the Issuer and DnB NOR Bank entered into the Master Sale Agreement which includes supplementary agreements entered into on 8 November 2007 and 8 May 2008 respectively) to replace the sale agreement entered into on 11 January 2006. The Issuer will acquire loans primarily from DnB NOR Bank (although the Issuer is permitted to acquire loans from other entities).

Where the Issuer intends to acquire assets from any party other than DnB NOR Bank, the Issuer will enter into a new sale and purchase agreement with such party.

### Service Agreement

DnB NOR Bank and the Issuer have agreed that DnB NOR Bank shall carry out most of the services necessary for the Issuer to be able to carry out its business operations and for this purpose, on 25 June 2007, DnB NOR Bank and the Issuer entered into the Service Agreement (which includes amendments entered into on 11 January 2008 and 8 May 2008 respectively) pursuant to which DnB NOR Bank shall perform a wide range of services relating to the Issuer's business operations. The main services identified in the Service Agreement are mortgage loan services and finance-related services (including asset liability management). The compensation for the provision of these services is to be determined by reference to the agreed fair market value of the services provided by DnB NOR Bank. DnB NOR Bank's claims in respect of remuneration are subordinated to the Issuer's unsubordinated creditors in the event of a bankruptcy, liquidation or company reorganisation. The Issuer may, subject to the satisfaction of certain conditions, substitute DnB NOR Bank as servicer.

The Service Agreement is governed by Norwegian law.

### Derivatives arrangements

The Issuer will enter into derivatives arrangements with DnB NOR Bank and other parties, comprising interest rate swaps and currency swaps, for the purpose of controlling interest rate and currency risk relating to the Issuer's funding and lending operations.

### Financial information

The Issuer was initially established with a share capital of NOK 200,000. The first financial period of the Issuer ran from 14 June 2003 to 31 December 2003. The second financial period encompassed the year from 1 January 2004 to 31 December 2004. The Issuer did not conduct any business between 14 June 2003 and 31 December 2004.

The Issuer's third financial period encompassed the year from 1 January 2005 to 31 December 2005. The balance sheet and the profit and loss account included in the annual report were adopted at the annual general meeting on 7 June 2006.

The audited annual financial statements for the years ended 31 December 2005 and 31 December 2006 were prepared in accordance with generally accepted accounting principles in Norway. In 2007, the Issuer adopted Norwegian IFRS Regulations. Norwegian IFRS Regulations allow the Issuer to record provisions for dividends and group contributions as liabilities on the balance sheet date. According to International Financial Reporting Standards, dividends should be classified as equity until formally approved by the shareholders of a company in a general meeting. In addition, Norwegian IFRS Regulations allow for simplified disclosures compared with International Financial Reporting Standards.

At the annual general meeting held on 24 May 2005, the Issuer's share capital was increased to NOK 50,000,000. In August 2005, the Issuer purchased its first mortgage portfolio from DnB NOR Bank. To fund subsequent purchases, the Issuer's share capital was further increased to NOK 650,000,000 at a general meeting held on 18 August 2005 and further increased at a general meeting on 30 May 2007 to NOK 792,000,000.

The fourth financial year encompassed the period from 1 January 2006 to 31 December 2006. The balance sheet and the profit and loss account included in the Issuer's annual report were adopted at the annual general meeting on 26 April 2007.

During 2006 the Issuer acquired several additional mortgage portfolios from DnB NOR Bank and has increased its share capital several times. At general meetings held on 13 March 2006 and 7 June 2006 the Issuer's share capital was increased to NOK 660,000,000 and NOK 685,000,000 respectively.

During 2007 and the first 4 months of 2008 the Issuer has acquired mortgage portfolios from DnB NOR Bank to the value of approximately NOK 96.3 billion. In addition, the Issuer has granted new loans through DnB NOR Bank's distribution channels with a total balance of NOK 31.5 billion. The Issuer has also in 2007 and the first 4 months of 2008 increased its share capital several times. At general meetings held on 11 January 2007, 26 April 2007, 11 December 2007 and 3 April 2008 the Issuer's share capital was increased to NOK 732,000,000, NOK 792,000,000, NOK 902,000,000 and NOK 1,032,000,000 respectively.

## **Board of directors**

The Issuer's board of directors consists of five members and one deputy elected by the Supervisory Board. The current directors are as follows:

Åsmund Skår	Chairman of the Issuer. Group executive vice president of the Retail Banking Area in DnB NOR Bank
Bjørn Erik Næss	Vice-chairman of the Issuer. CFO and Group executive vice president of Group Finance and Risk Management in DnB NOR Bank
Reidar Bolme	Executive vice president of Treasury, DnB NOR Markets in DnB NOR Bank
Steinar Ouren	Retired
Kristin Normann	Partner in the Norwegian law firm Advokatfirmaet Selmer DA
Eldbjørg Sture	Deputy of the Board of Directors. Head of strategy and business development, DnB NOR Markets in DnB NOR Bank

The address of the members of the board and the executive management (see below) is the registered address of the Issuer.

The board of directors is required to conduct its functions in accordance with the applicable rules of procedure adopted at the meeting of the board of directors held on 3 April 2008.

## **Executive Management**

Øyvind Birkeland is the Issuer's Chief Executive Officer.

**Auditors and Independent Inspector**

Ernst & Young AS currently act as auditors for the Issuer. The auditor in charge is Tor Steinfeldt-Foss. Ernst & Young AS also currently acts as auditor of the DnB NOR Group.

Ernst & Young, as of 28 May 2008, has been appointed by the Financial Supervisory Authority of Norway (Kredittilsynet) as the independent inspector/examiner pursuant to Section 2-34 of the Financial Act.

PricewaterhouseCoopers was appointed by the Financial Supervisory Authority of Norway as the previous independent examiner (now replaced by Ernst & Young AS) pursuant to Section 2-34, sub-section 1, of the Financial Institutions Act.

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

DnB NOR Bank employs three of the five current members and also the deputy of the Issuer's board of directors. However, as the Issuer is a wholly owned subsidiary of DnB NOR Bank, and the Issuer's primary business will be to issue Covered Bonds on behalf of the DnB NOR Group, the Issuer believes that conflicts of interest will not arise.

**Jurisdiction**

The Issuer is organised under the laws of the Kingdom of Norway. Should the Issuer conduct operations outside Norwegian jurisdiction, such operations will also be governed by the laws and regulations of the country in question.

## **SHAREHOLDERS, MANAGEMENT AND EMPLOYEES**

The Issuer is a wholly owned subsidiary of DnB NOR Bank ASA.

The following persons are members of the Issuer's management:

Øyvind Birkeland, Chief Executive Officer

Stein Aage Bless, Head of Portfolio Construction and Funding

Sverre Ellingsæther, Head of Financial Reporting

Jan Otto Lahn, Head of Quality and Compliance

Fred Skarsteen, Head of Credit and Collateral

The employees of the Issuer are:

Morten Jespersen, Analyst

Tale Svalheim, Administrative Coordinator

Vigdís Tomter, Senior Consultant, Credit and Collateral

Karianne Kvernmo Wasenden, Project Coordinator and Company Secretary

In addition, Bjørn David Larsen is engaged for one year and will work on different projects in the Issuer.

## DESCRIPTION OF THE DNB NOR GROUP

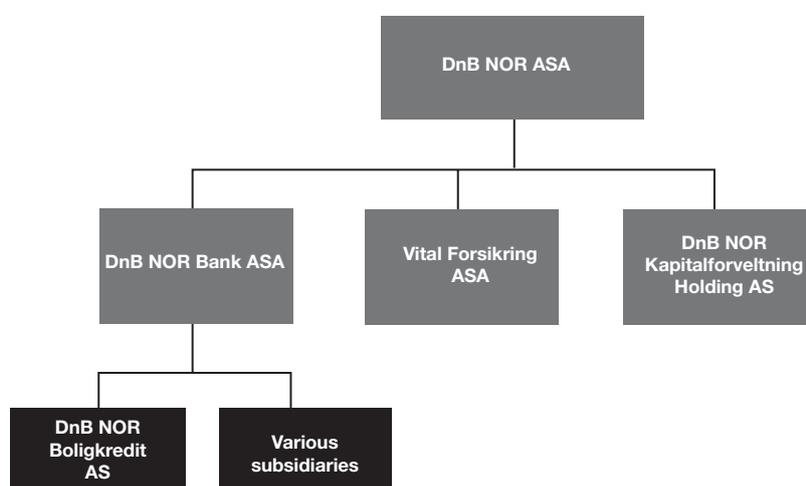
### DnB NOR GROUP

DnB NOR ASA and its subsidiaries (the “**DnB NOR Group**” or the “**Group**”) constitute Norway’s largest financial services group in terms of total assets with combined assets of NOK 1.834 billion at the end of the year 2007. The DnB NOR Group has 2.3 million retail customers (which is approximately 50 per cent. of Norway’s population), more than 198,000 corporate customers and around 1 million insurance customers in Norway.

The DnB NOR Group offers a full range of financial services including lending, deposits, foreign exchange and interest rate products, investment banking products, life and pension insurance products, equity funds, asset management and securities operations as well as real estate brokering. In all segments of the Norwegian financial sector, the DnB NOR Group enjoys leading market positions.

DnB NOR ASA is the holding company of the DnB NOR Group and its shares are listed on the Oslo Stock Exchange. The market capitalisation of DnB NOR ASA is NOK 96.884 billion as of 28 May 2008.

Currently, the DnB NOR Group has the following legal structure (reflecting the major companies of the Group)



The activities of the DnB NOR Group are organised into 5 functional business areas, 3 of which (Retail Banking, Corporate Banking and Payment Services and DnB NOR Markets) are included within DnB NOR Bank. The other business areas are Life and Asset Management (which consists of Vital Forsikring and DnB NOR Asset Management) and DnB NOR, which was incorporated in the Group from year-end 2005. In addition, there are various staff and support units. The activities of the business areas are highly integrated in alignment with the overall strategy of the DnB NOR Group and in relation to the ongoing operations in the Group. Cooperation agreements between the various business areas ensure synergies in deliveries to all customers.

### DnB NOR Bank

#### Introduction

DnB NOR Bank and its subsidiaries (“**DnB NOR Bank**” or the “**Bank**”) is Norway’s largest bank in terms of total assets and accounts for 29 per cent. of total lending to households and 16 per cent. of total lending to corporate clients in Norway as of December 2007. DnB NOR Bank accounted for 36 per cent. of deposits from households and 33 per cent. of deposits from corporate customers as of December 2007.

In 2007, the long-term rating of the Bank was upgraded from Aa3 to Aa1 by Moody’s and in April 2008, the long term rating from Standard & Poors was upgraded from A+ to AA-. The Bank also has a AA (stable) rating from DBRS.

## **Strategy**

DnB NOR Bank is the dominant company in the DnB NOR Group accounting for approximately 85 per cent. of pre-tax operating profit in the fourth quarter of 2007 and 64 per cent. of total assets at the end of 2007. As the main unit in DnB NOR Group, the Bank's strategy is closely coordinated with overall group strategy.

Having the largest customer base in the Norwegian financial markets and being a leader in most market segments, the aim of the Bank is to maintain and strengthen its customer relations, that is, to be the best financial partner and meet its customers' needs for financial solutions as well as to offer local presence. DnB NOR Bank strives continuously to develop service concepts and product ranges which are well adapted to meet individual customers' needs. Improved advisory services and being as close to the customer as possible are important elements of this strategy.

In addition to a strong focus on the domestic market, the Bank's plans for international growth will be based on comparative advantages in the form of either competence within specific customer segments and industries, special product expertise or established relationships outside Norway.

DnB NOR Bank has a leading position in the area of international shipping finance as well as having strong expertise and an international presence in sectors like energy and fisheries finance. The Baltic countries and Poland are important markets which are currently experiencing growth in demand for financial services, and an increasing number of DnB NOR's customers are establishing operations in these areas. The Baltic operations are a small part of the group's overall operations, representing only 3.5 per cent. of DnB NOR's total revenues.

## **Brief business overview**

DnB NOR Bank's core business areas are retail banking, corporate banking and payment services. In addition, DnB NOR Bank's operations include DnB NOR Markets, Norway's largest investment bank.

At the end of 2007, DnB NOR Bank had 187 domestic DnB NOR branded bank branches. The concept of in-store banking outlets, which is based on a corporate agreement with NorgesGruppen, was tested in some 20 local supermarkets during the autumn of 2007, and customer response was positive. In-store banking outlets means that standard banking services such as deposits, withdrawals and payment of bills are integrated in the supermarkets' checkpoints counters. The service will be launched nationwide in a further 1,000 shops affiliated with NorgesGruppen during 2008. The domestic distribution network also includes an additional 16 branches under the Nordlandbanken's brand name as well as Postbanken's distribution network comprising 41 sales outlets, about 300 post office counters and approximately 1,160 in-store postal outlets, through all of which banking services are offered. DnB NOR Eiendom and Postbanken Eiendom, two wholly-owned real estate brokerage subsidiaries of the Bank, had 98 and 30 sales offices respectively at the end of 2007. These operations give DnB NOR Bank very strong distribution power both in the retail and corporate banking markets, as well as for distribution of securities products.

## **Retail Banking Division**

The Bank's Retail Banking Division has 2.3 million customers, of which 1.4 million are regular internet banking customers. Retail Banking had over 38,000 small company customers in 2007 and is Norway's largest retail bank in terms of total assets with NOK 439 billion of net lending and NOK 222 billion of deposits from customers at 31 December 2007.

Residential mortgage loans are by far the most important lending product of Retail Banking. Of total lending within Retail Banking at 31 December 2007, NOK 409 billion was in the form of residential mortgages. Of the residential mortgages, approximately 88 per cent. were loans with a loan to collateral value ratio of 60 per cent. or less and approximately 97 per cent. were loans with a loan to collateral value ratio of 80 per cent. or less.

Retail Banking has a broad distribution network as described above. The primary distribution channels are branch offices, telephone and internet banking and through investment advisory services. In addition, Retail Banking has an agreement with Norway Post that provides for distribution of financial services through the postal network. This agreement runs until 2012.

Retail Banking is also the leading provider of credit cards and consumer finance in Norway. Retail Banking has two subsidiaries, DnB NOR Eiendom and Postbanken Eiendom, which are responsible for real estate brokerage activities, and these companies together lead the real estate

brokerage market in Norway. This additional distribution channel is important since real estate brokerage initiates a significant amount of the new residential mortgage loans granted by Retail Banking. During 2007, the Bank completed the acquisitions of the property brokerage firm Svensk Fastighetsförmedling and SalusAnsvar, distributor of financial products to members of professional organisations in Sweden.

### **Corporate Banking and Payment Services**

Corporate Banking and Payment Services offers customers a broad range of services, including lending, bond issues, syndicated loans, deposits, cash management, e-commerce products, commerce real estate brokerage services, FX treasury products, corporate finance and acquisitions finance, either directly or in cooperation with DnB NOR Markets.

Corporate Banking and Payment Services serves Norwegian enterprises in all segments, Swedish medium size and large corporate customers and operates international businesses in sectors where DnB NOR Bank has or can build up, alone or in cooperation with partners, a competitive advantage based on relationships, expertise and products. Norway and Sweden are primary target markets for Corporate Banking and Payment Services, although international services are also offered to shipping and energy clients worldwide.

Corporate Banking and Payment Services holds a leading position in all segments of the Norwegian corporate banking market and is one of the world's leading shipping banks. The subsidiary DnB NOR Finance is one of Norway's largest leading finance companies. Corporate Banking and Payment Services has a strong position in the Norwegian market for payment transactions and is actively involved in the development of international payment systems.

### **DnB NOR Markets**

DnB NOR Markets is Norway's largest investment bank and securities services company, offering a wide range of products. These products include FX and interest rate products, securities and other investment products, debt and equities financing in the capital markets, research and advisory services as well as custody and other securities services.

Customers are served from the head office in Oslo and a broad distribution network that includes 13 regional sales desks in Norway, offices in London, New York and Singapore as well as electronic channels. In addition, DnB NOR Markets, products are sold through DnB NOR Bank's other business areas.

## THE NORWEGIAN HOUSING MORTGAGE MARKET

According to the last Population and Housing Census, which was published in 2001, there were 1,961,548 occupied dwellings in Norway. 57.1 per cent. of the dwellings comprised detached houses or farm houses. Of the total number of dwellings, 76.7 per cent. were owned by the occupants – 62.5 per cent. by the occupants alone or through joint ownership, and 14.1 per cent. indirectly by the occupants through a housing co-operative or limited company. The remaining 23.4 per cent. were rented from private individuals (13.0 per cent.), from rental housing companies (2.5 per cent.), from municipalities (3.8 per cent.), as staff dwellings (1.0 per cent.) and on other terms (3.1 per cent.).

The housing market consists primarily of all owner occupied dwellings and rented dwellings available for sale.

### Housing finance

According to Statistics Norway, outstanding mortgage loans totalled NOK 1,187.2 billion at the end of 2007. Of this, NOK 1,005.6 billion (84.7 per cent.) was granted by private banks. Aside from private banks, the main purveyors of housing loans are the Norwegian State Housing Bank, mortgage companies and life insurance companies.

Traditionally most housing loans in Norway are based on flexible or floating interest rates, and this is one of the main reasons for the strong market position of private banks in house financing. The interest rate is not directly linked to a quoted market rate, but is set individually by each bank based in general on an evaluation of funding costs, market competition and the financial situation of the bank. Historically, housing loans with fixed interest rates are uncommon, but have grown in popularity in times when the yield curve is negative. Less than 5 per cent. of outstanding residential mortgage loans in Norway carry fixed interest rates.

The market share of private banks has increased in recent years in part because more than 60 per cent. of new mortgages at present are granted as a home equity credit line (*rammelån*) within 80 per cent. of the appraised value of the dwelling. Financing the purchase of an asset such as a car by exploiting this overdraft facility is less expensive than using the car as a collateral for a separate loan.

On average, non-performing residential mortgages represent about 0.6 per cent. of total outstanding mortgage loans in the Norwegian market. Since 1995, no losses have been recorded in relation to mortgage loans which were originally lent at less than 60 per cent. of the appraised value of the dwelling.

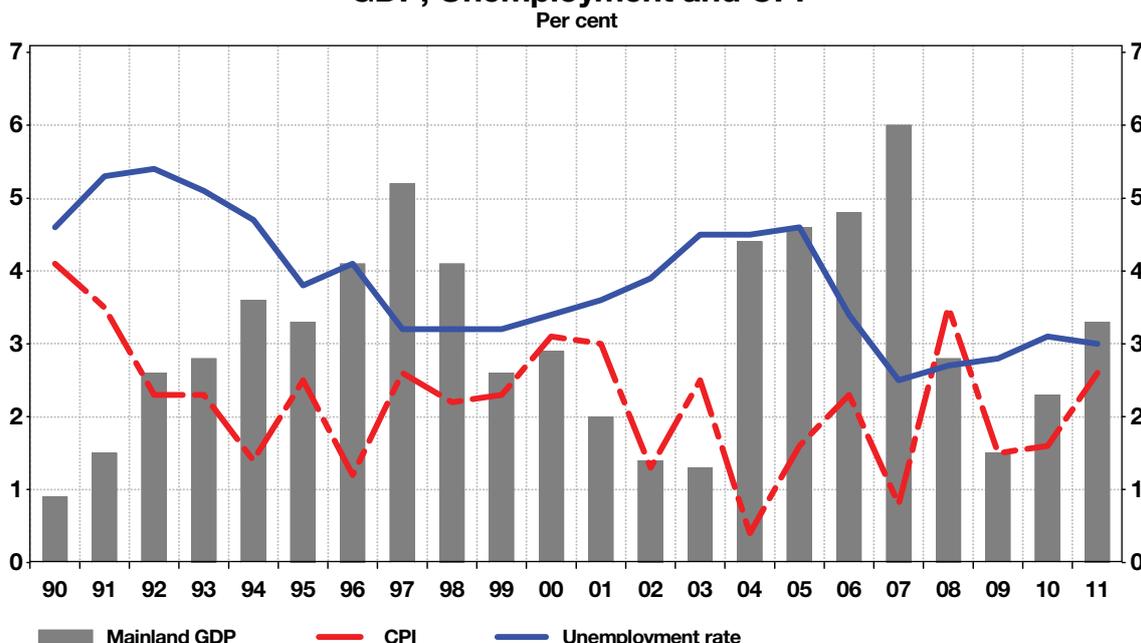
As a general rule, for a Norwegian taxpayer, all borrowing costs (that is, costs incurred in establishing, servicing and terminating a loan including, without limitation, all accrued interest costs, costs of establishing collateral and delay costs) are deductible from taxable income. The applicable tax rate is 28 per cent.

If a fixed interest rate loan is terminated before the maturity of the fixed interest period, the redemption amount is determined by reference to market interest rates. Consequently, if the current market interest rate is higher than the fixed interest rate, the redemption is made below face value and vice versa if the market interest rate is lower. A loss from early redemption is fully deductible from the taxable income of the borrower and a profit from early redemption will be taxable.

### Outlook for the Norwegian Economy

The chart below which is reproduced from Statistics Norway sets out (i) details of the Gross Domestic Product (the “GDP”) of the Norwegian mainland economy, (ii) the headline consumer price index (“CPI”) and (iii) the rate of unemployment, in each case throughout the 1990s together with projections for the next 4 years.

## GDP, Unemployment and CPI



According to Statistics Norway, the total disposable annual income of households has in recent years increased at an annual rate of about 4 per cent., and the annual rate of increase is expected to be about 4 per cent. over the next four years. Inflation has been substantially lower in recent years and is expected to increase slowly in the near future. The prospects for a further increase in the purchasing power of households are, and consumer sentiment is, generally positive.

The Norwegian economy has in recent years enjoyed many benefits from the development in the world economy. The growth of China and other low cost nations which produce finished goods has contributed to heavy demand, and price increases, for raw materials such as oil, metals and fish, and also for shipping services, all of which are important Norwegian exports. While prices of raw materials have historically been volatile, given that many of these resources are finite, prices are expected to stay high on average in the future. Lower costs of production of, and lower margins for, the goods and services which Norway imports, have resulted in a substantial improvement in the terms of trade and in the current balance. According to Statistics Norway, Norway has enjoyed a surplus on the current account balance since 1999 and the surplus for 2007 was NOK 372 billion which represents 16.3 per cent. of the GDP of Norway.

The public sector in Norway stands out as one of the most financially solid among the OECD countries. The Norwegian general government's financial balance sheet showed a surplus of 17.2 per cent. of the GDP of Norway in 2007. According to OECD figures, the general government's net debt interest payments were minus 10.7 per cent. of the GDP of Norway in 2007.

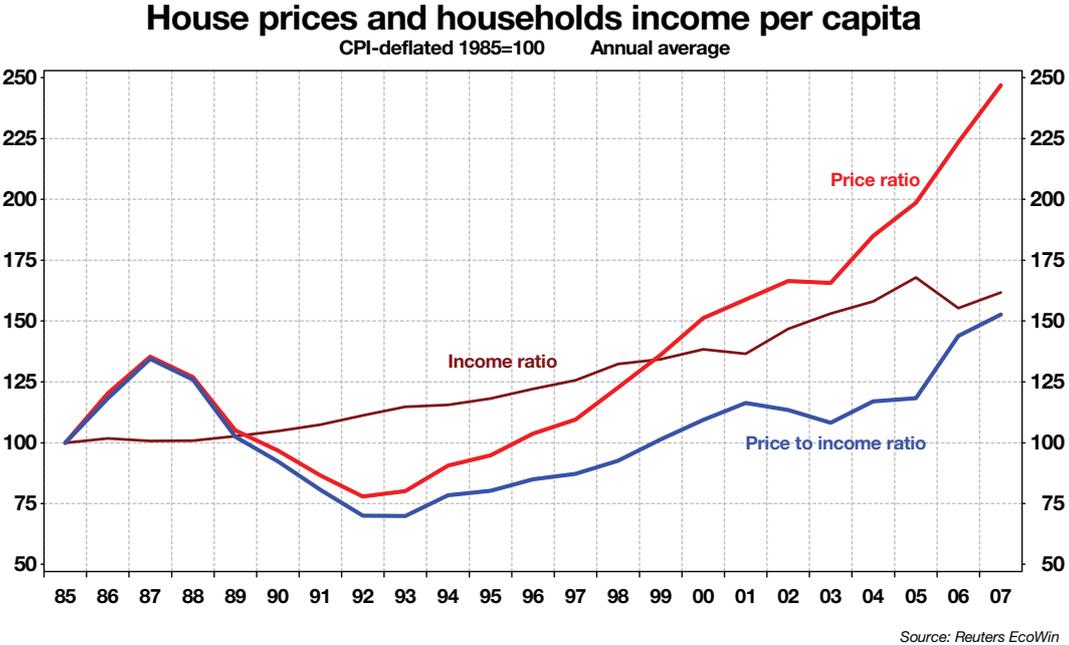
The lion's share of oil and gas income goes to the central government either as dividends from direct ownership or from taxation, and is channelled into the Government Pension Fund – Global (previously The Government Petroleum Fund) (the “**Fund**”). The Fund was created to separate the earning of the petroleum revenues from its use. The fundamental reasoning governing the use of the money is an acknowledgement that most of the petroleum revenues is not income in a real sense, but a transformation of wealth by depleting non-renewable oil and gas reserves from the Norwegian continental shelf into financial assets in the Fund and by making investments worldwide. The petroleum revenues are strictly the return in real terms from managing the oil reserves. As a main guideline, the structural non-oil budget deficit (which is based on the ordinary budget balance excluding all revenues and outlays directly related to petroleum exploration and which is adjusted for cyclical and extraordinary items) may only be as high at 4 per cent. of the total value of the Petroleum Fund at the beginning of any year. As the value of the Fund increases, the structural non-oil budget deficit will expand. This means that the fiscal policy is slightly expansionary over time but the Norwegian government places considerable emphasis on stabilising short-term economic fluctuations. If the net value of the remaining petroleum reserves were to fall to zero, transfers to the Fund would be stopped, thereby preventing the increased use

of money derived from petroleum activity, although there would be no requirement to reverse the transfer of money already held in the Fund. The money available for spending in the future would then depend solely on the financial performance of the Fund.

At the end of the year 2007, the size of the Fund stood at NOK 2019 billion which exceeded 88 per cent. of the GDP of Norway. The Fund is expected to increase by more than NOK 1 billion per day in 2008.

An important consequence of the creation of the Fund is that the Norwegian economy is becoming less dependent on oil prices in two ways. First, the oil and gas resources are gradually being transformed into financial assets. Secondly, more of the money derived from oil is kept out of the Norwegian economy as a result of making investments worldwide. When oil prices dropped sharply in 1985-86 at a time when most of the money derived from oil was kept and/or utilised in the Norwegian economy, the Norwegian economy was adversely affected. The current balance shifted from a large surplus to a large deficit and central government finances sank into a deep deficit, forcing a fiscal tightening in the following years, contributing to an increase in bankruptcies and unemployment and to a more severe banking crisis in the early 1990s than otherwise would have been the case. The contrast with the developments in 1998 (with the Fund having been in operation from 1996) when oil prices dropped again, but less severely than in 1985-86, is striking. The current balance went down close to zero and the transfers to the Fund were minimal in 1998 and 1999, but the Norwegian government did not see the need for an involuntarily fiscal tightening.

**House Prices and the Financial Situation of Households**



Most forecasters expect house prices in Norway to stabilise this year after large increases in recent years. Households are expected to continue to use a large share of their disposable income on housing. The prospects for employment and a further rise in real disposable income are positive. The financial position of households has also shown a considerable improvement in recent years, and while house prices have risen, financial buffers have also grown markedly and low interest rates have reduced the financial strain on households. However, a steady growth in indebtedness by households and gradually rising interest rates have increased financial vulnerability particularly for young and/or low-income households.

The factors underlying the developments during the 1980s and the bank crises in the early 1990s are of very limited relevance to the Norwegian economy today. Through the 1980s, the after-tax real rate of interest shifted from negative to positive whereas the after-tax real interest rate is currently positive. Lending restrictions imposed by the Norwegian authorities were abolished in the 1980s and interest rates were kept below market rates until 1985 for political reasons. Since then, the credit market has been deregulated and interest rates have been determined by the market. Effective tax rates were also very high throughout the 1980s, reaching a level of over

75 per cent. for the high-income brackets, whereas the current effective rate of tax is 28 per cent., which applies generally to Norwegian taxpayers. The oil price vulnerability in the 1980s, the spending of most of the money derived from oil and the substantial fall in oil prices in 1986 caused an involuntary fiscal tightening. With the Fund now in operation and the oil price volatility considerably reduced, the Norwegian central government now enjoys considerable financial freedom of action and an involuntary fiscal tightening is very unlikely. The rate of price and income growth was also high in the 1980s whereas the rate today is much lower and according to the Norwegian authorities, too low. In 1992, Norges Bank increased its interest rates sharply to defend the fixed exchange rate. The exchange rate is flexible today and an inflationary goal is set for the monetary policy. It is very unlikely that Norges Bank will raise its interest rates sharply again in a depressed situation. The Norwegian government and Norwegian banks have also taken the initiative to improve the systems of Norwegian banks for the granting and surveillance of credit since the banking crisis of the 1980s.

## TAXATION

Prospective purchasers of Covered Bonds are advised to consult their tax advisers as to the tax consequences under the tax laws of the country of which they are residents of a purchase of Covered Bonds, including, but not limited to, the consequences of receipts of interest and sale or redemption of Covered Bonds.

### UNITED STATES TAXATION

To ensure compliance with U.S. Treasury Department regulations, we advise you that any tax discussion herein was not written and is not intended to be used and cannot be used by any taxpayer for purposes of avoiding U.S. federal income tax penalties that may be imposed on the taxpayer. Any such tax discussion was written to support the promotion or marketing of the Covered Bonds to be issued pursuant to this Prospectus. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax adviser.

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Covered Bonds by a U.S. Holder (as defined below). This summary does not address the material U.S. federal income tax consequences of every type of Covered Bond which may be issued under the Programme, and the relevant Final Terms will contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Covered Bond as appropriate. This summary deals only with purchasers of Covered Bonds that are U.S. Holders and that will hold the Covered Bonds as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Covered Bonds by particular investors, and does not address state, local, foreign or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Covered Bonds as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar).

As used herein, the term “**U.S. Holder**” means a beneficial owner of Covered Bonds that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in a partnership that holds Covered Bonds will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax adviser concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Covered Bonds by the partnership.

The summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

Bearer Covered Bonds are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Covered Bond may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the United States Internal Revenue Code.

This summary addresses Covered Bonds that will be treated as debt for U.S. federal income tax purposes, except as provided below. If, at the time of issuance, the Issuer believes that Covered Bonds of a given series will not be treated as debt for U.S. federal income tax purposes, the tax treatment of such Covered Bonds will be discussed in the applicable Final Terms.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT

THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

### **Payments of Interest**

Interest on a Covered Bond, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a “foreign currency”), other than interest on a “Discount Covered Bond” that is not “qualified stated interest” (each as defined below under “Original Issue Discount – General”), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder’s method of accounting for tax purposes. Interest paid by the Issuer on the Covered Bonds and OID, if any, accrued with respect to the Covered Bonds (as described below under “Original Issue Discount”) generally will constitute income from sources outside the United States.

### **Original Issue Discount**

#### *General*

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Covered Bonds issued with original issue discount (“**OID**”). The following summary does not discuss Covered Bonds that are characterised as contingent payment debt instruments for U.S. federal income tax purposes. In the event the Issuer issues contingent payment debt instruments the applicable Pricing Supplement will describe the material U.S. federal income tax consequences thereof.

A Covered Bond, other than a Covered Bond with a term of one year or less (a “**Short-Term Covered Bond**”), will be treated as issued with OID (a “**Discount Covered Bond**”) if the excess of the Covered Bond’s “stated redemption price at maturity” over its issue price is equal to or more than a de minimis amount (0.25 per cent. of the Covered Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an “installment obligation”) will be treated as a Discount Covered Bond if the excess of the Covered Bond’s stated redemption price at maturity over its issue price is greater than or equal to 0.25 per cent. of the Covered Bond’s stated redemption price at maturity multiplied by the weighted average maturity of the Covered Bond. A Covered Bond’s weighted average maturity is the sum of the following amounts determined for each payment on a Covered Bond (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Covered Bond’s stated redemption price at maturity. Generally, the issue price of a Covered Bond will be the first price at which a substantial amount of Covered Bonds included in the issue of which the Covered Bond is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Covered Bond is the total of all payments provided by the Covered Bond that are not payments of “qualified stated interest.” A qualified stated interest payment is generally any one of a series of stated interest payments on a Covered Bond that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under “Variable Interest Rate Covered Bonds”), applied to the outstanding principal amount of the Covered Bond. Solely for the purposes of determining whether a Covered Bond has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Covered Bond, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Covered Bond.

U.S. Holders of Discount Covered Bonds must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Covered Bonds. The amount of OID includible in income by a U.S. Holder of a Discount Covered Bond is the sum of the daily portions of OID with respect to the Discount Covered Bond for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Covered Bond (“accrued OID”). The daily portion is determined by allocating to each day in any “accrual period” a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Covered Bond may be of any length selected by the U.S. Holder and may vary in

length over the term of the Covered Bond as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Covered Bond occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Covered Bond's adjusted issue price at the beginning of the accrual period and the Discount Covered Bond's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Covered Bond allocable to the accrual period. The "adjusted issue price" of a Discount Covered Bond at the beginning of any accrual period is the issue price of the Covered Bond increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Covered Bond that were not qualified stated interest payments.

#### *Acquisition Premium*

A U.S. Holder that purchases a Discount Covered Bond for an amount less than or equal to the sum of all amounts payable on the Covered Bond after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being "acquisition premium") and that does not make the election described below under "Election to Treat All Interest as Original Issue Discount", is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Covered Bond immediately after its purchase over the Covered Bond's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Covered Bond after the purchase date, other than payments of qualified stated interest, over the Covered Bond's adjusted issue price.

#### *Market Discount*

A Covered Bond, other than a Short-Term Covered Bond, generally will be treated as purchased at a market discount (a "**Market Discount Covered Bond**") if the Covered Bond's stated redemption price at maturity or, in the case of a Discount Covered Bond, the Covered Bond's "revised issue price", exceeds the amount for which the U.S. Holder purchased the Covered Bond by at least 0.25 per cent. of the Covered Bond's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Covered Bond's maturity (or, in the case of a Covered Bond that is an installment obligation, the Covered Bond's weighted average maturity). If this excess is not sufficient to cause the Covered Bond to be a Market Discount Covered Bond, then the excess constitutes "de minimis market discount". For this purpose, the "revised issue price" of a Covered Bond generally equals its issue price, increased by the amount of any OID that has accrued on the Covered Bond and decreased by the amount of any payments previously made on the Covered Bond that were not qualified stated interest payments.

Under current law, any gain recognised on the maturity or disposition of a Market Discount Covered Bond (including any payment on a Covered Bond that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Covered Bond. Alternatively, a U.S. Holder of a Market Discount Covered Bond may elect to include market discount in income currently over the life of the Covered Bond. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the Internal Revenue Service (the "**IRS**"). A U.S. Holder of a Market Discount Covered Bond that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Covered Bond that is in excess of the interest and OID on the Covered Bond includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Covered Bond was held by the U.S. Holder.

Under current law, market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Market Discount Covered Bond with respect to which it is made and is irrevocable.

#### *Election to Treat All Interest as Original Issue Discount*

A U.S. Holder may elect to include in gross income all interest that accrues on a Covered Bond using the constant-yield method described above under "Original Issue Discount – General,"

with certain modifications. For purposes of this election, interest includes stated interest, OID, de minimis OID, market discount, de minimis market discount and unstated interest, as adjusted by any amortisable bond premium (described below under “Covered Bonds Purchased at a Premium”) or acquisition premium. This election will generally apply only to the Covered Bond with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Covered Bond is made with respect to a Market Discount Covered Bond, the electing U.S. Holder will be treated as having made the election discussed above under “Market Discount” to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

#### *Variable Interest Rate Covered Bonds*

Covered Bonds that provide for interest at variable rates (“**Variable Interest Rate Covered Bonds**”) generally will bear interest at a “qualified floating rate” and thus will be treated as “variable rate debt instruments” under Treasury regulations governing accrual of OID. A Variable Interest Rate Covered Bond will qualify as a “variable rate debt instrument” if (a) its issue price does not exceed the total noncontingent principal payments due under the Variable Interest Rate Covered Bond by more than a specified de minimis amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A “qualified floating rate” is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Covered Bond is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Covered Bond (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Covered Bond’s issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Covered Bond.

An “objective rate” is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer’s stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Covered Bond will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Covered Bond’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Covered Bond’s term. A “qualified inverse floating rate” is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Covered Bond provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Covered Bond’s issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis

points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a “current value” of that rate. A “current value” of a rate is the value of the rate on any day that is no earlier than 3 months prior to the first day on which that value is in effect and no later than 1 year following that first day.

If a Variable Interest Rate Covered Bond that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a “variable rate debt instrument”, then any stated interest on the Covered Bond which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Covered Bond that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a “variable rate debt instrument” will generally not be treated as having been issued with OID unless the Variable Interest Rate Covered Bond is issued at a “true” discount (i.e., at a price below the Covered Bond’s stated principal amount) in excess of a specified de minimis amount. OID on a Variable Interest Rate Covered Bond arising from “true” discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Covered Bond.

In general, any other Variable Interest Rate Covered Bond that qualifies as a “variable rate debt instrument” will be converted into an “equivalent” fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Covered Bond. Such a Variable Interest Rate Covered Bond must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Covered Bond with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Covered Bond’s issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Covered Bond is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Covered Bond. In the case of a Variable Interest Rate Covered Bond that qualifies as a “variable rate debt instrument” and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Covered Bond provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Covered Bond as of the Variable Interest Rate Covered Bond’s issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Covered Bond is converted into an “equivalent” fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Covered Bond is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Covered Bond will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Covered Bond during the accrual period.

If a Variable Interest Rate Covered Bond, such as a Covered Bond the payments on which are determined by reference to an index, does not qualify as a “variable rate debt instrument”, then the Variable Interest Rate Covered Bond will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Variable Interest Rate Covered Bonds

that are treated as contingent payment debt obligations will be more fully described in the applicable Pricing Supplement.

#### *Short-Term Covered Bonds*

In general, an individual or other cash basis U.S. Holder of a Short-Term Covered Bond is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Covered Bonds on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Covered Bond will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Covered Bonds will be required to defer deductions for interest on borrowings allocable to Short-Term Covered Bonds in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Covered Bond are included in the Short-Term Covered Bond's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Covered Bond as if the Short-Term Covered Bond had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Covered Bond. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

#### **Covered Bonds Purchased at a Premium**

A U.S. Holder that purchases a Covered Bond for an amount in excess of its principal amount, or for a Discount Covered Bond, its stated redemption price at maturity, may elect to treat the excess as "**amortisable bond premium**", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Covered Bond will be reduced by the amount of amortisable bond premium allocable (based on the Covered Bond's yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "Original Issue Discount – Election to Treat All Interest as Original Issue Discount".

#### **Purchase, Sale and Retirement of Covered Bonds**

A U.S. Holder's tax basis in a Covered Bond will generally be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Covered Bond and the amount, if any, of income attributable to de minimis OID and de minimis market discount included in the U.S. Holder's income with respect to the Covered Bond, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Covered Bond.

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Covered Bond equal to the difference between the amount realised on the sale or retirement and the tax basis of the Covered Bond. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Except to the extent described above under "Original Issue Discount – Market Discount" or "Original Issue Discount – Short Term Covered Bonds" or attributable to changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Covered Bond will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Covered Bonds exceeds one year. Gain or loss realised by a U.S. Holder on the sale or retirement of a Covered Bond generally will be U.S. source.

## **Foreign Currency Covered Bonds**

### *Interest*

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Covered Bond) denominated in, or determined by reference to, a foreign currency, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

### *OID*

OID for each accrual period on a Discount Covered Bond that is denominated in, or determined by reference to, a foreign currency will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Covered Bond or a sale of the Covered Bond), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

### *Market Discount*

Market Discount on a Covered Bond that is denominated in, or determined by reference to, a foreign currency will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Covered Bond, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

### *Bond Premium*

Bond premium (including acquisition premium) on a Covered Bond that is denominated in, or determined by reference to, a foreign currency will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date bond premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date and on the date the Covered Bonds were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than

acquisition premium) into account currently will recognise a market loss when the Covered Bond matures.

#### *Sale or Retirement*

As discussed above under “Purchase, Sale and Retirement of Covered Bonds”, a U.S. Holder will generally recognise gain or loss on the sale or retirement of a Covered Bond equal to the difference between the amount realised on the sale or retirement and its tax basis in the Covered Bond. A U.S. Holder’s tax basis in a Covered Bond that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Covered Bond. The U.S. dollar cost of a Covered Bond purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase, or the settlement date for the purchase, in the case of Covered Bonds traded on an established securities market, as defined in the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects).

The amount realised on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement, or the settlement date for the sale, in the case of Covered Bonds traded on an established securities market, as defined in the applicable Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Covered Bond equal to the difference, if any, between the U.S. dollar values of the U.S. Holder’s purchase price for the Covered Bond (or, if less, the principal amount of the Covered Bond) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Covered Bond. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest).

#### *Disposition of Foreign Currency*

Foreign currency received as interest on a Covered Bond or on the sale or retirement of a Covered Bond will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Covered Bonds or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

### **Backup Withholding and Information Reporting**

In general, payments of interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, the Covered Bonds, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments and to accruals of OID if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

### **Reportable Transactions**

A U.S. taxpayer that participates in a “reportable transaction” will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Covered Bonds as a reportable transaction if the loss exceeds U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders. Accordingly, if a U.S. Holder realises a loss on any Covered Bond (or, possibly, aggregate losses from the Covered Bonds) satisfying the monetary thresholds discussed above, the U.S. Holder could be required to file an information return with the IRS, and failure to do so may subject the U.S. Holder to penalties. In addition, the Issuer and its advisers may also be required to disclose the transaction to the IRS, and to maintain a list of U.S. Holders, and to furnish this list and certain other information to the IRS upon written request. Prospective purchasers are urged to consult their tax

advisers regarding the application of these rules to the acquisition, holding or disposition of Covered Bonds.

## **NORWEGIAN TAXATION**

Payments of principal and interest on the Covered Bonds issued under the Programme to persons who have no connection with Norway other than the holding of such Covered Bonds issued by the Issuer are, under present Norwegian law, not subject to Norwegian tax, and may hence be made without any withholding tax or deduction for any Norwegian taxes, duties, assessments or governmental charges.

Capital gains or profits realised on the sale, disposal or redemption of such Covered Bonds by persons who have no connection with Norway other than the holding of the Covered Bonds are not, under present Norwegian law, subject to Norwegian taxes or duties.

No Norwegian issue tax or stamp duty is payable in connection with the issues of the Covered Bonds.

The Covered Bonds will not be subject to any Norwegian estate duties provided that, at the time of death of the holder, such holder has no connection with Norway other than the holding of such Covered Bonds and provided that the Covered Bonds have not been used in, or in connection with, any business activity operated through a permanent establishment situated in Norway.

Persons considered domiciled in Norway for tax purposes will be subject to Norwegian income tax on interest received in respect of the Covered Bonds. Likewise, capital gains or profits realised by such persons on the sale, disposal or redemption of the Covered Bonds will be subject to Norwegian taxation.

## **LUXEMBOURG TAXATION**

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Covered Bonds should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

### **Withholding Tax**

#### *(i) Non-resident holders of Covered Bonds*

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June, 2005 (the "**Laws**") mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of the Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Covered Bonds held by non-resident holders of Covered Bonds.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June, 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "**Territories**"), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15 per cent. during the first three-year period starting 1 July 2005, at a rate of 20 per cent. for the subsequent three-year period and at a rate of 35 per cent. thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Covered Bonds coming within the scope of the Laws would at present be subject to withholding tax of 15 per cent. (until 30 June 2008).

*(ii) Resident holders of Covered Bonds*

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the “**Law**”) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Covered Bonds held by Luxembourg resident holders of Covered Bonds.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Covered Bonds coming within the scope of the Law would be subject to withholding tax of 10 per cent.

**EU SAVINGS DIRECTIVE**

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

## SUBSCRIPTION AND SALE

The Dealers have in a Programme Agreement dated 25 June 2007 (as amended and restated on 20 June 2008 and amended or supplemented from time to time, the "**Programme Agreement**") agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Covered Bonds. Any such agreement will extend to those matters stated under "Form of the Covered Bonds" and "Terms and Conditions of the Covered Bonds" above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future updates of the Programme and the issue of Covered Bonds under the Programme.

### **United States**

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

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Covered Bonds of any Series (i) as part of the distribution thereof at any time or (ii) until 40 days after the later of the commencement of the offering and the completion of the distribution, as determined by the Paying Agents, of all Covered Bonds of the Tranche of which such Covered Bonds are a part within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed that it will have sent to each dealer to which it sells the Covered Bonds (other than a sale pursuant to Rule 144A) during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons. In addition, until the expiration of the applicable Distribution Compliance Period, an offer or sale of Registered Covered Bonds within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

Any resale or other transfer, or attempted resale or other transfer of Covered Bonds made other than in compliance with the restrictions set out above and below shall not be recognised by the Issuer or any of its agents. The certificates for the Covered Bonds sold in the United States shall bear a legend to this effect.

Each issuance of Index Linked Covered Bonds or Dual Currency Covered Bonds shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer or Dealers may agree as a term of the issuance and purchase of such Covered Bonds which additional selling restrictions shall be set out in the applicable Final Terms.

### ***Bearer Covered Bonds***

Bearer Covered Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

### ***Registered Covered Bonds***

Offers, sales, resales and other transfers of Registered Covered Bonds in the United States made or approved by a Dealer (including offers, resales or other transfers made or approved by a Dealer in connection with secondary trading) shall be effected pursuant to an exemption from the registration requirements of the Securities Act.

Offers, sales, resales and other transfers of Registered Covered Bonds made in the United States will be made only to institutional investors that are reasonably believed to qualify as qualified institutional buyers (as defined in Rule 144A) (each such institutional investor being hereinafter referred to as a "**qualified institutional buyer**" or "**QIB**") in a transaction otherwise meeting the requirements of Rule 144A.

Each Registered Covered Bond shall contain a legend in substantially the following form: “THIS COVERED BOND HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”). THE HOLDER HEREOF, BY PURCHASING THIS COVERED BOND, AGREES FOR THE BENEFIT OF DNB NOR BOLIGKREDITT AS (THE “**ISSUER**”) THAT THIS COVERED BOND MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A)(1) TO THE ISSUER OR A DEALER (AS DEFINED IN THE PROSPECTUS), (2) SO LONG AS THIS COVERED BOND IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”), TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) IN ACCORDANCE WITH RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATIONS UNDER THE SECURITIES ACT OR (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (B) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THIS COVERED BOND, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOTIFY ANY PURCHASER OF THIS COVERED BOND FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.”

By its purchase of any Covered Bonds, each investor in the United States shall be deemed to have agreed to the restrictions contained in any legend endorsed on the Covered Bond purchased by it (to the extent still applicable) and each such purchaser shall be deemed to have represented to the Issuer and the Dealer, if applicable, that

- (a) It is (i) a QIB, (ii) acquiring such Covered Bonds for its own account or for the account of a QIB and (iii) aware, and each beneficial owner of such Covered Bonds has been advised, that the sale of such Covered Bonds to it is being made in reliance on Rule 144A.
- (b) The Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any Covered Bonds for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.
- (c) It understands that the Covered Bonds offered in reliance on Rule 144A will be represented by the Restricted Global Covered Bond. Before any interest in the Restricted Global Covered Bond may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Covered Bond, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

Pursuant to the Programme Agreement, the Issuer has agreed to indemnify the Dealers against, or to contribute to losses arising out of, certain liabilities, including liabilities under certain securities laws, in respect of Covered Bonds.

### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented, warranted and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State:

- (a) if the applicable Final Terms in relation to the Covered Bonds specify that an offer of those Covered Bonds may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Covered Bonds which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the applicable Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or applicable Final Terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last (or if in Sweden, its last two) annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

For the purposes of this provision, the expression an “**offer of Covered Bonds to the public**” in relation to any Covered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### **United Kingdom**

Each Dealer has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

### **Norway**

Covered Bonds denominated in Norwegian kroner may not be offered or sold within Norway or outside Norway to Norwegian citizens abroad, without the Covered Bonds prior thereto having been registered in the Norwegian Central Securities Depository.

### **Denmark**

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer, sell or deliver any Covered Bonds directly or indirectly in Denmark by way of a public offering, unless in compliance with the Danish Consolidated Act No. 214 of 2 April 2008 on

Trading in Securities, as amended, and any Executive Orders issued thereunder and in compliance with Executive Order 809 of 29 June 2007 to the Danish Financial Business Act.

### **The Netherlands**

Each Dealer has represented and agreed that the Covered Bonds (or any interest therein) may not, directly or indirectly, be offered, sold, pledged, delivered or transferred in the Netherlands, on their issue date or at any time thereafter, and neither this Prospectus or any other document in relation to any offering of the Covered Bonds (or any interest therein) may be distributed or circulated in the Netherlands, other than to professional market parties (“PMPs”) within the meaning of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (which includes, *inter alia*, qualified investors as defined in the Prospectus Directive such as banks, insurance companies, securities firms, collective investment undertakings and pension funds), provided that these parties acquire the relevant Covered Bonds for their own account or that of an other PMP.

Each Dealer has represented and agreed that bearer Zero Coupon Covered Bonds in definitive bearer form and other bearer securities in definitive form on which interest does not become due and payable during their term but only at maturity (savings certificates or spaarbewijzen as defined in the Dutch Savings Certificates Act or *Wet inzake spaarbewijzen*, the “**SCA**”) may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such securities to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such securities if they are physically issued outside the Netherlands and are not immediately thereafter distributed in the Netherlands.

### **Japan**

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law 25 of 1948, as amended, the “**FIEL**”) and each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold and will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

### **General**

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

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

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

## GENERAL INFORMATION

### Authorisation

The establishment and the subsequent updates of the Programme, the increase in the aggregate amount of the Programme and the issue of Covered Bonds have been duly authorised by a resolution of the meeting of the Board of Directors of the Issuer dated 24 January 2008.

### Listing of Covered Bonds and Admission to Trading on the Luxembourg Stock Exchange

Application has been made to the CSSF for the approval of this document as a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. Application has also been made to the Luxembourg Stock Exchange for Covered Bonds issued under the Programme (other than VP Systems Covered Bonds) during the period of 12 months from the date of this Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive.

### Documents Available

For as long as the Programme remains valid with the Luxembourg Stock Exchange, copies of the following documents will be available, upon request, free of charge, from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg (where applicable, with an English translation thereof):

- (i) the constitutional documents (with an English translation thereof) of the Issuer;
- (ii) the Programme Agreement, the Agency Agreement, the Deed of Covenant, the forms of the Temporary Bearer Global Covered Bonds, the Permanent Bearer Global Covered Bonds, the Reg. S Global Covered Bond, the Restricted Global Covered Bond, the definitive Bearer and Registered Covered Bonds, the Receipts, the Coupons and the Talons; and
- (iii) in the case of each issue of Covered Bonds admitted to trading on the Luxembourg Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

For as long as the Programme remains valid with the Luxembourg Stock Exchange, copies of the following documents will be available on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu) and, upon request, free of charge, from the registered office of the Issuer and the specified offices of the Paying Agents for the time being in London and Luxembourg:

- (i) a copy of this Prospectus and any Final Terms relating to Covered Bonds which are admitted to trading on the Luxembourg Stock Exchange's regulated market;
- (ii) any future prospectuses, information memoranda and supplements to the Prospectus and any other documents incorporated herein or therein by reference;
- (iii) the audited annual financial statements of the Issuer for the financial years ended 31 December 2005, 31 December 2006 and 31 December 2007 in each case together with the auditors' report thereon; and
- (iv) the unaudited interim financial statements of the Issuer as at, and for the period ended, 31 March 2008.

### Clearing Systems

The Covered Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Bearer Covered Bonds allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the Issuer will make an application for any Registered Covered Bonds to be accepted for trading in book-entry form by DTC. The CUSIP number for each Tranche of Registered Covered Bonds, together with the relevant ISIN and common code, will be specified in the applicable Final Terms. If the Covered Bonds are to clear through an additional or alternative clearing system (including the VPS, VP or VPC), the appropriate information will be specified in the applicable Final Terms. Euroclear, Clearstream, Luxembourg, DTC, the VPS, VP and VPC are the entities in charge of keeping the records.

The address of Euroclear is 3 Boulevard du Roi Albert III, B.1210 Brussels, Belgium; the address of Clearstream, Luxembourg is 42 Avenue J. F. Kennedy, L-1855 Luxembourg; the address of DTC is 55 Water Street, New York, NY 10041-0099, USA; the address of the VPS is Biskop Gunnerusgate, 14A, 0185 Oslo; the address of the VP is Helgeshøj Allé 61, DK-2630 Taastrup, Denmark; and the address of the VPC is Regeringsgaten 65, SE-103 97 Stockholm, Sweden.

#### **Conditions for Determining Price**

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

#### **Material Change**

Save as disclosed in this Prospectus, since 31 December 2007, there has been no material adverse change in the prospects of the Issuer and, since 31 March 2008, there has been no significant change in the financial or trading position of the Issuer or the Group.

#### **Litigation**

The Issuer is not nor has it been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Prospectus which may have, or have in such period had, a significant effect on the financial position or profitability of the Issuer.

#### **Auditors**

The independent auditors of the Issuer are Ernst & Young AS of Oslo Atrium, Christian Fredriks plass 6, 0051 Oslo, state authorised public accountants who were appointed to act for the Issuer with effect from 30 April 2008. Ernst & Young AS is a member of the Norwegian Institute of Public Accountants. The Issuer's accounts for each of the financial years ended 31 December 2005, 31 December 2006 and 31 December 2007 were audited by PricewaterhouseCoopers AS of Dronning Eufemias, gate 8, N-0191 Oslo, Norway, authorised public accountants, without qualification, in accordance with generally accepted auditing standards in the Kingdom of Norway. PricewaterhouseCoopers AS is a member of the Norwegian Institute of Public Accountants. The auditors of the Issuer have no material interest in the Issuer.

#### **Post-issuance Information**

The Issuer does not intend to provide any post-issuance information in relation to assets underlying issues of Covered Bonds constituting derivative securities.

## GLOSSARY

In this Prospectus, the following defined terms have the meanings set out below:

**“Accrual Period”** shall mean the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date.

**“Agency Agreement”** shall mean the agency agreement (as amended and restated on 20 June 2008 and as amended or supplemented from time to time) between the Issuer, Fiscal Agent and the other agents on 25 June 2007.

**“Amortised Face Amount”** shall have the meaning given to it in Condition 5(e) (Early Redemption Amount) of the Terms and Conditions of the Covered Bonds.

**“Applicable Procedures”** shall mean, in relation to the transfer and/or exchange of a beneficial interest in the Registered Global Covered Bond, the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be.

**“Bank”** shall mean DnB NOR Bank.

**“Bankruptcy Administrator”** shall mean the administrator of the bankruptcy estate appointed by the bankruptcy court in the case where a Financial Institution is declared bankrupt.

**“Bearer Covered Bonds”** shall mean Covered Bonds issued in bearer form.

**“Beneficial Owner”** shall mean the actual purchaser of a Registered Covered Bond.

**“Business Day”** shall have the meaning given to it in Condition 3 of the Terms and Conditions of the Covered Bonds.

**“CSSF”** shall mean the Commission de Surveillance du Secteur Financier.

**“Calculation Agent(s)”** shall mean any calculation agent appointed in accordance with the Agency Agreement.

**“Clearstream, Luxembourg”** shall mean Clearstream Banking, société anonyme.

**“Code”** shall mean the Internal Revenue Code of 1986, as amended.

**“Commercial Mortgages”** shall mean mortgages over other real property to the extent not Residential Mortgages.

**“Common Depository”** shall mean the common depository who receives the Temporary Bearer Global Covered Bonds (which are not intended to be issued in NGCB form) on or prior to the original issue date of the Tranche.

**“Common Safekeeper”** shall mean the common safekeeper who receives the Temporary Bearer Global Covered Bonds (which are intended to be issued in NGCB form) on or prior to the original issue date of the Tranche.

**“Conditions”** shall mean the conditions set forth in the Prospectus dated 20 June 2008.

**“Contingent Principal Covered Bonds”** shall mean Dual Currency Covered Bonds together with the Index Linked Covered Bonds.

**“Couponholders”** shall mean the holders of the Coupons, and unless the context requires otherwise, the holders of Talons.

**“Coupons”** shall mean the interest coupons on interest bearing definitive Bearer Covered Bonds.

**“Covered Bondholder”** shall mean the holder of Covered Bonds.

**“Covered Bonds”** shall mean those covered bonds issued by the Issuer under the Programme in accordance with the Financial Institutions Act.

**“Cover Pool”** shall mean the cover pool as defined in the Financial Institutions Act.

**“DTC”** shall mean The Depository Trust Company.

**“Day Count Fraction”** shall have the meaning given to it in Condition 3 (Interest) of the Terms and Conditions of the Covered Bonds.

**“Deed of Covenant”** shall mean the deed of covenant (as amended or supplemented from time to time) executed by the Issuer in relation to the Covered Bonds on 25 June 2007.

**“Dealer”** shall mean each entity specified as such in the Programme.

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

**“Direct Participants”** shall mean participants who deposit their securities with DTC.

**“Distribution Compliance Period”** shall mean the period that ends 40 days after completion of the distribution of each Tranche of Covered Bonds, as certified by the relevant Dealer or, as the case may be, the Lead Manager.

**“DnB NOR Bank”** shall mean DnB NOR Bank and its subsidiaries.

**“DnB NOR Group”** shall mean DnB NOR ASA and its subsidiaries.

**“Dual Currency Covered Bonds”** shall mean Covered Bonds which provide for principal payments to be contingent upon the value of an exchange rate.

**“EEA”** shall mean European Economic Area.

**“EURIBOR”** shall mean the Euro-zone inter-bank offered rate. **“Euro-zone”** means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty establishing the European Communities, as amended.

**“Euroclear”** shall mean Euroclear Bank SA/NV.

**“Exchange Act”** shall mean the United States Securities Exchange Act of 1934 as amended.

**“Exchange Date”** shall mean the date on which interests in the Temporary Bearer Global Covered Bond are exchanged either for interests in a Permanent Bearer Global Covered Bond or for definitive Bearer Covered Bonds as the case may be.

**“Exchange Event”** shall mean (i) the Issuer has been notified that either Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system satisfactory to the Issuer, the Fiscal Agent, the other Paying Agents and the Covered Bondholder is available or, unless otherwise specified in the applicable Final Terms, (ii) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 6 (Taxation) which would not be required were the Covered Bonds represented by the Permanent Bearer Global Covered Bond in definitive bearer form and a certificate to such effect signed by two Directors of the Issuer has been given to the Fiscal Agent.

**“Extended Maturity Date”** shall mean the automatic monthly extension to the Maturity Date up to but not later than twelve months from the Maturity Date, subject as otherwise provided for in the applicable Final Terms, where the Issuer has failed to redeem the relevant Covered Bonds in full on the Maturity Date (or within two Business Days thereafter).

**“Financial Institutions”** shall mean the Norwegian financial institutions as defined in the Financial Institutions Act which may issue covered bonds.

**“Financial Institutions Act”** shall mean Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions, Chapter 2, Sub-chapter IV and appurtenant regulations.

**“Fiscal Agent”** shall mean Citibank, N.A. or any successor agent appointed in accordance with the Agency Agreement.

**“Fitch”** shall mean Fitch Ratings Limited.

**“Fixed Interest Period”** shall mean the period from (and including) as Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

**“Fixed Rate Covered Bond”** shall mean Covered Bonds which provide for interest based on a fixed rate.

**“Floating Rate Covered Bond”** shall mean Covered Bonds which provide for interest based on a floating rate.

**“Further Covered Bonds”** shall mean further covered bonds created and issued by the Issuer from time to time having terms and conditions the same as the Covered Bonds or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds.

**“Government Loans”** shall mean a loan guaranteed by certain governmental bodies which, pursuant to the Financial Institutions Act, can be included in the Cover Pool.

**“Group”** shall mean the DnB NOR group.

**“IRS”** shall mean the United States Internal Revenue Service.

**“Index Linked Covered Bonds”** shall mean Covered Bonds which provide for principal payments to be contingent upon the value of an index.

**“Index Linked Interest Covered Bonds”** shall mean Covered Bonds which provide for payments of interest to be linked to an index.

**“Index Linked Redemption Covered Bonds”** shall mean Covered Bonds which provide for redemption amounts to be linked to an index.

**“Indirect Participants”** shall mean participants who clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly.

**“Inspector”** shall mean the independent inspector appointed under the Financial Institutions Act.

**“Instalment Covered Bonds”** shall mean Covered Bonds which provide for gradual redemption by the Issuer in instalments.

**“Interest Amount”** shall mean the amount of interest payable per Calculation Amount on the Floating Rate Covered Bonds or Index Linked Interest Covered Bonds for the relevant Interest Period as calculated by the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent.

**“Interest Payment Date”** shall have the meaning given to it in Condition 3 (Interest) of the Terms and Conditions of the Covered Bonds.

**“Investor’s Currency”** shall mean the currency or currency unit in which an investor’s financial activities are denominated principally, other than a Specified Currency.

**“Investor Put”** shall mean the option of the Covered Bondholders to redeem certain Covered Bonds.

**“ISDA Rate”** shall have the meaning given to it in Condition 3 (Interest) of the Terms and Conditions of the Covered Bonds.

**“ISDA Definitions”** shall have the meaning given to it in Condition 3 (Interest) of the Terms and Conditions of the Covered Bonds.

**“Issuer”** shall mean DnB NOR Boligkreditt AS.

**“Issuer Call”** shall mean the option of the Issuer to redeem certain Covered Bonds.

**“Issuer Cover Pool”** shall mean the cover pool maintained by the Issuer in accordance with the terms of the Financial Institutions Act (as amended by the Terms and Conditions of the Covered Bonds) which only consists of loans secured by mortgages within the meaning of a residential mortgage under the Financial Institutions Act, receivables in the form of certain derivatives agreements specified under the Financial Institutions Act and supplemental assets (as defined under the Financial Institutions Act).

**“Law”** shall mean the law of 23 December 2005 passed in Luxembourg.

**“Laws”** shall mean the laws of 21 June 2005 passed in Luxembourg, which implement the EC Council Directive 2003/48/EC.

**“Legend”** shall mean the legend set forth in the Restricted Global Covered Bond.

**“Legended Covered Bonds”** shall mean Covered Bonds which bear the Legend.

**“LIBOR”** shall mean the London inter-bank offered rate.

**“London Business Day”** shall mean a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

**“Long Maturity Covered Bond”** shall mean a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond shall cease to be a Long Maturity Covered Bond on the Interest Payment Date on which the aggregate amount of

interest remaining to be paid after that date is less than the nominal amount of such Covered Bond.

**"Markets in Financial Instruments Directive"** shall mean Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments of 21 April 2004.

**"Master Sale Agreement"** shall mean the transfer agreement (as supplemented on 8 November 2007, as amended on 8 May 2008 and as amended or supplemented from time to time) between DnB NOR Bank and the Issuer entered into on 25 June 2007.

**"Maturity Date"** shall mean the scheduled maturity date of such Covered Bonds as set out in the applicable Final Terms.

**"Ministry"** shall mean the Norwegian Ministry of Finance.

**"Moody's"** shall mean Moody's Investor Services Limited.

**"Mortgages"** shall mean the various types of mortgages which, pursuant to the Financial Institutions Act, may be the subject of security for loans that can be included in the Cover Pool.

**"New Legislation"** shall mean the Financial Institutions Act and the Regulation.

**"NGCB"** shall mean those global Covered Bonds which are issued in new global Covered Bond form.

**"NIBOR"** shall mean the Norwegian inter-bank offered rate.

**"Non-exempt Offer"** shall mean an offer where the applicable Final Terms in relation to the Covered Bonds specify that an offer of those Covered Bonds may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State.

**"Non-U.S. Dollar Covered Bond"** shall mean a Covered Bond denominated in a currency other than the U.S. dollar.

**"Non-U.S. Holders"** shall mean the beneficial owners of Non-U.S. Dollar Covered Bonds.

**"Norwegian Regulations"** shall mean the Regulations on mortgage credit institutions which issue bonds conferring a preferential claim over a cover pool consisting of public sector loans and loans secured on residential property or other real property (Covered Bonds).

**"Norwegian Supplementary Regulations"** shall mean any regulations laid down pursuant to the Financial Institutions Act supplementary to the Norwegian Regulations.

**"OECD"** shall mean the Organisation for Economic Co-operation and Development.

**"OID"** shall mean any original issue discount.

**"Partly Paid Covered Bonds"** shall mean Covered Bonds which are issued partly paid.

**"Paying Agent"** shall mean Citibank, N.A. and any additional or successor paying agent(s) appointed in accordance with the terms of the Agency Agreement.

**"Paying Agents"** shall mean the Paying Agent and the Fiscal Agent.

**"Payment Day"** shall have the meaning given to it in Condition 4 (Payments) of the Terms and Conditions of the Covered Bonds.

**"Permanent Bearer Global Covered Bond"** shall mean a permanent global Covered Bond.

**"Proceedings"** shall mean any suit, action or proceedings arising out of or in connection with the Agency Agreement, the Covered Bonds, the Receipts and/or the Coupons.

**"Programme"** shall mean the €25,000,000,000 Covered Bond Programme of DnB NOR Boligkreditt AS.

**"Programme Agreement"** shall mean the Programme Agreement (as amended and restated on 20 June 2008 and as amended or supplemented from time to time) between the Issuer and Barclays Bank plc and the other dealers named therein dated 25 June 2007.

**"Prospectus Directive"** shall mean Directive 2003/71/EC.

**"QIBs"** shall mean qualified institutional buyers within the meaning of Rule 144A under the Securities Act.

**"Receipts"** shall mean the receipts for the payment of the instalments of principal (other than the final instalment) of Definitive Bearer Covered Bonds.

**"Receiptholders"** shall mean the holders of the Receipts.

**“Record Date”** shall have the meaning ascribed to it in Condition 4(b) (Presentation of Covered Bonds, Receipts and Coupons) of the Terms and Conditions of the Covered Bonds.

**“Redeemed Covered Bonds”** shall mean Covered Bonds (or, as the case may be, parts of Registered Covered Bonds) to be redeemed.

**“Reg. S Global Covered Bond”** shall mean a permanent global Covered Bond in registered form, without interest coupons sold outside the United States in reliance on Regulation S of the Securities Act.

**“Registered Covered Bonds”** shall mean Covered Bonds issued in registered form.

**“Registrar”** shall mean Citigroup Global Markets Deutschland AG & Co. KGaA or any successor registrar appointed in accordance with the Agency Agreement.

**“Register”** shall mean the register of the Covered Bonds and the Cover Pool maintained by the Issuer in accordance with the terms of the Financial Institutions Act.

**“Relevant Date”** shall mean the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent or the Registrar or, in the case of VP Systems Covered Bonds, the holders of the VP Systems Covered Bonds, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with the Condition 13 (Notices).

**“Relevant Factor”** shall mean an index or formula, changes in the prices of securities or commodities, movements in currency exchange rates or other factors, each being reference factors used to determine principal or interest of Covered Bonds.

**“Relevant Member State”** shall mean each Member State of the EEA which has implemented the Prospectus Directive.

**“Relevant Implementation Date”** shall mean the date on which the Prospective Directive is implemented in that Relevant Member State.

**“Residential Mortgages”** shall have the meaning ascribed to it in the Financial Institutions Act.

**“Restricted Global Covered Bonds”** shall mean a restricted permanent global covered bond in registered form, without interest coupons sold in private transactions to QIBs.

**“Registered Global Covered Bonds”** shall mean Reg. S Global Covered Bonds together with Restricted Global Covered Bonds.

**“Rule 144A”** shall mean Rule 144A of the Securities Act.

**“Safe Harbor Resales”** shall mean any of the following resales of Covered Bonds: resales to the Issuer or a Dealer; resales to a person whom the seller reasonably believes is a QIB that purchases for its own account or for the account of a QIB or QIBs, in a transaction meeting the requirements of Rule 144A; resales in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S under the Securities Act; or resales pursuant to an exemption from registration under the Securities Act provided by Rule 144 under the Securities Act (if available).

**“SEC”** shall mean the United States Securities and Exchange Commission.

**“Securities Act”** shall mean the Securities Act of 1933, as amended.

**“Securities and Exchange Law”** shall mean the Securities and Exchange Law of Japan.

**“Selection Date”** shall have the meaning given to it in Condition 5 (Redemption and Purchaser) of the Terms and Conditions of the Covered Bonds.

**“Series”** shall mean a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

**“Service Agreement”** shall mean the service agreement (as amended on 11 January 2008 and 8 May 2008 and as amended or supplemented from time to time) between DnB NOR Bank and the Issuer entered into on 25 June 2007.

**“Short-Term Covered Bond”** shall mean a Covered Bond which has a fixed maturity date not more than one year from the date of issue.

**“Specified Currency”** shall mean each of Euro, Sterling, U.S. dollars, Yen, Norwegian kroner, Danish kroner, Swedish kronor and, subject to any applicable legal or regulatory restrictions and any applicable reporting requirements, any other currency agreed between the Issuer and the relevant Dealer.

**“Standard & Poor’s”** or **“S&P”** shall mean Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies Inc.

**“Talons”** shall mean talons for further Coupons.

**“TARGET System”** shall mean the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System or any successor thereto.

**“Treasury Regulations”** shall mean the Treasury regulations promulgated under the Code.

**“Temporary Bearer Global Covered Bond”** shall mean the temporary global Covered Bond in bearer form which will initially represent the Bearer Covered Bonds of each Tranche.

**“Transfer Certificate”** shall mean a transfer certificate substantially in the form set out in the Agency Agreement.

**“Terms and Conditions of the Covered Bonds”** shall mean in relation to the Covered Bonds, the terms and conditions to be endorsed on, attached to, or incorporated by reference into, the Covered Bonds, and any reference to a particular numbered Condition shall be construed in relation to the Covered Bonds accordingly.

**“Territories”** shall mean certain dependent and associated territories of the EU Member States.

**“Transfer Agents”** shall mean Citibank, N.A. and any additional or successor transfer agent(s) appointed in accordance with the terms of the Agency Agreement.

**“Tranche”** shall mean Covered Bonds which are identical in all respects (including as to listing).

**“U.S. Holder”** shall mean a beneficial owner of a Covered Bond that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised in or under the laws of the United States or of any State thereof, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States Persons have the authority to control all substantial decisions with respect to the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.

**“United States Person”** shall mean a United States person for the U.S. federal income tax purposes.

**“VP”** shall mean VP Securities Services (*Værdipapircentralen A/S*), the Danish central securities depository;

**“VPC”** shall mean Nordic Central Securities Depository (*NCSD Systems Aktiebolag*), the Swedish central securities depository;

**“VPS”** shall mean the Norwegian Central Securities Depository, the *Verdipapirsentralen*.

**“VPS Account Manager”** shall mean DnB NOR Bank ASA, *Verdipapirservice*.

**“VP Systems Account Manager”** shall mean DnB NOR Bank ASA, *Verdipapirservice* in its capacity as the VPS Account Manager and/or any other agent appointed by the Issuer from time to time in relation to the VP Systems Covered Bonds.

**“VP Systems Covered Bonds”** shall mean Covered Bonds issued in uncertified book entry form cleared through the VPS, VP, VPC or any other relevant clearing system.

**“VP Systems Letter”** shall mean letter sent by the Issuer to the Fiscal Agent on the issue of VP Systems Covered Bonds which sets out the terms of relevant issue of VP Systems Covered Bonds in the form of Final Terms attached thereto.

**“Zero Coupon Covered Bonds”** shall mean Covered Bonds which provide that no interest is payable.

#### **THE ISSUER**

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*For the financial year ended 31 December 2007*

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*From 30 April 2008*

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## LUXEMBOURG LISTING AGENT

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