

Final Terms dated 10 May 2010

KOMMUNALBANKEN AS

Issue of

**AUD 50,000,000 6.00 per cent. Instruments due 16 March 2015
(the "Instruments")**

(to be consolidated and form a single Series with the AUD 100,000,000 6.00 per cent. Instruments due 16 March 2015 issued on 16 March 2010 (the "Original Instruments"))

UNDER THE EURO 35,000,000,000

PROGRAMME FOR THE ISSUANCE OF DEBT INSTRUMENTS

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 22 April 2009. This document constitutes the Final Terms of the Instruments described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated 20 April 2010, which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated 22 April 2009 and are attached hereto. Full information on the Issuer and the offer of the Instruments is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated 22 April 2009 and 20 April 2010. The Base Prospectuses are available for viewing at Kommunalbanken AS, Haakon VII's gate 5b, 0110 Oslo, Norway and Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, and the website of the Luxembourg Stock Exchange (www.bourse.lu) and copies may be obtained from Kommunalbanken AS, Haakon VII's gate 5b, 0110 Oslo, Norway and Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

1. Issuer: Kommunalbanken AS

2. (i) Series Number: 3224

(ii) Tranche Number: 2

The Instruments are to be consolidated and form a single Series with the Original Instruments on or after the date that is the first Business Day following the expiration of a period of 40 days after the Issue Date (the "**Exchange Date**")

3. Specified Currency or Currencies: Australian Dollar ("**AUD**")

4. Aggregate Principal Amount:
 - (i) Series: After the Exchange Date, the total amount of the Series outstanding will be AUD 150,000,000, consisting of the aggregate principal amount of the Instruments (being AUD 50,000,000) and the aggregate principal amount of the Original Instruments (being AUD 100,000,000)
 - (ii) Tranche: AUD 50,000,000
5. Issue Price: 100.522 per cent. of the Aggregate Principal Amount of the Tranche plus 57 days' accrued interest from, and including, 16 March 2010 to, but excluding, the Issue Date
6.
 - (i) Specified Denominations: AUD 2,000 and integral multiples of AUD 1,000 thereafter
 - (ii) Calculation Amount: AUD 1,000
7.
 - (i) Issue Date: 12 May 2010
 - (ii) Interest Commencement Date: 16 March 2010
8. Maturity Date: 16 March 2015
9. Interest Basis: 6.00 per cent. Fixed Rate (further particulars specified below)
10. Redemption/Payment Basis: Redemption at par
11. Change of Interest or Redemption/Payment Basis: Not Applicable
12. Put/Call Options: Not Applicable
13.
 - (i) Status of the Instruments: Senior and unsecured
 - (ii) Date of approval for issuance of Instruments obtained: Not Applicable
14. Method of distribution: Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Instrument Provisions** Applicable
 - (i) Rate of Interest: 6.00 per cent. per annum payable

		annually in arrear
(ii)	Interest Payment Date(s):	16 March in each year commencing on 16 March 2011, adjusted for payment purposes only in accordance with the Following Business Day Convention
(iii)	Fixed Coupon Amount:	AUD 60 per Calculation Amount
(iv)	Broken Amounts:	Not Applicable
(v)	Day Count Fraction:	Actual/Actual (ICMA)
(vi)	Determination Dates:	16 March in each year
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Instruments:	Not Applicable
16.	Floating Rate Instrument Provisions	Not Applicable
17.	Zero Coupon Instrument Provisions	Not Applicable
18.	Index-Linked Interest Instrument/other variable-linked interest Instrument Provisions	Not Applicable
19.	Dual Currency Instrument Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

20.	Call Option	Not Applicable
21.	Put Option	Not Applicable
22.	Maturity Redemption Amount of each Instrument	AUD 1,000 per Calculation Amount
23.	Early Redemption Amount	
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS

24.	Form of Instruments:	Bearer Instruments: Temporary Global Instrument exchangeable for a Permanent Global Instrument which is exchangeable for Definitive Bearer Instruments in the limited circumstances specified in the Permanent Global Instrument
25.	New Global Instrument:	No
26.	Relevant Financial Centres or other special provisions relating to Payment Dates:	Sydney, New York and London
27.	Talons for future Coupons or Receipts to be attached to Definitive Bearer Instruments (and dates on which such Talons mature):	No
28.	Details relating to Partly Paid Instruments: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Instruments and interest due on late payment:	Not Applicable
29.	Details relating to Instalment Instruments: amount of each instalment, date on which each payment is to be made:	Not Applicable
30.	Redenomination, renominatisation and reconventioning provisions:	Not Applicable
31.	Other final terms:	Not Applicable

DISTRIBUTION

32.	(i) If syndicated, names and addresses of Managers and underwriting commitments:	Daiwa Capital Markets Europe Limited 5 King William Street London EC4N 7AX England AUD 25,000,000 Deutsche Bank AG, London Branch Winchester House
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1 Great Winchester Street
 London EC2N 2DB
 England
 AUD 25,000,000

- (ii) Date of Subscription Agreement: 10 May 2010
- (iii) Stabilising Manager: Deutsche Bank AG, London Branch
- 33. If non-syndicated, name and address of Dealer: Not Applicable
- 34. Total (underwriting and placing) commission and concession: 1.875 per cent. of the Aggregate Principal Amount of the Tranche
- 35. U.S. Selling Restrictions: Reg. S Compliance Category 2, TEFRA D
- 36. ERISA: Employee benefit plans subject to Title 1 of the U.S. Employee Retirement Income Security Act of 1974, as amended (ERISA), "plans" subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended, and any entity whose underlying assets include the assets of any such employee benefit plan or plan, generally will not be permitted to purchase or hold the Instruments (or any interest therein)
- 37. Non-exempt Offer: Not Applicable
- 38. Additional selling restrictions: **Australia**

Each Manager has acknowledged and agreed that no prospectus or other disclosure document (as defined in the Corporations Act 2001) in relation to the Programme or the Instruments has been or will be lodged with the Australian Securities and Investments Commission ("ASIC") or the ASX Limited ("ASX"). Accordingly, each Manager represented and agreed that it:

- (a) has not (directly or indirectly) offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of the Instruments into or from Australia (including an offer or invitation

which is received by a person in Australia); and

- (b) has not distributed or published, and will not distribute or publish, the Base Prospectus, these Final Terms or any other prospectus, offering material or advertisement relating to the Instruments in Australia,

unless:

- (i) the aggregate consideration payable by each offeree is at least AUD 500,000 (or its equivalent in other currencies, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act 2001; and
- (ii) such action complies with all applicable Australian laws, regulations and directives and does not require any document to be lodged with ASIC or the ASX.

39. Secondary (*uridashi*) offerings of the Instruments to be made in Japan: Not Applicable

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the regulated market of the Luxembourg Stock Exchange of the Instruments described herein pursuant to the EUR 35,000,000,000 Programme for the Issuance of Debt Instruments of Kommunalbanken AS.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By: 

Duly authorized ~~Thomas Möller~~

Executive Vice President & CFO

PART B - OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Listing: Application has been made by the Issuer (or on its behalf) for the Instruments to be admitted to listing on the official list of the Luxembourg Stock Exchange with effect from 12 May 2010

The Original Instruments are listed on the official list of the Luxembourg Stock Exchange

(ii) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Instruments to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from 12 May 2010

The Original Instruments are admitted to trading on the regulated market of the Luxembourg Stock Exchange

2. RATINGS

Ratings: The Programme under which the Instruments are to be issued has been rated:

S & P: AAA

Moody's: Aaa

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

Save as discussed in "*Subscription and Sale*" in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer.

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) Reasons for the offer: See "*Use of Proceeds*" in the Base Prospectus

(ii) Estimated net proceeds: AUD 49,771,993.15 (inclusive of 57 days' accrued interest amounting to AUD 468,493.15)

(iii) Estimated total expenses: AUD 20,000

5. **YIELD**

Indication of yield: 5.868 per cent. per annum

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield

6. **OPERATIONAL INFORMATION**

ISIN Code: Until the Instruments are consolidated and form a single series with the Original Instruments, the Instruments shall have the temporary ISIN Code XS0508549499. After the Exchange Date, the ISIN Code will be XS0493320500

Common Code: Until the Instruments are consolidated and form a single series with the Original Instruments, the Instruments shall have the temporary Common Code 050854949. After the Exchange Date, the Common Code will be 049332050

New Global Instrument intended to be held in a manner which would allow Eurosystem eligibility: Not Applicable

Clearing system(s): Euroclear and Clearstream, Luxembourg

Delivery: Delivery against payment

Names and addresses of additional Paying Agent(s) or Foreign Exchange Agent(s) (if any): Not Applicable

Name and address of Luxembourg Intermediary Agent: Not Applicable

ANNEX

2009 TERMS AND CONDITIONS

The Instruments (except, in certain circumstances, for VPS Instruments (as defined herein)) are issued pursuant to and in accordance with an amended and restated issue and paying agency agreement dated as of 22 April 2009 (as supplemented, amended or replaced from time to time, the "**Issue and Paying Agency Agreement**") and made between Kommunalbanken AS (the "**Issuer**"), Deutsche Bank AG, London Branch in its capacity as issue and paying agent (the "**Issue and Paying Agent**", which expression shall include any successor), Deutsche Bank Trust Company Americas in its capacity as registrar (the "**Registrar**", which expression shall include any successor) and as transfer agent (the "**Transfer Agent**" which expression shall include any successors), and the paying agents named therein (the "**Paying Agents**", which expression shall include the Issue and Paying Agent and any substitute or additional paying agents appointed in accordance with the Issue and Paying Agency Agreement). Instruments which are in uncertificated book entry form cleared through the Norwegian Central Securities Depository, the *Verdipapirsentralen ASA* (the "**VPS Instruments**" and the "**VPS**", respectively) are also issued in accordance with an agreement dated as of 22 April 2009 (as supplemented, amended or replaced from time to time, the "**VPS Agreement**") and made between the Issuer and DnB NOR Bank ASA, in its capacity as VPS account operator (the "**VPS Account Operator**").

For the purposes of making determinations or calculations of interest rates, interest amounts, redemption amounts or any other matters requiring determination or calculation in accordance with the Conditions of any Series of Instruments (as defined below), the Issuer may appoint a calculation agent (the "**Calculation Agent**") for the purposes of such Instruments, in accordance with the provisions of the Issue and Paying Agency Agreement, and such Calculation Agent shall be specified in the applicable Final Terms.

The Instruments have the benefit of a deed of covenant dated 22 April 2009 (as supplemented, amended or replaced from time to time, the "**Deed of Covenant**") executed by the Issuer in relation to the Instruments.

Copies of the Issue and Paying Agency Agreement, the VPS Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents, the Registrar and the Transfer Agent. All persons from time to time entitled to the benefit of obligations under any Instruments shall be deemed to have notice of, and shall be bound by, the Deed of Covenant and all (or certain, in the case of the VPS Instruments) of the provisions of the Issue and Paying Agency Agreement and the Deed of Covenant insofar as they relate to the relevant Instruments.

The Instruments are issued in series (each, a "**Series**"), and each Series may comprise one or more tranches ("**Tranches**" and each, a "**Tranche**") of Instruments. The only provisions of the Issue and Paying Agency Agreement applicable to the VPS Instruments are those in Schedule 6 (*Provisions for Meetings of the Holders of Bearer Instruments and VPS Instruments*) and Schedule 10 (*Calculation Agent Appointment Letter*) of the Issue and Paying Agency Agreement.

Each Tranche will be the subject of a final terms (each, a "**Final Terms**"), a copy of which will be available free of charge during normal business hours at the specified office of the Issue and Paying Agent and/or, as the case may be, the Registrar and, in the case of an Instrument admitted to trading on the regulated market of the Luxembourg Stock Exchange, the Transfer Agent in Luxembourg and, in the case of a VPS Instrument admitted to trading on the Oslo Stock Exchange, the VPS Account Operator. In the case of a Tranche of Instruments in relation to which application has not been made for listing on any stock exchange, copies of the Final Terms will only be available for inspection by a Holder of or, as the case may be, a Relevant Account Holder (as defined in the Deed of Covenant) in respect of, such Instruments.

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

References in these Terms and Conditions to Instruments are to Instruments of the relevant Series and any references to Coupons (as defined in Condition 1.2) and Receipts (as defined in Condition 1.3) are to Coupons and Receipts relating to Instruments of the relevant Series.

References in these Terms and Conditions to the Final Terms are to the Final Terms prepared in relation to the Instruments of the relevant Tranche or Series.

In respect of any Instruments, references herein to these Terms and Conditions are to these terms and conditions as supplemented or modified or (to the extent thereof) replaced by the Final Terms.

1. **Form and Denomination**

Form of Instruments

- 1.1 Instruments are issued in bearer form ("**Bearer Instruments**") or in registered form ("**Registered Instruments**"), or, in the case of VPS Instruments, in uncertificated and dematerialised book entry form as specified in the Final Terms and are serially numbered. Registered Instruments are not exchangeable for Bearer Instruments. VPS Instruments may not be exchanged for Bearer Instruments or Registered Instruments.
- 1.2 Interest-bearing Bearer Instruments have attached thereto at the time of their initial delivery coupons ("**Coupons**"), presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. In addition, if so specified in the Final Terms, such Instruments have attached thereto at the time of their initial delivery, a talon ("**Talon**") for further coupons and the expression "**Coupons**" shall, where the context so requires, include Talons.
- 1.3 Bearer Instruments, the principal amount of which is repayable by instalments ("**Instalment Instruments**") have attached thereto at the time of their initial delivery, payment receipts ("**Receipts**") in respect of the instalments of principal.

Denomination of Instruments

- 1.4 Bearer Instruments are in the denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Final Terms. Bearer Instruments of one denomination may not be exchanged for Bearer Instruments of any other denomination.
- 1.5 Registered Instruments and VPS Instruments are in the minimum denomination specified in the Final Terms or integral multiples thereof.
- 1.6 Instruments may not be issued under the Programme with a Specified Denomination of less than EUR 1,000 (or equivalent in another currency).

Currency of Instruments

- 1.7 The Instruments are denominated in such currency as may be specified in the Final Terms. Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Partly Paid Instruments

- 1.8 Instruments may be issued on a partly paid basis ("**Partly Paid Instruments**") if so specified in the Final Terms. The subscription moneys therefore shall be paid in such number of instalments ("**Partly Paid Instalments**") in such amounts, on such dates and in such manner as may be specified in the Final Terms. The first such instalment shall be due and payable on the date of issue of the Instruments. For the purposes of these Terms and Conditions, in respect of any Partly Paid Instrument, ("**Paid Up Amount**") means the aggregate amount of all Partly Paid Instalments in respect thereof as shall have fallen due and been paid up in full in accordance with the Terms and Conditions.

Not less than 14 days nor more than 30 days prior to the due date for payment of any Partly Paid Instalment (other than the first such instalment) the Issuer shall publish a notice in accordance with Condition 14 stating the due date for payment thereof and stating that failure to pay any such Partly Paid Instalment on or prior to such date will entitle the Issuer to forfeit the Instruments with effect from such date ("**Forfeiture Date**") as may be specified in such notice

(not being less than 14 days after the due date for payment of such Partly Paid Instalment), unless payment of the relevant Partly Paid Instalment together with any interest accrued thereon is paid prior to the Forfeiture Date. The Issuer shall procure that any Partly Paid Instalments paid in respect of any Instruments subsequent to the Forfeiture Date in respect thereof shall be returned promptly to the persons entitled thereto. The Issuer shall not be liable for any interest on any Partly Paid Instalment so returned.

Interest shall accrue on any Partly Paid Instalment which is not paid on or prior to the due date for payment thereof at the Interest Rate (in the case of non-interest bearing Instruments, at the rate applicable to overdue payments) and shall be calculated in the same manner and on the same basis as if it were interest accruing on the Instruments for the period from and including the due date for payment of the relevant Partly Paid Instalment up to but excluding the Forfeiture Date. For the purpose of the accrual of interest, any payment of any Partly Paid Instalment made after the due date for payment shall be treated as having been made on the day preceding the Forfeiture Date (whether or not a Business Day as defined in Condition 5.9).

Unless an Event of Default (or an event which with the giving of notice, the lapse of time or the making or giving of any determination or certification would constitute an Event of Default) shall have occurred and be continuing, on the Forfeiture Date, the Issuer shall forfeit all of the Instruments in respect of which any Partly Paid Instalment shall not have been duly paid, whereupon the Issuer shall be entitled to retain all Partly Paid Instalments previously paid in respect of such Instruments and shall be discharged from any obligation to repay such amount or to pay interest thereon.

2. Title and Transfer

- 2.1 Title to Bearer Instruments, Receipts and Coupons passes by delivery. References herein to the "**Holders**" of Bearer Instruments or of Receipts or Coupons are to the bearers of such Bearer Instruments or such Receipts or Coupons.
- 2.2 Title to Registered Instruments passes by registration in the register which the Issuer shall procure to be kept by the Registrar. References herein to the "**Holders**" of Registered Instruments are to the persons in whose names such Registered Instruments are so registered in the relevant register.
- 2.3 Title to VPS Instruments passes by registration between the direct or indirect accountholders at the VPS in accordance with the rules and procedures of the VPS. References to "**Holders**" of VPS Instruments are to the persons in whose names such VPS Instruments are so registered in the relevant register.
- 2.4 The Holder of any Bearer Instrument, Coupon, Registered Instrument or VPS Instrument will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

Transfer of Registered Instruments and exchange of Bearer Instruments for Registered Instruments

- 2.5 A Registered Instrument may, upon the terms and subject to the conditions set forth in the Issue and Paying Agency Agreement, be transferred in whole or in part only (provided that such part is, or is an integral multiple of, the minimum denomination specified in the Final Terms) upon the surrender of the Registered Instrument to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any of the Transfer Agents. A new Registered Instrument will be issued to the transferee and, in the case of a transfer of part only of a Registered Instrument, a new Registered Instrument in respect of the balance not transferred will be issued to the transferor.
- 2.6 If so specified in the Final Terms, the Holder of Bearer Instruments may exchange the same for the same aggregate principal amount of Registered Instruments upon the terms and subject to the conditions set forth in the Issue and Paying Agency Agreement. In order to exchange a Bearer Instrument for a Registered Instrument, the Holder thereof shall surrender such Bearer

Instrument at the specified office outside the United States of the Issue and Paying Agent, the Registrar or the Transfer Agent together with a written request for the exchange. Each Bearer Instrument so surrendered must be accompanied by all unmatured Receipts and Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the exchange date (as defined in Condition 2.7) where the exchange date would, but for the provisions of Condition 2.7, occur between the Record Date (as defined in Condition 9.2(c)) for such payment of interest and the date on which such payment of interest falls due.

- 2.7 Each new Registered Instrument to be issued upon the transfer of a Registered Instrument or the exchange of a Bearer Instrument for a Registered Instrument will, within three Relevant Banking Days of the transfer date or, as the case may be, the exchange date be available for collection by each relevant Holder at the specified office of the Registrar or the Transfer Agent or, at the option of the Holder requesting such exchange or transfer be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer or request for exchange received by the Registrar or the Transfer Agent after the Record Date in respect of any payment due in respect of Registered Instruments shall be deemed not to be effectively received by the Registrar or the Transfer Agent until the day following the due date for such payment. For the purposes of these Terms and Conditions:
- (a) "**Relevant Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar or, as the case may be, the Transfer Agent is located and, in the case only of an exchange of a Bearer Instrument for a Registered Instrument where such request for exchange is made to the Issue and Paying Agent, in the place where the specified office of the Issue and Paying Agent is located;
 - (b) the "**exchange date**" shall be the Relevant Banking Day following the day on which the relevant Bearer Instrument shall have been surrendered for exchange in accordance with Condition 2.6; and
 - (c) the "**transfer date**" shall be the Relevant Banking Day following the day on which the relevant Registered Instrument shall have been surrendered for transfer in accordance with Condition 2.5,
- 2.8 The issue of new Registered Instruments on transfer or on the exchange of Bearer Instruments for Registered Instruments will be effected without charge by or on behalf of the Issuer, the Issue and Paying Agent, the Registrar or the Transfer Agent but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Issue and Paying Agent, the Registrar or the Transfer Agent may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.
- 2.9 Upon the transfer, exchange or replacement of Registered Instruments bearing the private placement legend (the "**Private Placement Legend**") set forth in the form of Registered Instrument scheduled to the Issue and Paying Agency Agreement, the Registrar or, as the case may be, the Transfer Agent shall deliver only Registered Instruments that also bear such legend unless either (i) such transfer, exchange or replacement occurs three or more years after the later of (1) the original issue date of such Instruments or (2) the last date on which the Issuer or any affiliates (as defined below) of the Issuer as notified to the Registrar and the Transfer Agent by the Issuer as provided in the following sentence, was the beneficial owner of such Instrument (or any predecessor of such Instrument) or (ii) there is delivered to the Registrar and the Transfer Agent an opinion reasonably satisfactory to the Issuer of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States to the effect that neither such legend nor the restrictions on transfer set forth therein are required in order to maintain compliance with the provisions of such laws. The Issuer covenants and agrees that it will not acquire any beneficial interest, and will cause its "**affiliates**" (as defined in paragraph (a)(1) of Rule 144 under the Securities Act of 1933, as amended (the "**Securities Act**")) not to acquire any beneficial interest, in any Registered Instrument bearing the Private Placement Legend unless it notifies the Registrar of such acquisition. The Registrar, the Transfer Agent and all Holders shall be entitled to rely without further investigation on any such notification (or lack thereof).

- 2.10 For so long as any of the Registered Instruments bearing the Private Placement Legend remain outstanding and are "**restricted securities**" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer covenants and agrees that it shall, during any period in which it is not subject to Section 13 or 15 (d) under the United States Securities Exchange Act of 1934 nor exempt from reporting pursuant to Rule 12g3-2(b) under such Act, make available to any Holder in connection with any sale thereof and any prospective purchaser of such Instruments from such Holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144(d)(4) under the Securities Act.

3. **Status of the Instruments**

3.1 **Status — Unsubordinated Instruments**

- (a) This Condition 3.1 is applicable in relation to Instruments specified in the Final Terms as being unsubordinated or not specified as being subordinated ("**Unsubordinated Instruments**").
- (b) The Instruments constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Issuer, present and future (save for certain mandatory exceptions provided by law).

3.2 **Status – Subordinated Instruments**

- (a) This Condition 3.2(a) applies only to dated subordinated Instruments and references to "**Instruments**", "**Coupons**" and "**Holders of Coupon**" in this Condition 3.2(a) shall be construed accordingly.
- (i) The Instruments and the relative Receipts and Coupons constitute unsecured subordinated obligations of the Issuer, conditional as described in Condition 3.2(c), and rank *pari passu* without any preference among themselves and at least equally with all other subordinated obligations of the Issuer (whether actual or contingent) having a fixed maturity from time to time outstanding. The Instruments and the Coupons shall, in the event of a liquidation, dissolution, or other winding-up of the Issuer by way of debt settlement or bankruptcy proceedings, be subordinated in right of payment only to the claims against the Issuer of all unsubordinated creditors of the Issuer and to claims preferred under Norwegian law generally.
- (ii) The Issuer shall not, without the prior approval of an Extraordinary Resolution (as defined in the Issue and Paying Agency Agreement) of the holders of Instruments, incur, create, assume, grant or permit to be outstanding any subordinated indebtedness (whether actual or contingent) having a fixed maturity unless such indebtedness is subordinated, subject to applicable law, in the event of liquidation, dissolution or other winding-up of the Issuer by way of debt settlement or bankruptcy proceedings or otherwise in right of payment so as to rank *pari passu* with or junior to the claims of the holders of Instruments and the Holders of Coupon.
- (iii) The Issuer shall not, without the prior approval of an Extraordinary Resolution of the holders of Instruments, incur, create, assume, grant or permit to be outstanding any Undated Subordinated Indebtedness (whether actual or contingent) unless such Undated Subordinated Indebtedness is subordinated, subject to applicable law, in the event of liquidation, dissolution or winding-up of the Issuer by way of debt settlement or bankruptcy proceedings or otherwise in right of payment so as to rank junior to the claims of the holders of Instruments and the Holders of Coupon.
- (b) This Condition 3.2(b) applies only to undated subordinated Instruments and references to "**Instruments**", "**Coupons**" and "**Holders of Coupon**" in this Condition 3. 2(b) shall be construed accordingly.

(i) **General**

The Instruments and the relative Coupons constitute, in the case of the Instruments, undated and, in the case of the Instruments and the Coupons, unsecured subordinated obligations of the Issuer, conditional as described in Condition 3.2(c), and rank *pari passu* without any preference among themselves and rank at least equally with Other *Pari Passu* Claims from time to time outstanding. The right to payment in respect of the Instruments and the Coupons is subordinated to the claims of Senior Creditors and payments of principal and interest in respect of the Instruments and the Coupons are conditional upon the Issuer being Solvent at the time of payment by the Issuer and no principal or interest shall be payable in respect of the Instruments or the Coupons except to the extent that the Issuer could make such payment in whole or in part, rateably with the payments in respect of Other *Pari Passu* Claims, and still be Solvent immediately thereafter. Payment of interest on the Instruments is also subject to the provisions of Condition 5.11(c).

(ii) **Solvency**

The Issuer shall be "**Solvent**" (any determination of such status being a determination of "**Solvency**") if:

- (A) it is able to pay its debts as they fall due; and
- (B) its Assets exceed its Liabilities (other than its Liabilities to Persons who are not Senior Creditors).

A report as to the Solvency of the Issuer by two (2) members of the Board of Directors of the Issuer or the auditors of the Issuer or (if the Issuer is in liquidation, dissolution or other winding-up in the Kingdom of Norway) its liquidation board, debt settlement committee or bankruptcy board shall in the absence of proven error be treated and accepted by the Issuer and the holders of Instruments and Holders of Coupon as correct and sufficient evidence thereof.

(iii) **No Set-off**

No holders of Instruments or Couponholder that shall in any respect be indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed to the Issuer in respect of such indebtedness.

(iv) **Liquidation, Dissolution or Winding-Up**

If at any time the Issuer is liquidated, dissolved or otherwise wound-up, there shall be payable on the Instruments and the Coupons (in lieu of any other payment, but subject as provided in this Condition 3.2) such amounts, if any, as would have been payable to the holders of Instruments and the Holders of Coupon if, on the day prior to the commencement of the liquidation, dissolution or winding-up and thereafter, they were the holders of securities having a preferential right to a return of assets in the liquidation, dissolution or winding-up, as the case may be, over the holders of shares in the Issuer, on the assumption that such securities were entitled to receive on a return of capital in such liquidation, dissolution or winding-up, in respect of the principal amount of the Instruments an amount equal to the principal amount of the Instruments and, in the case of interest on the Instruments, an amount equal to interest accrued to but excluding the date of repayment and any Arrears of Interest (as defined in Condition 5.11) and any Additional Interest Amount (as defined in Condition 5.11), and where such amounts ranked at least *pari passu* with any other Undated Subordinated Indebtedness.

(v) ***Limitation on other Undated Subordinated Indebtedness***

The Issuer shall not, without the prior approval of an Extraordinary Resolution of the holders of Instruments, incur, create, assume, grant or permit to be outstanding any Undated Subordinated Indebtedness (whether actual or contingent) unless such Undated Subordinated Indebtedness is subordinated in right of payment, subject to applicable law, in the event of liquidation, dissolution or other winding-up of the Issuer by way of debt settlement or bankruptcy so as to rank *pari passu* with or junior to the claims of the holders of Instruments and the Holders of Coupon.

(vi) ***Definitions***

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

"Assets" means, at any time, the non-consolidated total assets of the Issuer, as shown by the then latest published audited balance sheet of the Issuer, but adjusted for contingencies and for subsequent events, all valued in such manner as the members of the Board of Directors of the Issuer, the auditors of the Issuer or the debt settlement committee or bankruptcy board of the Issuer (as the case may be) may determine.

"Capital Adequacy Requirements" has the meaning specified in the definition of Optional Interest Payment Date.

"Commission" means the Financial Supervisory Authority of Norway (Kreditilsynet) or such other agency of the Kingdom of Norway as assumes or performs the functions as at the Issue Date performed by such Commission.

"Governmental Authority" means the government of any jurisdiction in which the Issuer conducts all or any part of its business (including, without limitation, the government of the Kingdom of Norway and all other countries and all political subdivisions thereof), or that asserts any jurisdiction over the conduct of the affairs, or the Property, of the Issuer and any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government (including, without limitation, the Commission).

"Liabilities" means, at any time, the non-consolidated total liabilities of the Issuer, as shown by the then latest published audited balance sheet of the Issuer, but adjusted for contingencies and for subsequent events, all valued in such manner as the members of the Board of Directors of the Issuer, the auditors of the Issuer or the debt settlement committee or bankruptcy board of the Issuer (as the case may be) may determine.

"Optional Interest Payment Date" means any Interest Payment Date following the date as of which the Issuer's most recent quarterly report to the Commission disclosed that it was in breach (a **"Breach"**) of the capital adequacy requirements of the Norwegian Ministry of Finance (or of such other Governmental Authority as shall at the time be the promulgator of such requirements) applicable to the Issuer (the **"Capital Adequacy Requirements"**), provided that such Interest Payment Date shall not be an Optional Interest Payment Date if, since the date of publication of such report, the Issuer has at any time been in compliance with the Capital Adequacy Requirements and will after such payment still be in such compliance and, provided further, that in the event that such report does not disclose a Breach, the relevant Interest Payment Date shall still be deemed to be an Optional Interest Payment Date if immediately after such payment there would be a Breach.

"Other *Pari Passu* Claims" means, in relation to an issue of Undated Subordinated Instruments, claims of creditors of the Issuer that are subordinated so as to rank *pari passu* with the claims of the holders of Instruments or the Holders of Coupon.

"Person" means an individual, a partnership, a corporation, a trust, an unincorporated organisation or a government or agency or political subdivision thereof.

"Property" means any interest in any kind of property or asset, whether real, personal, mixed, tangible, intangible or of any other type.

"Senior Creditors" means, in relation to an issue of Undated Subordinated Instruments, creditors of the Issuer:

- (a) who are depositors or other unsubordinated creditors of the Issuer; or
- (b) whose claims are, or are expressed to be, subordinated (whether only in the event of liquidation, dissolution or other winding-up of the Issuer or otherwise) to the claims of depositors and other unsubordinated creditors of the Issuer but have a fixed maturity, except those whose claims rank, or are expressed to rank, *pari passu* with or junior to the claims of the holders of Instruments and the Holders of Coupon.

"Undated Subordinated Indebtedness" means any indebtedness of the Issuer:

- (a) that by its terms or otherwise is in any respect junior or subordinate in right of payment (whether upon liquidation, dissolution or other winding-up of the Issuer or otherwise) to any other indebtedness of the Issuer; and
- (b) the principal of which has no fixed maturity.

"Violation" means the occurrence and continuation of the Issuer failing to comply, or not being in compliance, with any provision of the Instruments.

(c) ***Loss Absorption***

This Condition 3.2(c) applies both to dated subordinated Instruments and to undated subordinated Instruments.

Under Norwegian legislation, if the Issuer's most recent audited accounts reveal that its net assets are less than 25 per cent of its share capital, the board shall present to the general meeting a description of the Issuer's financial position accompanied by a proposal to write down the share capital against losses shown in the audited accounts. If the general meeting does not pass a resolution to write down the share capital within the period stipulated by the Commission, the Ministry of Finance may decide that the share capital shall be written down by the amount of capital shown to have been lost by the audited accounts. If the Issuer's most recent audited accounts reveal that a substantial portion of the subordinated debt has been lost, the general meeting of the Issuer or the King may decide to write down the Issuer's subordinated debt in the manner described in the foregoing with respect to the share capital.

The Issuer shall give not more than 30 nor less than five Business Days' (as defined in Condition 5.1(c)) prior notice to the Issue and Paying Agent and to the holders of Instruments in accordance with Condition 14 of any cancellation of principal in respect of any Instruments pursuant to this Condition 3.2(c).

To the extent that part only of the outstanding principal amount of the Instruments has been cancelled as provided above, interest will continue to accrue in accordance with the terms hereof on the then outstanding principal amount of such Instruments and on any Arrears of Interest (including any Additional Interest Amounts).

Whilst Norwegian legislation does not specifically grant the right to cancel interest relating to subordinated loan capital, there is a possibility that the Norwegian courts would permit Norwegian authorities, or the Issuer, to cancel accrued but unpaid interest in respect of subordinated loan capital (which would include interest in respect of the Instruments).

4. **Negative Pledge**

This Condition 4 is applicable only in relation to Unsubordinated Instruments. So long as any Instrument remains outstanding (as defined in the Issue and Paying Agency Agreement), the Issuer shall not create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Instruments equally and rateably therewith or (b) providing such other security for the Instruments as may be approved by an Extraordinary Resolution (as defined in the Issue and Paying Agency Agreement) of the Holders.

In these Conditions:

"Guarantee" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness.

"Indebtedness" means any indebtedness of any Person for money borrowed or raised.

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

"Relevant Indebtedness" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market).

"Security Interest" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

5. **Interest**

Interest

- 5.1 Instruments may be interest-bearing or non interest-bearing, as specified in the Final Terms. Words and expressions appearing in this Condition 5 and not otherwise defined herein or in the Final Terms shall have the meanings given to them in Condition 5.9.

Interest-bearing Instruments

- 5.2 Instruments which are specified in the Final Terms as being interest-bearing shall bear interest from their Interest Commencement Date at the Interest Rate payable in arrear on each Interest Payment Date.

Floating Rate Instruments

- 5.3 If the Final Terms specifies the Interest Rate applicable to the Instruments as being Floating Rate it shall also specify which page (the **"Relevant Screen Page"**) on the Reuters Screen or any other information vending service shall be applicable. If such a page is so specified, the Interest Rate applicable to the relevant Instruments for each Interest Accrual Period shall be determined by the Calculation Agent on the following basis:
- (a) the Calculation Agent will determine the offered rate for deposits (or, as the case may require, the arithmetic mean (rounded, if necessary, to the nearest ten thousandth of a percentage point, 0.00005 being rounded upwards) of the rates for deposits) in the relevant currency for a period of the duration of the relevant Interest Accrual Period on

the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

- (b) if, on any Interest Determination Date, no such rate for deposits so appears (or, as the case may be, if fewer than two such rates for deposits so appear) or if the Relevant Screen Page is unavailable, the Calculation Agent will request appropriate quotations and will determine the arithmetic mean (rounded as aforesaid) of the rates at which deposits in the relevant currency are offered by four major banks in the London interbank market (or, in the case of Instruments denominated or payable in euro, in the euro-zone interbank market), reasonably selected by the Calculation Agent, at approximately the Relevant Time on the Interest Determination Date to prime banks in the London interbank market (or, in the case of Instruments denominated or payable in euro, in the euro-zone interbank market) for a period of the duration of the relevant Interest Accrual Period and in an amount that is representative for a single transaction in the relevant market at the relevant time;
- (c) if, on any Interest Determination Date, only two or three rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates so quoted; or
- (d) if fewer than two rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates quoted by four major banks in the Relevant Financial Centre (or, in the case of Instruments denominated in euro, in such financial centre or centres in the euro-zone as the Calculation Agent may select) selected by the Calculation Agent, at approximately 11.00 a.m. (Relevant Financial Centre time (or local time at such other financial centre or centres as aforesaid)) on the first day of the relevant Interest Accrual Period for loans in the relevant currency to leading European banks for a period of the duration of the relevant Interest Accrual Period and in an amount that is representative for a single transaction in the relevant market at the relevant time,

and the Interest Rate applicable to such Instruments during each Interest Accrual Period will be the sum of the relevant margin (the "**Relevant Margin**") specified in the Final Terms and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates) so determined provided, however, that, if the Calculation Agent is unable to determine a rate (or, as the case may be, an arithmetic mean of rates) in accordance with the above provisions in relation to any Interest Accrual Period, the Interest Rate applicable to such Instruments during such Interest Accrual Period will be the sum of the Relevant Margin and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates) determined in relation to such Instruments in respect of the last preceding Interest Accrual Period.

ISDA Rate Instruments

- 5.4 If the Final Terms specifies the Interest Rate applicable to the Instruments as being ISDA Rate, each Instrument shall bear interest as from such date, and at such rate or in such amounts, and such interest will be payable on such dates, as would have applied (regardless of any event of default or termination event or tax event thereunder) if the Issuer had entered into an interest rate swap transaction with the Holder of such Instrument under the terms of an agreement to which the ISDA Definitions applied and under which:

- the Fixed Rate Payer, Fixed Amount Payer, Fixed Price Payer, Floating Rate Payer, Floating Amount Payer or, as the case may be, the Floating Price Payer is the Issuer (as specified in the Final Terms);
- the Effective Date is the Interest Commencement Date;
- the Termination Date is the Maturity Date;
- the Calculation Agent is the Calculation Agent as specified in the Final Terms;
- the Calculation Periods are the Interest Accrual Periods;
- the Period End Dates are the Interest Period End Dates;

- the Payment Dates are the Interest Payment Dates;
- the Reset Dates are the Interest Period End Dates;
- the Calculation Amount is the principal amount of such Instrument;
- the Day Count Fraction applicable to the calculation of any amount is that specified in the Final Terms or, if none is so specified, as may be determined in accordance with the ISDA Definitions;
- the Applicable Business Day Convention applicable to any date is that specified in the Final Terms or, if none is so specified, as may be determined in accordance with the ISDA Definitions; and – the other terms are as specified in the Final Terms.

Maximum or Minimum Interest Rate

- 5.5 If any Maximum or Minimum Interest Rate is specified in the Final Terms, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified.

Accrual of Interest

- 5.6 Interest shall accrue on the Outstanding Principal Amount of each Instrument during each Interest Accrual Period from, and including, the Interest Commencement Date. Interest will cease to accrue as from the due date for redemption therefore (or, in the case of an Instalment Instrument, in respect of each instalment of principal, on the due date for payment of the relevant Instalment Amount) unless upon due presentation or surrender thereof (if required), payment in full of the Redemption Amount (as defined in Condition 6.10) or the relevant Instalment Amount is improperly withheld or refused or default is otherwise made in the payment thereof or the consent of the Commission for such payment has not been given or, having been given, has been withdrawn and not replaced, in which case interest shall continue to accrue on the principal amount in respect of which payment has been improperly withheld or refused or default has been made (as well after as before any demand or judgment) at the Interest Rate then applicable or such other rate as may be specified for this purpose in the Final Terms until the date on which, upon due presentation or surrender of the relevant Instrument (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Instrument is not required as a precondition of payment), the seventh day after the date on which, the Issue and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Instruments in accordance with Condition 14 that the Issue and Paying Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

Interest Amount(s), Calculation Agent and Reference Banks

- 5.7 If a Calculation Agent is specified in the Final Terms, the Calculation Agent, as soon as practicable after the Relevant Time on each Interest Determination Date (or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation) will determine the Interest Rate and calculate the amount(s) of interest payable (the "**Interest Amount(s)**") in respect of each Denomination of the Instruments (in the case of Bearer Instruments) and the minimum denomination (in the case of Registered Instruments) for the relevant Interest Accrual Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date or, as the case may be, the Redemption Amount or any Instalment Amount to be notified to the Issue and Paying Agent, the Registrar (in the case of Registered Instruments), the Issuer, the Holders in accordance with Condition 14 and, if the Instruments are listed on a stock exchange and the rules of such exchange so requires, such exchange as soon as possible after their determination or calculation but in no event later than the fourth London Banking Day thereafter or, if earlier in the case of notification to the stock exchange, the time required by the rules of the relevant stock exchange. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event

of an extension or shortening of an Interest Accrual Period or the Interest Period. If the Instruments become due and payable under Condition 7, the Interest Rate and the accrued interest payable in respect of the Instruments shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon the Issuer and the Holders and neither the Calculation Agent nor any Reference Bank shall have any liability to the Holders in respect of any determination, calculation, quote or rate made or provided by it.

The Issuer will procure that there shall at all times be such Reference Banks as may be required for the purpose of determining the Interest Rate applicable to the Instruments and a Calculation Agent, if provision is made for one in the Terms and Conditions.

If the Calculation Agent is incapable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Accrual Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

Calculations and Adjustments

- 5.8 The amount of interest payable in respect of any Instrument for any period shall be calculated by multiplying the product of the Interest Rate and the Outstanding Principal Amount by the Day Count Fraction, save that (i) if the Final Terms specifies a specific amount in respect of such period, the amount of interest payable in respect of such Instrument for such period will be equal to such specified amount and (ii) where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

For the purposes of any calculations referred to in these Terms and Conditions (unless otherwise specified in the Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 percent being rounded up to 0.00001 percent), (b) all United States Dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amount used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

Definitions

- 5.9 "**Applicable Business Day Convention**" means the "**Business Day Convention**" which may be specified in the Final Terms as applicable to any date in respect of the Instruments. Where the Final Terms specifies "**No Adjustment**" in relation to any date, such date shall not be adjusted in accordance with any Business Day Convention. Where the Final Terms fails either to specify an applicable Business Day Convention or "**No Adjustment**" for the purposes of an Interest Payment Date or an Interest Period End Date, then in the case of Instruments which bear interest at a fixed rate, "**No Adjustment**" shall be deemed to have been so specified and in the case of Instruments which bear interest at a floating rate, the Modified Following Business Day Convention shall be deemed to have been so specified. Different Business Day Conventions may apply, or be specified in relation to, the Interest Payment Dates, Interest Period End Dates and any other date or dates in respect of any Instruments.

"**Banking Day**" means, in respect of any city, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in that city.

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business and settle payments in the Relevant Financial

Centre in respect of the relevant Instruments or, in relation to Instruments payable in euro, on which the TARGET System is operating.

"Business Day Convention" means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following Business Day Conventions, where specified in the Final Terms in relation to any date applicable to any Instruments, shall have the following meanings:

- (a) **"Following Business Day Convention"** means that such date shall be postponed to the first following day that is a Business Day;
- (b) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that such date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) **"Preceding Business Day Convention"** means that such date shall be brought forward to the first preceding day that is a Business Day; and
- (d) **"FRN Convention"** or **"Eurodollar Convention"** means that each such date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the Final Terms after the calendar month in which the preceding such date occurred Provided that:
 - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred.

"Day Count Fraction" means, in respect of the calculation of an amount for any period of time (**"Calculation Period"**), such day count fraction as may be specified in the Final Terms and:

- (a) if **"Actual/Actual (ISDA)"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (b) if **"Actual/Actual (ISDA)"** is so specified:
 - (i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (ii) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where

"Determination Period" means the period from and including an Interest Determination Date in any year to but excluding the next Interest Determination Date.

- (c) if **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if **"Actual/360"** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if **"30/360"** is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (f) if **"30E/36"** or **"Eurobond Basis"** is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30; and

- (g) if "**30E/360 (ISDA)**" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

"**euro-zone**" means the zone comprising the Member States of the European Union that participate or are participating in European Monetary Union and that adopt or have adopted the euro as their lawful currency.

"**Interest Accrual Period**" means, in respect of an Interest Period, each successive period beginning on and including an Interest Period End Date and ending on but excluding the next succeeding Interest Period End Date during that Interest Period provided always that the first Interest Accrual Period shall commence on and include the Interest Commencement Date and the final Interest Accrual Period shall end on but exclude the date of final maturity.

"**Interest Commencement Date**" means the date of issue of the Instruments (as specified in the Final Terms) or such other date as may be specified as such in the Final Terms.

"**Interest Determination Date**" means, in respect of any Interest Accrual Period, the date falling such number (if any) of Banking Days in such city(ies) as may be specified in the Final Terms prior to the first day of such Interest Accrual Period, or if none is specified:

- (a) in the case of Instruments denominated in Pounds Sterling, the first day of such Interest Accrual Period; or
- (b) in any other case, the date falling two London Banking Days prior to the first day of such Interest Accrual Period.

"**Interest Payment Date**" means the date or dates specified as such in, or determined in accordance with the provisions of, the Final Terms and, if an Applicable Business Day Convention is specified in the Final Terms, as the same may be adjusted in accordance with the Applicable Business Day Convention or, if the Applicable Business Day Convention is the FRN

Convention and an interval of a number of calendar months is specified in the Final Terms as being the Interest Period, each of such dates as may occur in accordance with the FRN Convention at such specified period of calendar months following the date of issue of the Instruments (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case).

"Interest Period" means each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date provided always that the first Interest Period shall commence on and include the Interest Commencement Date and the final Interest Period shall end on but exclude the date of final maturity.

"Interest Period End Date" means the date or dates specified as such in, or determined in accordance with the provisions of, the Final Terms and, if an Applicable Business Day Convention is specified in the Final Terms, as the same may be adjusted in accordance with the Applicable Business Day Convention or, if the Applicable Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Final Terms as the Interest Accrual Period, such dates as may occur in accordance with the FRN Convention at such specified period of calendar months following the Interest Commencement Date (in the case of the first Interest Period End Date) or the previous Interest Period End Date (in any other case) or, if none of the foregoing is specified in the Final Terms, means the date or each of the dates which correspond with the Interest Payment Date(s) in respect of the Instruments.

"Interest Rate" means the rate or rates (expressed as a percentage per annum) or amount or amounts (expressed as a price per unit of relevant currency) of interest payable in respect of the Instruments specified in, or calculated or determined in accordance with the provisions of, the Final Terms.

"ISDA Definitions" means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Instruments of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant Final Terms, the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Instruments of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.).

"Outstanding Principal Amount" means, in respect of a Note, its principal amount less, in respect of any Instalment Instrument, any principal amount on which interest shall have ceased to accrue in accordance with Condition 5.6 or, in the case of a Partly Paid Instrument, the Paid Up Amount of such Instrument or otherwise as indicated in the Final Terms except that the Paid Up Amount shall be deemed to be nil for Instruments which have been forfeited by the Issuer on or after the Forfeiture Date as provided for in Condition 1.8.

"Reference Banks" means such banks as may be specified in the Final Terms as the Reference Banks or, if none are specified, **"Reference Banks"** has the meaning given in the ISDA Definitions, mutatis mutandis.

"Relevant Financial Centre" means such financial centre or centres as may be specified in relation to the relevant currency for the purposes of the definition of **"Business Day"** in the ISDA Definitions, as modified or supplemented in the Final Terms.

"Relevant Time" means the time as of which any rate is to be determined as specified in the Final Terms or, if none is specified, at which it is customary to determine such rate.

"Reuters Screen" means, when used in connection with a designated page and any designated information, the display page so designated on the Reuter Monitor Money Rates Service (or such other page as may replace that page on that service for the purpose of displaying such information).

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System which utilises a single shared platform and which was launched on 19 November 2007.

Non-Interest Bearing Instruments

- 5.10 If any Redemption Amount (as defined in Condition 6.10) or Instalment Amount in respect of any Instrument which is non-interest bearing is not paid when due, interest shall accrue on the overdue amount at a rate per annum (expressed as a percentage per annum) equal to the Amortisation Yield defined in, or determined in accordance with the provisions of, the Final Terms or at such other rate as may be specified for this purpose in the Final Terms until the date on which, upon due presentation or surrender of the relevant Instrument (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Instrument is not required as a precondition of payment), the seventh day after the date on which, the Issue and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Instruments in accordance with Condition 14 that the Issue and Paying Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder). The amount of any such interest shall be calculated in accordance with the provisions of Condition 5.8 as if the Interest Rate was the Amortisation Yield, the Outstanding Principal Amount was the overdue sum and the Day Count Fraction was as specified for this purpose in the Final Terms or, if not so specified, 30E/360 (as defined in Condition 5.9).

- 5.11 **Arrears of interest etc.**

Arrears of Interest

- (a) On any Optional Interest Payment Date (as defined in Condition 3.2(b)(vi)) there may be paid (if the Issuer so elects) the interest in respect of Instruments accrued in the Interest Period ending on the day immediately preceding such date, but the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a Violation for any purpose provided that nothing in this Condition 5.11 shall be construed to permit the Issuer to defer any interest otherwise due and payable on any Interest Payment Date except under the circumstances specified in the definition of Optional Interest Payment Date. Any interest in respect of the Instruments not paid on an Interest Payment Date, together with any other interest in respect thereof not paid on any other Interest Payment Date shall, so long as the same remains unpaid, constitute "**Arrears of Interest**". In addition, each amount of Arrears of Interest shall itself bear interest as if it were principal at a rate which corresponds to the rate of interest from time to time applicable to the Instruments and the amount of such interest ("**Additional Interest Amount**") with respect to each amount of Arrears of Interest shall become due and payable pursuant to paragraph (iii) below and shall be calculated by the Issue and Paying Agent by applying the rate of interest to the amount of the Arrears of Interest and otherwise mutatis mutandis as provided in this Condition 5.11. The Additional Interest Amount accrued up to any Interest Payment Date shall be added, for the purpose only of calculating the Additional Interest Amount accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date so that for such purpose it will be deemed to be Arrears of Interest.

Any reference in these Terms and Conditions to interest in respect of the Instruments shall be deemed to include Arrears of Interest and any Additional Interest Amounts, unless the context requires otherwise.

Payment of Arrears of Interest

- (b) Arrears of Interest (together with the corresponding Additional Interest Amount) shall be payable, in the case of Instruments in definitive form, against presentation or surrender, as the case may be, of the relevant Coupon or, in the case of Instruments represented by a global Instrument, against presentation or surrender, as the case may be, of such global Instrument, all in accordance with this Condition 5.11(b). Arrears of Interest (together with the corresponding Additional Interest Amount) may, at the option of the Issuer, be paid in whole or in part at any time but all Arrears of Interest (together with the corresponding Additional Interest Amount) in respect of all Instruments for the time being outstanding shall become due on whichever is the earliest of:

- (i) seven Business Days (as defined in Condition 5.9) following the date on which the Issuer next satisfies the Capital Adequacy Requirements provided that the Issuer shall be deemed not to have satisfied the Capital Adequacy Requirements if payment of such Arrears of Interest (together with the corresponding Additional Interest Amount) would result in a Breach;
- (ii) the date on which the Instruments are to be redeemed pursuant to any provision of Condition 6; and
- (iii) the commencement of a liquidation, administration, dissolution or other winding-up of the Issuer in the Kingdom of Norway.

If notice is given by the Issuer of its intention to pay the whole or any part of Arrears of Interest, the Issuer shall be obliged to do so (together with the corresponding Additional Interest Amount) upon the expiration of such notice.

In the event of any liquidation, administration, dissolution or other winding-up of the Issuer, the unpaid interest in respect of the Instruments, including any Arrears of Interest and any Additional Interest Amounts shall rank *pari passu* with the principal of the Instruments.

Notice of Interest Deferral and Payment of Arrears of Interest

- (c) The Issuer shall give not more than 14 nor less than five Business Days' (as defined in Condition 5.9) prior notice to the Issue and Paying Agent and to holders of Instruments in accordance with Condition 14:
 - (i) of any Interest Payment Date on which, pursuant to the provisions of this Condition 5, interest will not be paid; and
 - (ii) of any date upon which amounts in respect of Arrears of Interest and/or Additional Interest Amounts shall become due and payable or of any date on which the Issuer shall otherwise elect to pay any such amounts.

Notice of any mandatory or optional payment of amounts in respect of Arrears of Interest and/or Additional Interest Amounts having been given by the Issuer in accordance with paragraph (c)(ii) above, the Issuer shall be bound to make such payment to which such notice refers.

Partial Payment of Arrears of Interest

- (d) If amounts in respect of Arrears of Interest and Additional Interest Amounts become partially payable:
 - (i) all unpaid amounts of Arrears of Interest shall be payable before any Additional Interest Amounts;
 - (ii) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier period and the order of payment of Additional Interest Amounts shall follow that of the Arrears of Interest to which they relate; and
 - (iii) the amount of Arrears of Interest or Additional Interest Amounts payable in respect of any Instrument shall be pro rata to the total amount of all unpaid Arrears of Interest or, as the case may be, Additional Amounts accrued to the date of payment.

6. **Redemption and Purchase**

Redemption at Maturity

- 6.1 Unless previously redeemed, or purchased and cancelled or unless such Instrument is stated in the Final Terms as having no fixed maturity date, each Instrument shall be redeemed at its maturity redemption amount (the "**Maturity Redemption Amount**") (which shall be its Outstanding Principal Amount or such other redemption amount as may be specified in or determined in accordance with the Final Terms) (or, in the case of Instalment Instruments, in such number of instalments and in such amounts ("**Instalment Amounts**") as may be specified in, or determined in accordance with the provisions of, the Final Terms) on the date or dates (or, in the case of Instruments which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the Final Terms.

Early Redemption for Taxation Reasons

- 6.2 If, in relation to any Series of Instruments, (i) as a result of any change in the laws, regulations or rulings of the Kingdom of Norway or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings which becomes effective on or after the date of issue of such Instruments or any other date specified in the Final Terms, the Issuer would be required to pay additional amounts as provided in Condition 8, (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it and (iii) such circumstances are evidenced by the delivery by the Issuer to the Issue and Paying Agent (or, in the case of VPS Instruments, the VPS Account Operator) of a certificate signed by two directors of the Issuer stating that the said circumstances prevail and describing the facts leading thereto and an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail, the Issuer may, at its option (but, in the case of Subordinated Instruments, subject to consent thereto having been obtained from the Commission) and in any case having given no less than 30 nor more than 60 days' notice (ending, in the case of Instruments which bear interest at a floating rate, on a day upon which interest is payable) to the Holders of the Instruments in accordance with Condition 14 (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Instruments comprising the relevant Series at their early tax redemption amount (the "**Early Redemption Amount (Tax)**") (which shall be their Outstanding Principal Amount or, in the case of Instruments which are noninterest bearing, their Amortised Face Amount (as defined in Condition 6.11) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with accrued interest (if any) thereon Provided, however, that no such notice of redemption may be given earlier than 90 days (or, in the case of Instruments which bear interest at a floating rate a number of days which is equal to the aggregate of the number of days falling within the then current interest period applicable to the Instruments plus 60 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 Instruments then due.

The Issuer may not exercise such option in respect of any Instrument which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Instrument under Condition 6.6.

Optional Early Redemption (Call)

- 6.3 If this Condition 6.3 is specified in the Final Terms as being applicable, then the Issuer may (subject, in the case of Subordinated Instruments, to consent thereto having been obtained from the Commission) and having given the appropriate notice and subject to such conditions as may be specified in the Final Terms, redeem all (but not, unless and to the extent that the Final Terms specifies otherwise, some only) of the Instruments of the relevant Series at their call early redemption amount (the "**Early Redemption Amount (Call)**") (which shall be their Outstanding Principal Amount or, in the case of Instruments which are noninterest bearing, their Amortised Face Amount (as defined in Condition 6.11) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with accrued interest (if any) thereon on the date specified in such notice.

The Issuer may not exercise such option in respect of any Instrument which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Instrument under Condition 6.6.

6.4 The appropriate notice referred to in Condition 6.3 is a notice given by the Issuer to the Holders of the Instruments of the relevant Series in accordance with Condition 14, which notice shall be irrevocable and shall specify:

- the Series of Instruments subject to redemption;
- whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of and (except in the case of a Temporary Global Instrument or Permanent Global Instrument) the serial numbers of the Instruments of the relevant Series which are to be redeemed;
- the due date for such redemption, which shall be not less than thirty days nor more than sixty days after the date on which such notice is given and which shall be such date or the next of such dates ("**Call Option Date(s)**") or a day falling within such period ("**Call Option Period**"), as may be specified in the Final Terms and which is, in the case of Instruments which bear interest at a floating rate, a date upon which interest is payable; and
- the early Redemption Amount (Call) at which such Instruments are to be redeemed.

Partial Redemption

6.5 If the Instruments of a Series are to be redeemed in part only on any date in accordance with Condition 6.3:

- in the case of Bearer Instruments, the Instruments to be redeemed shall be drawn by lot in such European city as the Issue and Paying Agent may specify, or identified in such other manner or in such other place as the Issue and Paying Agent may approve and deem appropriate and fair; and
- in the case of Registered Instruments or VPS Instruments, the Instruments shall be redeemed (so far as may be practicable) pro rata to their principal amounts, provided always that the amount redeemed in respect of each Instrument shall be equal to the minimum denomination thereof or an integral multiple thereof,

subject always to compliance with all applicable laws, the requirements of any stock exchange on which the relevant Instruments may be listed and, if applicable, the rules and procedures of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**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) or, in the case of VPS Instruments, the rules and procedures of the VPS.

In the case of the redemption of part only of a Registered Instrument, a new Registered Instrument in respect of the unredeemed balance shall be issued in accordance with Conditions 2.4 to 2.9 which shall apply as in the case of a transfer of Registered Instruments as if such new Registered Instrument were in respect of the untransferred balance.

Optional Early Redemption (Put)

6.6 This Condition 6.6 shall only be applicable to Subordinated Instruments in the event that the prior consent thereto of the Commission has been obtained.

If this Condition 6.6 is specified in the Final Terms as being applicable, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Instrument of the relevant Series, redeem such Instrument on the date specified in the relevant Put Notice (as defined below) at its put early redemption amount (the "**Early Redemption Amount (Put)**") (which shall be its Outstanding Principal Amount or, if such Instrument is non-interest bearing, its Amortised Face Amount (as defined in Condition 6.11) or such other redemption amount as may be specified in,

or determined in accordance with the provisions of, the Final Terms), together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not less than forty-five days before the date on which such redemption is required to be made as specified in the Put Notice (which date shall be such date or the next of the dates ("**Put Date(s)**") or a day falling within such period ("**Put Period**") as may be specified in the Final Terms), deposit the relevant Instrument (together, in the case of an interest-bearing Instrument in bearer form, with all unmatured Coupons appertaining thereto other than any Coupon maturing on or before the date of redemption (failing which the provisions of Condition 9.1(f) apply)) during normal business hours at the specified office of, in the case of a Bearer Instrument, any Paying Agent or, in the case of a Registered Instrument, the Registrar or Transfer Agents together with a duly completed early redemption notice ("**Put Notice**") in the form which is available from the specified office of any of the Paying Agents or, as the case may be, the Registrar or Transfer Agents specifying, in the case of a Registered Instrument, the aggregate principal amount in respect of which such option is exercised (which must be the minimum denomination specified in the Final Terms or an integral multiple thereof). No Instrument so deposited and option exercised may be withdrawn (except as provided in the Issue and Paying Agency Agreement).

In the case of the redemption of part only of a Registered Instrument, a new Registered Instrument in respect of the unredeemed balance shall be issued in accordance with Conditions 2.4 to 2.9 which shall apply as in the case of a transfer of Registered Instruments as if such new Registered Instrument were in respect of the untransferred balance.

The holder of a Note may not exercise such option in respect of any Instrument which is the subject of an exercise by the Issuer of its option to redeem such Instrument under either Condition 6.2 or 6.3.

In the case of VPS Instruments, to exercise the right to require redemption of the VPS Instruments, the holder of the VPS Instrument, must, within the notice period, give notice to the VPS Account Operator of such exercise in accordance with the rules and procedures of the VPS from time to time.

Purchase of Instruments

- 6.7 The Issuer may (but, in the case of Subordinated Instruments, subject to consent thereto having been obtained from the Commission) at any time purchase Instruments in the open market or otherwise and at any price provided that all unmatured Receipts and Coupons appertaining thereto are purchased therewith. If purchases are made by tender, tenders must be available to all Holders of Instruments alike.

Cancellation of Redeemed and Purchased Instruments

- 6.8 All unmatured Instruments and Coupons and unexchanged Talons redeemed or purchased in accordance with this Condition 6 may be cancelled, reissued or resold.

Further Provisions applicable to Redemption Amount and Instalment Amounts

- 6.9 The provisions of Condition 5.7 and the last paragraph of Condition 5.8 shall apply to any determination or calculation of the Redemption Amount or any Instalment Amount required by the Final Terms to be made by the Calculation Agent (as defined in Condition 5.9).
- 6.10 References herein to "**Redemption Amount**" shall mean, as appropriate, the Maturity Redemption Amount, the final Instalment Amount, Early Redemption Amount (Tax), Early Redemption Amount (Call), Early Redemption Amount (Put) and Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms.
- 6.11 In the case of any Instrument which is non-interest bearing, the "**Amortised Face Amount**" shall be an amount equal to the sum of:
- (a) the Issue Price specified in the Final Terms; and

- (b) the product of the Amortisation Yield (compounded annually) being applied to the Issue Price from (and including) the Issue Date specified in the Final Terms to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Instrument becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of the Day Count Fraction (as defined in Condition 5.9) specified in the Final Terms for the purposes of this Condition 6.11.

- 6.12 In the case of any Instrument which is non-interest bearing, if any Redemption Amount (other than the Maturity Redemption Amount) is improperly withheld or refused or default is otherwise made in the payment thereof, the Amortised Face Amount shall be calculated as provided in Condition 6.11 but as if references in subparagraph (ii) to the date fixed for redemption or the date upon which such Instrument becomes due and repayable were replaced by references to the earlier of:

- (a) the date on which, upon due presentation or surrender of the relevant Instrument (if required), the relevant payment is made; and
- (b) (except where presentation or surrender of the relevant Instrument is not required as a precondition of payment), the seventh day after the date on which, the Issue and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Instruments in accordance with Condition 14 of that circumstance (except to the extent that there is a failure in the subsequent payment thereof to the relevant Holder).

7. Events of Default

7.1 Events of Default - Unsubordinated Instruments

- (a) This Condition 7.1 is applicable in relation to Unsubordinated Instruments only.
- (b) The following events or circumstances (each an "**Event of Default**") shall be acceleration events in relation to the Instruments of any Series, namely:
 - (i) the Issuer fails to pay any amount of principal or interest in respect of the Instruments of the relevant Series or any of them within ten days of the due date for payment thereof; or
 - (ii) the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Instruments of the relevant Series or the Issue and Paying Agency Agreement and (except in any case where such default is incapable of remedy when no such continuation or notice, as is hereinafter mentioned, will be required) such default remains unremedied for 60 days after written notice requiring such default to be remedied has been delivered to the Issuer at the specified office of the Issue and Paying Agent by the Holder of any such Instrument; or
 - (iii) any Indebtedness of the Issuer becomes due and repayable prematurely by reason of an event of default (howsoever called) or the Issuer fails to make any payment in respect of any Indebtedness on the due date for payment as extended by any applicable grace period or any security given by the Issuer for any Indebtedness for borrowed money becomes enforceable or if default is made by the Issuer in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness of any other person in an aggregate amount of at least euro 20,000,000 (or its equivalent in any other currency or currencies); or
 - (iv) a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets and revenues of the Issuer; or

- (v) (a) the Issuer is found insolvent or suspends its payments, (b) an administrator or liquidator of the Issuer or the whole or a substantial part of the undertaking, assets and revenues of the Issuer is appointed, (c) the Issuer takes any action for a readjustment and deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or (d) the Issuer ceases to carry on all or any substantial part of its business (other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
 - (vi) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer; or
 - (vii) any action, condition or thing at any time required to be taken, fulfilled or done in order (a) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Instruments, (b) to ensure that those obligations are legal, valid, binding and enforceable and (c) to make the Instruments and the Coupons admissible in evidence in the courts of the Kingdom of Norway is not taken, fulfilled or done; or
 - (viii) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Instruments.
- (c) If any Event of Default shall occur and be continuing in relation to any Series of Instruments, any Holder of a Note of the relevant Series may, by written notice to the Issuer, at the specified office of the Issue and Paying Agent (or, in the case of VPS Instruments, the VPS Account Operator located in Norway), declare that such Instrument and (if the Instrument is interest-bearing) all interest then accrued on such Instrument shall be forthwith due and payable, whereupon the same shall become immediately due and payable at its early termination amount (the "Early Termination Amount") (which shall be its Outstanding Principal Amount or, if such Instrument is non-interest bearing, its Amortised Face Amount (as defined in Condition 6.11) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with all interest (if any) accrued thereon without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Instruments to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the Instruments of the relevant Series shall have been cured.

7.2 Events of Default – Subordinated Instruments

- (a) This Condition 7.2 is applicable in relation to Subordinated Instruments only.
- (b) There will be no Events of Default in relation to Subordinated Instruments.

8. Taxation

- 8.1 All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Instruments will be made free and clear of and 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 thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts receivable by the Holder after such withholding or deduction shall equal the respective amounts which would have been receivable by such Holder in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Instrument or Coupon:

- (a) to, or to a third party on behalf of, a person who is liable to such taxes, duties, assessments or governmental charges in respect of such Instrument or Coupon by reason of his having some connection with the Kingdom of Norway other than (a) the mere

- holding of such Instrument or Coupon or (b) the receipt of principal, interest or other amount in respect of such Instrument or Coupon; or
- (b) presented for payment more than thirty days after the Relevant Date, except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on or before the expiry of such period of thirty days; or
 - (c) presented for payment in the Kingdom of Norway; or
 - (d) where such withholding or deduction is imposed on a payment to an individual or a residual entity within the meaning of the EU Savings Directive and is required to be made pursuant to (i) European Council Directive 2003/48/EC (the "**EU Savings Directive**") or any law implementing or complying with, or introduced in order to conform to, such Directive (ii) the law of 23 December 2005 introducing a 10 per cent. final withholding tax as regards Luxembourg resident individuals and (iii) the agreements on savings income concluded by the State of Luxembourg with several dependant or associated territories of the EU (being Jersey, Guernsey, the Isle of Man, the British Virgin Islands, Montserrat, the Dutch Antilles and Aruba); or
 - (e) in respect of any Instrument presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Instrument to another Paying Agent in a Member State of the EU.
- 8.2 For the purposes of these Terms and Conditions, the "Relevant Date" means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Issue and Paying Agent, or as the case may be, the Registrar or, in the case of VPS Instruments, the VPS Account Operator on or prior to such due date, it means the first date on which, the full amount of such moneys having been so received and being available for payment to Holders, notice to that effect shall have been duly given to the Holders of the Instruments of the relevant Series in accordance with Condition 14.
- 8.3 If the Issuer becomes subject generally at any time to any taxing jurisdiction other than the Kingdom of Norway references in Condition 6.2 and Condition 8.1 to the Kingdom of Norway shall be read and construed as references to the Kingdom of Norway and/or to such other jurisdiction(s).
- 8.4 Any reference in these Terms and Conditions to "principal" and/or "interest" in respect of the Instruments shall be deemed also to refer to any additional amounts which may be payable under this Condition 8. Unless the context otherwise requires, any reference in these Terms and Conditions to "principal" shall include any premium payable in respect of a Note, any Instalment Amount or Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and "interest" shall include all amounts payable pursuant to Condition 5 and any other amounts in the nature of interest payable pursuant to these Terms and Conditions.
9. **Payments**
- 9.1 **Payments — Bearer Instruments**
- (a) This Condition 9.1 is applicable in relation to Instruments in bearer form.
 - (b) Payment of amounts (other than interest) due in respect of Bearer Instruments will be made against presentation and (save in the case of partial payment or payment of an Instalment Amount (other than the final Instalment Amount)) surrender of the relevant Bearer Instruments at the specified office of any of the Paying Agents.
- Payment of Instalment Amounts (other than the final Instalment Amount) in respect of an Instalment Instrument which is a Definitive Instrument with Receipts will be made against presentation of the Instrument together with (where applicable) the relevant Receipt and surrender of such Receipt.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Instrument to which they relate will not represent any obligation of the Issuer.

Accordingly, the presentation of a Note without the relative Receipt or the presentation of a Receipt without the Instrument to which it appertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.

- (c) Payment of amounts in respect of interest on Bearer Instruments will be made:
 - (i) in the case of Instruments without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Instruments at the specified office of any of the Paying Agents outside (unless Condition 9.1(d) applies) the United States; and
 - (ii) in the case of Instruments delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Instruments, in either case at the specified office of any of the Paying Agents outside (unless Condition 9.1(d) applies) the United States.
- (d) Payments of amounts due in respect of interest on the Instruments and exchanges of Talons for Coupon sheets in accordance with Condition 9.1(g) will not be made at the specified office of any Paying Agent in the United States (as defined in the United States Internal Revenue Code and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Instruments when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (b) such payment or exchange is permitted by applicable United States law. If paragraphs (a) and (b) of the previous sentence apply, the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.
- (e) If the due date for payment of any amount due in respect of any Instrument is not a Relevant Financial Centre Day and a Local Banking Day (each as defined in Condition 9.3(c)), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, (or as otherwise specified in the Final Terms) and from such day and thereafter will be entitled to receive payment by cheque on any Local Banking Day, and will be entitled to payment by transfer to a designated account on any day which is a Local Banking Day, a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such delay or adjustment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.6 or, if appropriate, Condition 5.10.
- (f) Each Instrument initially delivered with Coupons, Talons or Receipts attached thereto should be presented and, save in the case of partial payment of the Redemption Amount, surrendered for final redemption together with all unmatured Receipts, Coupons and Talons relating thereto, failing which:
 - (i) if the Final Terms specifies that this paragraph (i) of Condition 9.1(f) is applicable (and, in the absence of specification, this paragraph (i) shall apply to Instruments which bear interest at a fixed rate or rates or in fixed amounts) and subject as hereinafter provided, the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the Redemption Amount paid bears to the total Redemption Amount due) (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying

Agents at any time within ten years of the Relevant Date applicable to payment of such Redemption Amount;

- (ii) if the Final Terms specifies that this paragraph (ii) of Condition 9.1(f) is applicable (and, in the absence of specification, this paragraph (ii) shall apply to Instruments which bear interest at a floating rate or rates or in variable amounts) all unmatured Coupons (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) relating to such Instruments (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them;
- (iii) in the case of Instruments initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them; and
- (iv) in the case of Instruments initially delivered with Receipts attached thereto, all Receipts relating to such Instruments in respect of a payment of an Instalment Amount which (but for such redemption) would have fallen due on a date after such due date for redemption (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.

The provisions of paragraph (i) of this Condition 9.1(f) notwithstanding, if any Instruments should be issued with a maturity date and an Interest Rate or Rates such that, on the presentation for payment of any such Instrument without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the Redemption Amount otherwise due for payment, then, upon the due date for redemption of any such Instrument, such unmatured Coupons

(whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the Redemption Amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

- (g) In relation to Instruments initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside (unless Condition 9.1(f) applies) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 10 below. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

9.2 **Payments – Registered Instruments**

- (a) This Condition 9.2 is applicable in relation to Registered Instruments.
- (b) Payment of the Redemption Amount (together with accrued interest) due in respect of Registered Instruments will be made against presentation and, save in the case of partial payment of the Redemption Amount, surrender of the relevant Registered Instruments at the specified office of the Registrar. If the due date for payment of the Redemption Amount of any Registered Instrument is not a Relevant Financial Centre Day (as defined in Condition 9.3(c)), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, and from such day and thereafter will be entitled to receive payment by cheque on any Local Banking Day, and, will be entitled to payment by transfer to a designated account on any day which is a Local Banking Day, a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to

pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.6 or, as appropriate, Condition 5.10.

- (c) Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Instruments will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the register kept by the Registrar as at opening of business (local time in the place of the specified office of the Registrar) on the fifteenth Relevant Banking Day (as defined in Condition 2.6) before the due date for such payment (the "**Record Date**").
- (d) Notwithstanding the provisions of Condition 9.3(b), payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Instruments will be made in the currency in which such amount is due by cheque and posted to the address (as recorded in the register held by the Registrar) of the Holder thereof (or, in the case of joint Holders, the first-named) on the Relevant Banking Day (as defined in Condition 2.6) not later than the relevant due date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first-named) has applied to the Registrar or the Transfer Agent and the Registrar or the Transfer Agent has acknowledged such application for payment to be made to a designated account denominated in the relevant currency in which case payment shall be made on the relevant due date for payment by transfer to such account. In the case of payment by transfer to an account, if the due date for any such payment is not a Relevant Financial Centre Day, then the Holder thereof will not be entitled to payment thereof until the first day thereafter which is a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.6 or, as appropriate, Condition 5.10.

9.3 **Payments - VPS Instruments**

Payments of principal and interest in respect of VPS Instruments will be made to the Holders of such VPS Instruments shown in the records of the VPS in accordance with and subject to the rules and procedures from time to time governing the VPS.

9.4 **Payments – General Provisions**

- (a) Save as otherwise specified in these Terms and Conditions, this Condition 9.4 is applicable in relation to Bearer Instruments, Registered Instruments and VPS Instruments.
- (b) Payments of amounts due (whether principal, interest or otherwise) in respect of Instruments will be made in the currency in which such amount is due (a) by cheque or (b) at the option of the payee, by transfer to an account denominated in the relevant currency specified by the payee. Payments will, without prejudice to the provisions of Condition 8, be subject in all cases to any applicable fiscal or other laws and regulations.
- (c) For the purposes of these Terms and Conditions:
 - (i) "**Relevant Financial Centre Day**" means, in the case of any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the Relevant Financial Centre and in any other Relevant Financial Centre specified in the Final Terms or in the case of payment in euro, a day on which the TARGET System is operating; and
 - (ii) "**Local Banking Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Instrument or, as the case may be, Coupon.

- (d) No commissions or expenses shall be charged to the holders of Instruments or Coupons in respect of such payments.

10. Prescription

- 10.1 Claims against the Issuer for payment of principal and interest in respect of Instruments will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date (as defined in Condition 8.2) for payment thereof.
- 10.2 In relation to Definitive Bearer Instruments initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 9.1(f) or the due date for the payment of which would fall after the due date for the redemption of the relevant Instrument or which would be void pursuant to this Condition 10 or any Talon the maturity date of which would fall after the due date for redemption of the relevant Instrument.

11. The Paying Agents, the Registrar, the Transfer Agent and the Calculation Agent

- 11.1 The initial Paying Agents, Registrar and the Transfer Agent and their respective initial specified offices are specified below. The Calculation Agent in respect of any Instruments shall be specified in the Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Issue and Paying Agent), the Registrar, the VPS Account Operator, the Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or another Registrar, VPS Account Operator, Transfer Agent or Calculation Agent Provided that it will at all times maintain (i) an Issue and Paying Agent, (ii) in the case of Registered Instruments or VPS Instruments, a Registrar, (iii) in the case of VPS Instruments, a VPS Account Operator, (iv) a Paying Agent (which may be the Issue and Paying Agent) with a specified office in a continental European city, (v) in the circumstances described in Condition 9.1(d), a Paying Agent with a specified office in New York City, (vi) a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive or any law implementing or complying with, or introduced in order to conform to, such Directive, and (vii) a Calculation Agent where required by the Terms and Conditions applicable to any Instruments (in the case of (i), (ii), (iii), (vi) and (vii) with a specified office located in such place (if any) as may be required by the Terms and Conditions). The Paying Agents, the Registrar, the VPS Account Operator, the Transfer Agent and the Calculation Agent reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of any Paying Agent, the Registrar, the VPS Account Operator, the Transfer Agent or the Calculation Agent will be given promptly by the Issuer to the Holders in accordance with Condition 14.
- 11.2 The Paying Agents, the Registrar, the VPS Account Operator, the Transfer Agent and the Calculation Agent act solely as agents of the Issuer and, save as provided in the Issue and Paying Agency Agreement, the VPS Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Instrument, Receipt or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Issue and Paying Agency Agreement, the VPS Agreement or other agreement entered into with respect to its appointment or incidental thereto.

12. Replacement of Instruments

If any Instrument, Receipt or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issue and Paying Agent or such Paying Agent or Paying Agents as may be specified for such purpose in the Final Terms (in the case of Bearer Instruments and Coupons) or of the Registrar or the Transfer Agent (in the case of Registered Instruments) ("Replacement Agent"), subject to all applicable laws and the requirements of any stock exchange on which the Instruments are listed, upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may require. Mutilated or defaced Instruments, Receipts and Coupons must be surrendered before replacements will be delivered therefore.

13. **Meetings of Holders and Modification**

The Issue and Paying Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Holders of Instruments of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Issue and Paying Agency Agreement) of these Terms and Conditions and the Deed of Covenant insofar as the same may apply to such Instruments. An Extraordinary Resolution passed at any meeting of the Holders of Instruments of any Series will be binding on all Holders of the Instruments of such Series, whether or not they are present at the meeting, and on all Holders of Coupons relating to Instruments of such Series.

The Issuer may, with the consent of the Issue and Paying Agent, or the VPS Account Operator, as the case may be, but without the consent of the Holders of the Instruments of any Series or Coupons, amend these Terms and Conditions and the Deed of Covenant insofar as they may apply to such Instruments to correct a manifest error. Subject as aforesaid, no other modification may be made to these Terms and Conditions or the Deed of Covenant except with the sanction of an Extraordinary Resolution.

14. **Notices**

To Holders of Bearer Instruments

- 14.1 Notices to Holders of Bearer Instruments will, save where another means of effective communication has been specified herein or in the Final Terms, be deemed to be validly given if (i) published in a leading daily newspaper having general circulation in London (which is expected to be the Financial Times) and (ii) in the case of any Instruments which are admitted to trading on the regulated market of the Luxembourg Stock Exchange (so long as such Instruments are admitted to trading on the regulated market of the Luxembourg Stock Exchange and the rules of that exchange so require), in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or, in either case, if such publication is not practicable, published in a leading English language daily newspaper having general circulation in Europe. The Issuer shall also ensure that notices are duly published in compliance with the requirements of each stock exchange on which the Instruments are listed. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Bearer Instruments in accordance with this Condition 14.

To Holders of Registered Instruments

- 14.2 Notices to Holders of Registered Instruments will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day. With respect to Registered Instruments admitted to trading on the regulated market of the Luxembourg Stock Exchange, any notices to holders must also be published in a Luxembourg newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and, in addition to the foregoing, will be deemed validly given only after the date of such publication.

To Holders of VPS Instruments

- 14.3 Notices to Holders of VPS Instruments will be deemed to be validly given if given in accordance with the rules and procedures of the VPS.

15. **Further Issues**

The Issuer may from time to time, without the consent of the Holders of any Instruments or Coupons, create and issue further instruments, bonds or debentures having the same terms and conditions as such Instruments in all respects (or in all respects except for the first payment of interest, if any, on them and/or the denomination thereof) so as to form a single series with the Instruments of any particular Series.

16. **Currency Indemnity**

The currency in which the Instruments are denominated or, if different, payable, as specified in the Final Terms (the "**Contractual Currency**"), is the sole currency of account and payment for all sums payable by the Issuer in respect of the Instruments, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Holder of a Note or Coupon in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount in the Contractual Currency expressed to be due to any Holder of a Note or Coupon in respect of such Instrument or Coupon the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of a Note or Coupon and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Instruments or any judgment or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of a Note or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

17. **Waiver and Remedies**

No failure to exercise, and no delay in exercising, on the part of the Holder of any Instrument, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

18. **Rights of Third Parties**

A person who is not a Holder of an Instrument or Coupon has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of such Instrument or Coupon.

19. **Law and Jurisdiction**

- 19.1 The Instruments, the Issue and Paying Agency Agreement, the Deed of Covenant and any non-contractual obligations arising out of or in connection with them are governed by English law except for Condition 3.2 which shall be governed by Norwegian law. VPS Instruments must comply with the Norwegian Securities Register Act of 5 July 2002 no. 64, as amended from time to time and the holders of VPS Instruments 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.
- 19.2 The Issuer irrevocably agrees for the benefit of the Holders of the Instruments that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Instruments (respectively, "**Proceedings**" and "**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

- 19.3 The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum.
- 19.4 The Issuer agrees that the process by which any proceedings in England are begun may be served on it by being delivered to the Royal Norwegian Embassy at Belgrave Square, London SW1X 8QO or, if different, its registered office for the time being or any address of the Issuer in Great Britain on which process may be served on it in accordance with Part XXIII of the Companies Act 1985 (as modified or reenacted from time to time). If the appointment of the person mentioned in this Condition 19.4 ceases to be effective, the Issuer shall forthwith appoint a further person in England to accept service of process on its behalf in England and notify the name and address of such person to the Issue and Paying Agent and, failing such appointment within fifteen days, any Holder of a Note shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Issue and Paying Agent. Nothing contained herein shall affect the right of any Holder of a Note to serve process in any other manner permitted by law.
- 19.5 The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the Holders of the Instruments or any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.
- 19.6 The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.
- 19.7 To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.