

PROSPECTUS dated 25 June 2019



**DNB Bank ASA**

(incorporated in Norway)

**NOK 2,700,000,000**

**Floating Rate Perpetual Additional Tier 1 Capital Notes**

Issue Price: 100 per cent.

The NOK 2,700,000,000 Floating Rate Perpetual Additional Tier 1 Capital Notes (the “Notes”) will constitute undated, unsecured and subordinated obligations of DNB Bank ASA (the “Bank” or the “Issuer”), a public limited liability company organised under the laws of the Kingdom of Norway (“Norway”), and will constitute *Fondsobligasjoner* and will be issued on the Terms and Conditions of the Notes set out herein (the “Conditions”, and references to a number Condition shall be construed accordingly).

The Notes will be denominated in Norwegian kroner and will bear interest on their outstanding principal amount from time to time at a floating rate of interest equal to 3-month NIBOR plus a margin of 3.50 per cent. per annum. The Conditions provide for the replacement of NIBOR as the applicable reference rate if a Benchmark Event occurs – see Condition 5.8. Interest will be payable quarterly in arrear on 27 March, 27 June, 27 September and 27 December in each year commencing 27 September 2019, as any such date may be adjusted in accordance with the relevant business day convention (each an “Interest Payment Date”), provided that any payment of interest may be cancelled, in whole or in part, in the sole and full discretion of the Issuer, and shall be cancelled (in whole or in part) in certain circumstances described in Condition 6 (*Interest Cancellation*) and following the occurrence of a Trigger Event (as further described in Condition 7 (*Loss Absorption Following a Trigger Event*)). The Financial Supervisory Authority of Norway (*Finanstilsynet*) (the “Norwegian FSA”) may also direct the Bank to exercise its discretion to cancel interest scheduled to be paid on any Interest Payment Date. Interest which has been cancelled in accordance with the Conditions will not accumulate, and holders of the Notes will not at any time be entitled to any such cancelled interest.

**If at any time the CET1 Ratio of the Bank, the Bank Group or the DNB Group falls below 5.125 per cent., the Outstanding Principal Amount of the Notes will be Written Down by the Write-Down Amount, as further provided in Condition 7 (*Loss Absorption Following a Trigger Event*). The Outstanding Principal Amount may, in the sole discretion of the Bank and subject to certain conditions, be subsequently reinstated (in whole or in part) out of the profits generated by the Bank, the Bank Group or the DNB Group, as further described in Condition 8 (*Discretionary Reinstatement of the Notes*).**

The principal amount of the Notes may also, in certain circumstances, be (i) written down by the shareholders of the Bank or by the Norwegian authorities pursuant to powers granted to them under Chapter 21 sub-chapter I of the Norwegian Act on Financial Institutions and Financial Groups of 10 April 2015 No. 17 (*Lov om finansforetak og finanskonsern av 10. april 2015 No. 17*) (the “Financial Institutions Act”) and/or (ii) written down or converted to common equity tier 1 items by the Norwegian resolution authorities pursuant to the Norwegian implementation of Directive 2014/59/EU as set forth in Chapter 20 of the Financial Institutions Act, in each case as further described herein.

The Notes will be perpetual with no fixed maturity date. The Bank may, in its sole discretion but subject to the approval of the Norwegian FSA and to compliance with Applicable Banking Regulations, elect to redeem the Notes (in whole but not in part) (i) on the Interest Payment Date falling in or nearest to June 2024 (the “First Call Date”) or any Interest Payment Date thereafter, provided that any principal amount by which the Notes have been Written Down pursuant to Condition 7 has first been reinstated in full pursuant to Condition 8, or (ii) on any Interest Payment Date following the occurrence of a Tax Event, a Withholding Tax Event or a Capital Event (each as defined in the Conditions). In any such case, the Notes will be redeemed at their Redemption Amount.

If at any time a Tax Event, a Withholding Tax Event or a Capital Event occurs and is continuing, or in order to ensure the effectiveness and enforceability of Condition 20, the Bank may, instead of redeeming the Notes as aforesaid, subject to the approval of the Norwegian FSA and to compliance with Applicable Banking Regulations, elect in its sole discretion either to substitute all (but not some only) of the Notes for, or to vary the terms of the Notes provided that they remain or become, Qualifying Additional Tier 1 Notes.

**Investing in the Notes involves significant risks. Please review carefully the section entitled “Risk Factors” in this Prospectus.**

This Prospectus has been approved by the Central Bank of Ireland (the “Central Bank”), as competent authority under Directive 2003/71/EC, as amended or superseded (the “Prospectus Directive”). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU and/or which are to be offered to the public in any Member State of the European Economic Area. Applications have also been made (i) to the Irish Stock Exchange trading as Euronext Dublin (“Euronext Dublin”) for the Notes to be admitted to the official list of Euronext Dublin (the “Official List”) and to trading on the regulated market of Euronext Dublin and (ii) to the Oslo Stock Exchange, Oslo Børs, for the Notes to be listed on the regulated market of the Oslo Stock Exchange. The regulated market of Euronext Dublin and the Oslo Stock Exchange are regulated markets for the purposes of Directive 2014/65/EU.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”)). For a description of these and certain further restrictions on offers, sales and transfers of the Notes and distribution of this Prospectus, see “Selling Restrictions”.

**The Notes are not intended to be offered, sold or otherwise made available, and should not be offered, sold or otherwise made available, to retail clients in the European Economic Area (“EEA”), as defined in the rules set out in Directive 2014/65/EU, as amended or replaced from time to time (“MiFID II”). Prospective investors are referred to the section headed “Prohibition on marketing and sales to retail investors” on page 2 of this Prospectus for further information.**

The Notes will be issued in uncertificated, de-materialised book-entry form in denominations of NOK1,000,000 each and will be registered in the Norwegian Central Securities Depository, the *Verdipapirsentralen* (the “VPS”).

The Notes are expected to be rated “BBB” by S&P Global Ratings Europe Limited (“S&P”). In addition, the Issuer has been assigned credit ratings of “AA-” by S&P, “Aa2” by Moody’s Investors Service Ltd (“Moody’s”) and “AA (low)” by DBRS Ratings Limited (“DBRS”). Each of S&P, Moody’s and DBRS is a credit rating agency established in the European Union and registered under the Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Sole Manager**

**DNB Bank ASA**

## IMPORTANT INFORMATION

This Prospectus comprises a prospectus for the purposes of Article 5.3 of the Prospectus Directive. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

Certain information under “*Description of the Bank and the DNB Group*” has been extracted from Statistics Norway which is a publicly available third-party source of information and reference to this source is included herein. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No person other than the Issuer (in such capacity) has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by DNB Bank ASA in its capacity as sole manager (the “**Manager**”) as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the Notes or their distribution. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer (in such capacity).

No person has been authorised by the Issuer or the Manager to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer or the Manager.

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

The delivery of this Prospectus does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. Neither the Issuer nor the Manager undertakes to review the financial condition or affairs of the Issuer during the life of the Notes for the benefit of any investor in the Notes. Prospective investors should review, *inter alia*, the documents deemed to be incorporated herein by reference when deciding whether or not to purchase any Notes.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Manager do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Manager which is intended to permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom, Norway and Japan. For a further description of certain restrictions on offers and sales of the Notes and on the distribution of this Prospectus, see “*Selling Restrictions*”.

## PROHIBITION ON MARKETING AND SALES TO RETAIL INVESTORS

The Notes are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes to retail investors. In particular, in June 2015, the United Kingdom Financial Conduct Authority published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015 (the “**PI Instrument**”). In addition, (i) on 1 January 2018, the provisions of Regulation (EU) No. 1286/2014 on key information documents for packaged and retail and insurance-based investment products (“**PRIIPs**”) came into effect and (ii) MiFID II was required to be implemented in EU member states by 3 January 2018. Together the PI Instrument, PRIIPs and MiFID II are referred to as the “**Regulations**”.

The Regulations set out various obligations in relation to (i) the manufacture and distribution of financial instruments and (ii) the offering, sale and distribution of packaged retail and insurance-based investment products and certain contingent write down or convertible securities, such as the Notes.

Potential investors in the Notes should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein) including the Regulations.

The Manager is required to comply with some or all of the Regulations.

By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest therein) from the Issuer and/or the Manager, each prospective investor represents, warrants, agrees with, and undertakes to, the Issuer and the Manager that:

1. it is not a retail client (as defined in MiFID II);
2. whether or not it is subject to the Regulations, it will not:
  - i. sell or offer the Notes (or any beneficial interest therein) to retail clients (as defined in MiFID II); or
  - ii. communicate (including the distribution of this Prospectus, in preliminary or final form) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client (as defined in MiFID II),and in selling or offering the Notes or making or approving communications relating to the Notes, each prospective investor may not rely on the limited exemptions set out in the PI Instrument; and
3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Notes (and any beneficial interest therein), including (without limitation) the Regulations (as applicable) and any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interest therein) by investors in any relevant jurisdiction.

Each prospective investor further acknowledges that:

- (i) the identified target market for the Notes (for the purpose of the product governance obligations in MiFID II) is eligible counterparties and professional clients only;
- (ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and
- (iii) no key information document under PRIIPs has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor may be unlawful under PRIIPs.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interest therein) from the Issuer and/or the Manager, the foregoing

representations, warranties, agreements and undertakings will be given by and be binding on both the agent and its underlying client(s).

The Regulations must be complied with when selling the Notes to Norwegian investors in Norway.

**PRIIPs Regulation:** The Notes are not intended to be offered, sold or otherwise made available, and should not be offered, sold or otherwise made available, to any retail investor. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Directive 2002/92/EC (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by PRIIPs for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under PRIIPs.

**MiFID Product Governance:** Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

### SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets;
- (iv) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where Norwegian kroner (the currency for principal and interest payments) is different from the potential investor's currency; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes may be considered by eligible investors who are in a position to give the above representations, warranties and undertakings and to be able to satisfy themselves that the Notes would constitute an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes

will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

## **Websites**

In this Prospectus, references to websites or uniform resource locators ("**URLs**") are inactive textual references and are included for information purposes only. The contents of any such website or URL shall not form part of, or be deemed to be incorporated into, this Prospectus.

## **PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

### **Presentation of Financial Information**

Unless otherwise indicated, the financial information in this Prospectus relating to the Issuer, the Bank Group, the DNB Group and the Parent has been derived from (i) the audited consolidated and non-consolidated annual financial statements of the Issuer and the Parent for the financial years ended 31 December 2017 and 2018 and (ii) the unaudited consolidated and non-consolidated interim financial statements of the Issuer and the Parent for the three-month period ended 31 March 2019 (together, the "**Financial Statements**").

Each of the Issuer's and the Parent's financial year ends on 31 December, and references in this Prospectus to any specific year are to the 12-month period ended on 31 December of such year. The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board as approved by the EU, and with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, respectively.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

### **Definitions and interpretation**

In this Prospectus, references to:

- the "**DNB Group**" are to DNB ASA and its subsidiaries (including the Issuer) as a whole;
- the "**Bank Group**" are to the Issuer and its consolidated subsidiaries as a whole;
- "**NOK**", "**Norwegian kroner**" or "**kroner**" are to the currency of Norway;
- the "**Norwegian FSA**" are to The Financial Supervisory Authority of Norway (*Finanstilsynet*) or such successor authority exercising primary supervisory authority with respect to prudential matters in relation to the Issuer, the Bank Group and/or the DNB Group, as appropriate;
- the "**Parent**" are to DNB ASA; and
- the "**Conditions**" are to the Terms and Conditions of the Notes (and reference to a numbered Condition shall be construed accordingly).

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

## BENCHMARKS REGULATION

Interest payable on the Notes will be calculated by reference to NIBOR. As at the date of this Prospectus, the administrator of NIBOR (*Norske Finansielle Referanser*) is not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the “**Benchmarks Regulation**”). At the date of this Prospectus, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that *Norske Finansielle Referanser* is not currently required to obtain authorisation/registration.

## FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements, which reflect the current expectation of the DNB Group's management with respect to future events, financial and operating performance and future market conditions. Words such as “believe”, “anticipate”, “expect”, “aim”, “project”, “expect”, “intend”, “predict”, “target”, “may”, “might”, “assume”, “could”, “will” and “should” or other variations or comparable terminology are intended to identify forward-looking statements. Forward-looking statements appear in a number of places in this Prospectus including, without limitation, the documents referred to in “*Documents Incorporated by Reference*”, “*Risk Factors*” and “*Description of the Bank and the DNB Group*”. These forward-looking statements address matters such as:

- the DNB Group's, the Bank's and the Bank Group's business strategy and financial targets;
- performance of the financial markets;
- future prospects of the DNB Group, the Bank and the Bank Group such as growth prospects, cost development under the cost programme and future write-downs on loans; and
- future exposure to credit, market, liquidity and other risks.

By their nature, forward-looking statements involve risk and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. While the Bank has prepared these forward-looking statements in good faith and on the basis of assumptions it believes to be reasonable, any such forward-looking statements are not guarantees or warranties of future performance. The Bank's and/or the Bank Group's and/or the DNB Group's actual financial condition, results of operation and cash flows, and the development of the markets in which it operates, may differ materially from those expressed or implied in the forward-looking statements contained in this Prospectus.

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## **RISK FACTORS**

*In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are described below.*

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

*Capitalised terms used and not otherwise defined in this section have the meanings given to such terms in “Terms and Conditions of the Notes” or on page 4 of this Prospectus.*

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

#### **Risks Related to the Macroeconomic Conditions**

##### ***Disruptions and volatility in the global financial markets may adversely impact the Bank Group***

The global capital and credit markets have been characterised by volatility in recent years. Challenging market conditions have resulted in greater volatility but also in reduced liquidity, widening of credit spreads and lack of price transparency in credit markets. Global markets and economic conditions have been negatively impacted for several years by various factors including market perceptions regarding the ability of certain EU Member States to service their sovereign debt obligations, including Greece, Ireland, Italy, Portugal and Spain. Concerns about credit risk (including that of sovereign governments) are influenced by the market’s perception of the global economy generally, as well as perceptions of the strength of the European banking sector. Slower growth and higher unemployment than expected in Europe, in China and in other large economies could trigger heightened credit risk in the financial markets.

Although Norway is not a member of the EU, economic developments within the EU significantly affect Norway and the Bank Group as the EU is one of Norway’s principal trading partners and Norway is a member of the broader EEA. Economic conditions in the EU are further subject to the risks of slowdown and volatility as a result of the considerable uncertainty surrounding the United Kingdom’s public vote on 23 June 2016 to leave the EU and uncertainty as to whether and to what extent this exit may also negatively impact the European markets.

The precise nature of all the risks and uncertainties that the Bank Group faces as a result of the global economic outlook cannot be identified and many of these risks are outside Bank Group’s control. No assurance can be given as to future economic conditions in any market or as to the sustainability of the improvement in any market.

Any further turbulence in credit or other markets could have a material adverse effect on, among others, the Bank Group’s ability to access capital and liquidity on financial terms acceptable to it. Any of the foregoing factors could have a material adverse effect on the Bank Group’s business, financial condition and results of operations.



***Negative economic developments and conditions in the markets in which the Bank Group operates may adversely affect the Bank Group's business and results of operations and are likely to continue to do so if those conditions persist or recur***

The Bank Group's business activities are dependent on the level of banking, finance and financial services required by its customers. In particular, borrowing levels are heavily dependent on customer confidence, employment trends, the state of the economy and market interest rates at the time. The Bank Group's performance is significantly influenced by general economic conditions in Norway and, to a lesser extent, the other countries where it operates, as well as general global economic conditions as they may affect particular sectors of the economy that are important to the Bank Group's business. As the Bank Group currently conducts the majority of its business in Norway, its performance is influenced by the level and cyclical nature of business activity in Norway, which, in turn, is affected by both domestic and international economic factors (for example, fluctuations in the price of oil and gas) and political events including those which have a negative impact on the global financial markets as described above under "*Disruptions and volatility in the global financial markets may adversely impact the Bank Group*".

In particular, the state of the Norwegian economy depends on the performance of the oil and gas industry. After reaching a peak in 2014, oil prices fell significantly in the second half of that year resulting in a significant depreciation of the Norwegian kroner and widening credit spreads. Although fluctuating somewhat in the following years, oil prices have stabilised at average levels well below the 2014 peak. Mainland GDP growth in Norway fell from 2.2 per cent. in 2014 to 1.4 per cent. in 2015 and to 1.1 per cent. in 2016. In 2017, growth gathered momentum and rose 2.0 per cent., with a further increase of 2.2 per cent. in 2018. GDP growth is projected at 2.4 per cent. for 2019 and at 2.3 per cent. for 2020 (Source: Statistics Norway, September 2018). Due to significantly lower oil prices and slow growth in the international economy, investments and activity in the oil and gas sector have decreased. In the period from 2014 to 2016, oil investments fell by approximately 31 per cent. In 2017, oil investments decreased by approximately 2 per cent., but in 2018, oil investments increased by 3.3 per cent. and are expected to increase by 12.5 per cent. in 2019 and 1.0 per cent. in 2020 (Source: Central Bank's Monetary Policy Report March 2019). There can be no assurance that this will be the case or that the volume of investments will not decrease further. Accordingly, continued low oil prices and reduced oil related investments may have an adverse effect on the Norwegian economy and the DNB Group's customers. The impact of these conditions could have a material adverse effect on the Bank Group's business, financial condition and results of operations.

Stimulated by substantial cuts in interest rates, housing prices in Norway started to increase in early 2009. Following a moderate downturn in 2013, prices increased strongly from 2014 to 2016 and reached a peak in April 2017 (February 2017 in Oslo). According to Real Estate Norway, housing prices in Norway decreased by 1.1 per cent. in the 12 months ended December 2017, having increased by about 28 per cent. over the three years ended 31 December 2016. In Oslo, increases in housing prices were particularly strong, which was a major reason why the Ministry of Finance tightened the rules for home mortgage lending effective as of 1 January 2017. The decrease in housing prices that followed was particularly significant in Oslo, which saw a decrease over 10.5 per cent. in 2017. In 2018, housing prices increased again towards the summer and then came slightly down again in the second half of the year, ending 2.8 per cent. up compared to year end 2017 and up 6.3 per cent. in Oslo. Currently house prices for Norway are 4.8 per cent. higher than at the end of 2018 and housing prices in Oslo are 4.9 per cent. higher. Housing prices are now at an all-time high in Norway and 2.6 per cent. below the all-time high in Oslo. Despite the increase in housing prices so far this year, high house price levels combined with increased building activity and slow growth in household incomes suggest uncertainty regarding further developments in house prices and a further correction in house prices may occur. Interest rates are expected to increase and the stricter regulation of home mortgages may also continue to dampen house price growth. A correction in house prices, if accompanied by weakened economic conditions and/or higher unemployment, could have a material adverse effect on the Norwegian economy and a material adverse effect on the Bank Group's financial condition.

The unemployment rate in Norway has been at a historically low level in a European context. The unemployment rate in Norway at 31 December 2008 (based on the Labour Force Survey; source: Statistics Norway and Norges Bank) amounted to 3.1 per cent. Unemployment rose sharply from spring 2014 to autumn 2015 and reached a

peak of 5 per cent. in mid-2016, reflecting the decline in activity in the petroleum sector and weaker growth in the Norwegian economy. However, since then, the unemployment rate has decreased reaching 3.8 per cent. in April 2019 (based on the Labour Force Survey; source: Statistics Norway and Norges Bank).

Adverse economic developments of the kind described above, along with market turmoil and recessionary economic conditions, especially in European countries, have affected the Bank Group's business in a number of ways and such developments may continue to affect, among other things, the income, wealth, liquidity, businesses and/or financial condition of the Bank Group's customers, which, in turn, could further reduce the credit quality of the Bank Group's loan portfolio and demand for the Bank Group's financial products and services. In addition, in a context of continued market turmoil, recessionary economic conditions and increasing unemployment coupled with declining consumer spending, the value of assets collateralising the Bank Group's secured loans could decline significantly, which could result in increased impairments. See "*—Risks Related to the Bank Group's Loan Portfolio—The Bank Group is exposed to the risk of material deterioration in the quality of its loan portfolio and resulting impairments*".

Any or all of the conditions described above may have a material adverse effect on the Bank Group's business, financial condition and results of operations, and measures implemented by the Bank Group might not be adequate to reduce any credit, market and liquidity risks.

### **Risks Related to the Bank Group's Loan Portfolio**

#### ***The Bank Group's business is significantly affected by credit risk***

The Bank Group is subject to credit risk (the risk that the Bank Group's borrowers and other counterparties are unable to fulfil their payments obligations). Adverse changes in the credit quality of the Bank Group's borrowers or counterparties, a general deterioration in Norwegian, United States, European or global economic conditions or adverse changes arising from systemic risk in the global financial system could affect the recoverability and value of the Bank Group's assets and require an increase in the Bank Group's impairments. Any significant increase in the Bank Group's credit risk may have a material adverse effect on its results of operations, financial condition or prospects.

#### ***The Bank Group is exposed to the risk of material deterioration in the quality of its loan portfolio and resulting impairments***

The Bank Group records impairments of its loans and guarantees in accordance with IFRS (as defined below). However, the impairments made are based on available information, estimates and assumptions, are subject to uncertainty and there can be no assurance that they will be sufficient to cover the amount of actual losses as they occur. Adverse changes in the credit quality of the Bank Group's borrowers and counterparties or a decline in collateral values would likely require an increase in individual impairments and/or in collective impairments, which, in turn, would adversely affect the Bank Group's financial performance.

The Bank Group's exposure to corporate customers is particularly subject to adverse changes in credit quality in the current economic environment in the Bank Group's markets. Further, actual loan losses and losses on other commitments vary over the business cycle. For example, as some of the economies of the markets in which the Bank Group operates have deteriorated over the past years, credit risk associated with certain borrowers and counterparties in these markets has increased. A significant increase in the size of the Bank Group's impairments, or write-offs of loans and guarantees not covered by impairments, would have a material adverse effect on the Bank Group's business, financial condition and results of operations.

#### ***Oil-related exposures***

As of 31 March 2019, the Bank Group's oil, gas and offshore portfolios together represented 5.5 per cent. of the total exposure at default. The significant drop in oil prices since the second half of 2014 has increased the risk related to this portfolio. The average day rates for deep water rigs have decreased since then and so has rig utilisation. There is a risk that the overall market balance will not improve for several years. The reduced rig

activity has also led to reduced OSV (offshore supply vessel) demand and an increasing part of the fleet is in lay-up. The Bank Group's increased losses in 2016 were mainly in oil-related industries and shipping. However, impairment losses were lower in 2017 than in 2016, with reduction in both impairment and collective impairment losses, reflecting more stable economic conditions and some recoveries on loans and guarantees previously written off. In 2018, net impairment losses have had a positive impact on the Group's results due to recoveries on loans and guarantees previously written off. Reduced oil prices will continue to impact the oil-related industry, which could result in a material adverse effect on the cash flows of the companies operating in this industry. This could have a significant impact on oil, gas and offshore companies' profitability and, consequently, on their respective credit quality, thus leading to a material increase in impairments and/or losses experienced by the Bank Group on its loan portfolio within this sector.

#### *The shipping industry*

As of 31 March 2019, loans to customers in the shipping sector represented 3.5 per cent. of the total exposure at default. The Bank Group is a major supplier of credit to the shipping industry. The shipping industry is driven, among other things, by growth in international trade. The downturn in the global economy has negatively impacted world trade and this has, in turn, resulted in material decreases in freight volumes and rates in the shipping industry as well as corresponding material decreases in the revenues of businesses in the shipping industry. The tanker, dry bulk and container sectors have been particularly affected with significant downward pressure on rates. Although rate pressures in the dry bulk and container markets seem to have significantly lessened, the tanker market remained challenging due to high deliveries of new ships coming into the market in 2017. Even though the Bank Group bases its internal credit analysis of the shipping industry on low expected rate estimates, actual rates for the DNB Group's shipping segments have historically been volatile and could be lower than expected. There is a risk that a deterioration in economic conditions may continue to impact the shipping industry, resulting in a material adverse effect on the cash flows of the companies operating in this industry as well as the ship values and values of other assets that serve as collateral for credit provided to lenders within this industry. Any of these adverse effects could have a significant impact on shipping companies' profitability and, consequently, on their respective credit quality, thus leading to a material increase in impairments and/or losses experienced by the Bank Group on its loan portfolio within this sector.

#### *The real estate market*

The Bank Group provides mortgage lending both in the retail and corporate markets. More than half of the Bank Group's total loan exposure is towards real estate (commercial real estate and residential mortgages). Accordingly, a decline in the value of real estate, whether as a result of developments in the broader economy, a reduction in the availability of credit or otherwise, could significantly reduce the value of the collateral for these loans and, if accompanied by weakened economic conditions and/or higher unemployment, could have a material adverse effect on the quality of the Bank Group's real estate loans. This could, in turn, lead to a material increase in impairments recorded by the Bank Group on its loan portfolio within this sector.

#### ***Counterparty defaults could have a material adverse effect on the Bank Group***

The Bank Group routinely executes transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, funds and other institutional and corporate customers. Many of these transactions expose the Bank Group to the risk that its counterparty in a foreign exchange, interest rate, commodity, equity or credit derivative contract will default on its obligations prior to maturity when the Bank Group has an outstanding claim against that counterparty. Due to volatility in foreign exchange and fixed income markets since 2007, this risk has remained at an elevated level compared to the period preceding the global financial and economic crisis. This counterparty risk may also be exacerbated when the collateral held by the Bank Group cannot be realised or is liquidated at prices insufficient to recover the full amount of counterparty exposure. As a consequence of its transactions in financial instruments, including foreign exchange rate and derivative contracts, the Bank Group is also exposed to settlement risk and transfer risk. Settlement risk is the risk of losing the principal on a financial contract due to default by the counterparty or after the Bank Group has given irrevocable instructions for a transfer of a principal amount or security, but before receipt of the corresponding payment or security has been finally confirmed. Transfer risk is the risk attributable to the transfer of money from

a country other than the country where a borrower is domiciled, which is affected by the changes in the economic conditions and political situation in the relevant countries. Any of the foregoing could have a material adverse effect on the Bank Group's business, financial condition and results of operations.

***The Bank Group is exposed to sectoral and individual borrower credit concentration risks***

The Bank Group has significant credit exposure to certain sectors, with the largest sector being residential mortgages, followed to a lesser extent by commercial real estate, oil, gas and offshore and shipping. In the event that any of these sectors experiences increasingly difficult business or operating conditions, it could have a material impact on the Bank Group's asset quality and results of operations, financial condition or prospects.

In addition, the Bank Group has significant credit exposure to certain individual borrowers. In the event that any of these borrowers experiences increasingly difficult business or operating conditions, it could have a material impact on the Bank Group's results of operations.

**Risks Related to Market Exposure**

***The Bank Group's business is sensitive to volatility in interest rates and to changes in the competitive environment affecting spreads on its lending and deposits***

The Bank Group is subject to the risks typical of banking activities, including interest rate fluctuations. Changes in interest rate levels, yield curves and spreads may affect the Bank Group's lending and deposit spreads. The Bank Group is exposed to changes in the spread between the interest rates payable by it on deposits or its wholesale funding costs and the interest rates that it charges on loans to customers and other banks. Although both the interest rates payable by Bank Group on deposits and the interest rates that it is able to charge on loans to customers and credit institutions are, in each case, mainly floating rates or swapped into floating rates, there is a risk that the Bank Group will not be able to reprice its floating rate assets and liabilities at the same time, giving rise to repricing gaps in the short or medium term. As applicable interest rates on several deposits are close to zero, it may not be possible in the future to offset in full or in part a decrease in interest rates on loans to customers by a corresponding decrease in interest rates on deposits.

The Bank Group is also subject to intense competition for customer deposits and the current low interest rate environment puts pressure on the Bank Group's deposit spreads. The Bank Group may not be able to lower its funding costs, whether relating to deposits or wholesale funding, in line with decreases in interest rates on its interest-bearing assets.

Interest rates are sensitive to several factors that are out of the Bank Group's control, including fiscal and monetary policies of governments and central banks, as well as domestic and international political conditions. An increase in interest rates could reduce the demand for credit, as well as contribute to an increase in defaults by the Bank Group's customers. Conversely, a reduction in the level of interest rates may adversely affect the Bank Group through, among other things, a decrease in demand for deposits and an increase in competition in deposit-taking and lending to customers. As a result of these factors, significant changes or volatility in the interest rates could have a material adverse impact on the business, financial condition or results of operations of the Bank Group.

The Bank Group has implemented risk management methods to mitigate and control these and other market risks and exposures are constantly measured and monitored. However, it is difficult to predict changes in economic or market conditions and to anticipate the effects that such changes could have on the Bank Group's financial performance and results of operations. While the Bank Group undertakes hedging operations in order to reduce its exposure to interest rate risk, it does not hedge all of its risk exposure and there can be no assurance that its hedging strategies will be successful. If the Bank Group is unable to adjust the interest rate payable on deposits in line with the changes in market interest rates receivable by it on loans or if the Bank Group's monitoring procedures are unable to manage adequately the interest rate risk, its interest income could rise less or decline more than its interest expense, in which case the Bank Group's results of operations and financial condition or prospects could be negatively affected.

***The Bank Group is exposed to foreign exchange rate risk and the risk of devaluation or depreciation of any of the currencies in which it operates***

Changes in exchange rates, particularly in the NOK-USD and NOK-EUR exchange rates, affect the value of assets and liabilities denominated in foreign currencies and may affect income from foreign exchange lending and trading. Lower oil prices towards the end of 2014 resulted in a significant depreciation of the Norwegian kroner. During 2015, oil prices continued to decrease and the Norwegian kroner weakened further. Although the oil prices have increased since 2015, the Norwegian kroner has not strengthened correspondingly. The Bank Group's reporting currency is the Norwegian kroner. However, a substantial portion of its assets and liabilities are denominated in currencies other than the Norwegian kroner, giving rise to translation risk. Balance sheet items, including monetary assets and liabilities, of foreign branches and subsidiaries in currencies other than the NOK are translated into Norwegian kroner according to exchange rates prevailing on the balance sheet date, while profit and loss items are translated according to exchange rates on the transaction date. Changes in net assets resulting from exchange rate movements are recognised in the income statement. A devaluation or depreciation of any such other currency in which the Bank Group operates or in which it has credit exposures may result in significant losses for the Bank Group. In addition, a depreciation of the NOK against other currencies in which loans are made to customers would result in an increase in the Bank Group's loan portfolio, which would result in an increase in risk-weighted assets and have a negative impact on capital ratios. In order to mitigate this translation risk, the Bank Group seeks to hedge foreign exchange risk by seeking to match the currency of its assets with the currency of the liabilities that fund them. However, there can be no assurance that these hedging activities will be effective in part or in full, and hedge counterparties are subject to credit risk.

***The Bank Group is exposed to market risk***

Market risk includes both risk which arises through ordinary trading activities and risk which arises as part of banking activities and other business operations. Trading activities in the Bank mainly include market making, facilitation of corporate financing and proprietary trading. Market risk in banking activities can be broadly divided into risk related to the management of equity investments and risks stemming from the Group Treasury function. The Group Treasury is responsible for managing market risk stemming from funding activities, liquidity management, as well as asset and liability management. The most significant market risk factors are interest rate risk, credit spread risk arising in the bond portfolios and basis swap spread risk from the hedging of currency risk in connection with funding in foreign currencies. The fair value of financial instruments held by the Bank Group, including bonds (government, corporate and mortgage), equities, cash in various currencies, investments in private equity, hedge and credit funds, commodities and derivatives (including credit derivatives), is sensitive to volatility of and correlations between various market variables, including interest rates, credit spreads, equity prices and foreign exchange rates. To the extent volatile market conditions persist or recur, the fair value of the Bank Group's bond, derivative and structured credit portfolios, as well as other classes of assets, could decrease, and therefore cause the Bank Group to record mark-to-market losses. Future valuations of the assets for which the Bank Group has already recorded or estimated mark to market losses, which will reflect the then prevailing market conditions, may result in significant changes in the fair values of these assets. Further, certain financial instruments are recorded at fair value, which is determined by using financial models incorporating assumptions, judgments and estimations that are inherently uncertain and which may change over time or may ultimately be inaccurate. Any of these factors could require the Bank Group to recognise further mark-to-market losses, which may have a material adverse effect on the Bank Group's business, financial condition and results of operations. In addition, because the Bank Group's trading and investment income depends to a great extent on the performance of financial markets, volatile market conditions could result in a significant decline in the Bank Group's trading and investment income or result in a trading loss, which, in turn, could have a material adverse effect on the Bank Group's business, financial condition and results of operations.

Moreover, the fair value of certain of the Bank Group's exposures could be difficult to estimate due to illiquid markets for certain asset classes. Valuations in future periods, reflecting then-prevailing market conditions, may result in significant changes in the fair values of the Bank Group's exposure, even in respect of exposures such as credit market exposures, for which the Bank Group has previously recorded valuation losses. In addition, the values of financial instruments are subject to uncertainty as they are based on estimates, assumptions and available information. As a result, estimates of fair value may differ materially both from estimates made by other

financial institutions and from the values that would have been used if a market for these assets had been readily available. Thus, the value ultimately realised by the Bank Group may be materially different from the current or estimated fair value. Any such difference could have a material adverse effect on the financial condition and/or liquidity of the Bank Group.

To mitigate its exposure to the volatility in market pricing of certain of its assets, the Bank Group uses fair value hedging to manage interest rate risk on long-term borrowings. In dislocated markets, hedging and other risk management strategies have proven not to be as effective as they are under normal market conditions due in part to the decreasing credit quality of hedge counterparties, including credit derivative product companies. Any deterioration in economic and financial market conditions could lead to impairment charges and mark-downs and an illiquid market for financial instruments could cause spreads to widen, thus adversely affecting the pricing of financial instruments.

The Bank Group has implemented risk management methods to mitigate and control these and other market risks to which it is exposed and exposures are constantly measured and monitored. However, it is difficult to predict changes in economic or market conditions and to anticipate the effects that such changes could have on the Bank Group's financial performance and business operations.

### **Risks Related to Liquidity and Funding**

***Liquidity risk is inherent in the Bank Group's operations; this risk may be exacerbated by current conditions in the global financial markets***

The Bank Group is dependent on access to sufficient liquidity on acceptable terms in order to be able to meet its obligations as they fall due. This liquidity risk is inherent in banking operations and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding (including, for example, short-term and overnight funding), changes in credit ratings or market-wide phenomena such as market dislocation and major disasters.

The Bank Group is dependent on sufficient funding in order to carry out its lending business. The Bank's funding requirements are, as for most commercial banks, largely covered through customer deposits. Deposits are subject to fluctuation due to certain factors outside the Bank Group's control, such as competitive pressures, loss of customer confidence, depositors' concerns relating to the economy in general, the financial services industry or the Bank Group specifically, ratings downgrades, deterioration in economic conditions and the existence and extent of deposit guarantees which, under Norwegian law, currently apply to deposits up to NOK 2 million. The Norwegian government has stated that it will maintain the limit of NOK 2 million (and not decrease the limit to EUR 100,000) and is still in discussions with the EU in this regard. Any future decrease in the deposit guarantee limit following these discussions and any of the other above-mentioned factors on their own or in combination could lead to a reduction in the Bank Group's ability to access customer deposit funding on acceptable terms in the future and to sustained deposit outflows within a short period of time, both of which would have an impact on the Bank Group's ability to fund its operations and meet its minimum liquidity requirements. In addition, any uncertainty regarding the Bank Group's financial position may lead to withdrawals of deposits, resulting in a funding deficit for the Bank Group.

A substantial part of the Bank Group's liquidity and funding requirements is also met through ongoing access to wholesale lending markets, including issuance of long-term debt market instruments such as covered bonds. The volume of these funding sources, in particular long-term funding, may be constrained during periods of reduced liquidity. Even a perception among market participants that a financial institution is experiencing greater liquidity risk can cause significant damage to the institution.

The Bank Group's liquidity could also be impaired by an inability to sell assets or redeem its investments, other outflows of cash or deterioration in the value of its collateral. These situations may arise due to circumstances that the Bank Group is unable to control, such as general market disruption, loss of confidence in financial markets, uncertainty and speculation regarding the solvency of market participants, credit rating downgrades or operational problems that affect third parties. Although the Bank Group expends significant effort in liquidity risk

management and focuses on maintaining liquidity surplus in the short term, the Bank Group is exposed to the general risk of liquidity shortfalls and cannot ensure that the procedures in place to manage such risks will be suitable to eliminate liquidity risk. Turbulence in the global financial markets and economy may adversely affect the Bank Group's liquidity and the willingness of certain counterparties and customers to do business with the Bank Group. The inability of the Bank Group to anticipate and provide for unforeseen decreases or changes in funding sources could have a material adverse effect on the Bank Group's business, results of operations, financial condition or prospects.

***The Bank Group's funding costs and its access to the debt capital markets depend significantly on its credit ratings***

As of the date of this Prospectus, the Bank is rated "Aa2" by Moody's, "AA-" by S&P and "AA (low)" by DBRS Rating Limited.

The Bank Group's business is also significantly affected by the credit rating of the Bank's subsidiary DNB Boligkreditt AS ("**DNB Boligkreditt**"). As of 31 March 2019, DNB Boligkreditt's outstanding covered bonds were rated "Aaa" by Moody's and "AAA" by S&P. There can be no assurance that the rating agencies will not downgrade the ratings of the Bank or the ratings of the Bank's or DNB Boligkreditt's debt instruments (including the Programme and Notes issued under the Programme) either as a result of the Bank Group's or DNB Boligkreditt's financial position or changes to applicable rating methodologies used by Moody's, S&P and any other relevant rating agency. A rating agency's evaluation of the Bank Group or DNB Boligkreditt may also be based on a number of factors not entirely within the control of the Bank Group or DNB Boligkreditt, such as conditions affecting the financial services industry generally. Any reduction in the Bank's credit ratings or the ratings of its or DNB Boligkreditt's debt instruments could adversely affect the Bank Group's liquidity and competitive position, undermine confidence in the Bank Group, increase its borrowing costs, limit its access to the capital markets or limit the range of counterparties willing to enter into transactions with it. Such developments could have a material adverse effect on the Bank Group's business, financial situation, results of operations, liquidity and/or prospects.

**Other Risks Related to the Bank Group's Business**

***The Bank Group's success depends on its ability to maintain its customer base***

The Bank Group's success depends on its ability to maintain its customer base and to offer its customers a wide range of high quality and competitive products as well as consistently high levels of service, delivered through channels acceptable to its customers. The Bank Group has sought to achieve this objective by segmenting its branch networks to better serve the diverse needs of each industry segment through, among other things, cross-selling the products and services of the DNB Group's subsidiaries through its marketing and distribution networks and investing in digital delivery channels while closing little-used branches. Any failure to maintain the Bank Group's customer base or to offer the Bank Group's customers a wide range of high quality and competitive products or consistently high levels of service and competitive delivery channels could have a material adverse effect on the Bank Group's results of operations, financial condition or prospects.

***The Bank Group is exposed to systemic risk***

Given the high level of interdependence between financial institutions, the Bank Group is and will continue to be subject to the risk of deterioration in the commercial and financial soundness, or perceived soundness, of other financial institutions. Within the financial services industry, the default of any one institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-wide liquidity problems and losses or defaults by the Bank Group or by other institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom the Bank Group interacts on a daily basis. Systemic risk could

have a material adverse effect on the Bank Group's ability to raise new funding and on its business, financial condition, results of operations, liquidity and/or prospects.

***The Bank Group is exposed to operational risks, including network interruptions and other failures or inadequacies in risk management and internal control procedures***

The Bank Group's business is dependent on its ability to process a very large number of transactions efficiently and accurately. Operations are carried out through a number of entities and also through internet banking platforms. Internet banking is increasingly important to the Bank Group, as its customers shift away from branch operations and towards internet banking platforms, including mobile banking. Increased digitalisation increases the risk of operational disruptions and cybercrime, which can pose a threat to financial stability.

Operational risk and losses, including monetary damages, reputational damage, costs and direct and indirect financial losses and/or impairments, can result from a variety of causes, including: inadequacies or failures in internal processes, systems (e.g., information technology systems) or licenses from external suppliers; fraud or other criminal actions; employee errors; failure of outsourced services; failure to properly document transactions or agreements with customers, vendors, sub-contractors, co-operation partners and other third parties, failure to obtain or maintain proper authorisation; customer complaints; failure to comply with regulatory requirements, including but not limited to anti-money laundering, data protection and antitrust regulations or conduct of business rules; equipment failures; failure to protect the Bank Group's assets, including intellectual property rights and collateral; failure of physical and security protection; natural disasters or the failure of external systems, including those of the Bank Group's suppliers or counterparties; and failure to fulfil the Bank Group's obligations, contractual or otherwise. In particular, the Bank Group and its customers have recently been, and may continue to be, affected by a number of serious network problems, which have affected certain of the Bank Group's internet banking and cash machine functions, resulting in intermittent service interruptions. See also "*—The Bank Group is increasingly dependent on information technology systems, which may fail, may not be adequate to the tasks at hand or may no longer be available*".

Although the Bank Group has implemented risk controls and loss mitigation precautions and substantial resources are devoted to developing efficient procedures and to staff training, it is not possible to implement procedures which are fully effective in controlling operational risks. Some of the risk mitigating measures used by the Bank Group are based on historical information and the Bank Group's current policies may not comprehensively address the full impact of any financial crisis or other unforeseen circumstances. Thus, as future development may significantly differ from observed historical development, there is a risk that such measures are inadequate in predicting future risk exposure. Furthermore, risk management methods may rely on estimates, assumptions and available information that may be incorrect or outdated. Any failure to successfully execute the Bank Group's operational risk management and control policies could have a material adverse effect on the Bank Group's financial condition and results of operations.

***The Bank Group is increasingly dependent on information technology systems, which may fail, may not be adequate to the tasks at hand or may no longer be available***

Banks and their activities are increasingly dependent on highly sophisticated information and communication technology ("ICT") systems, including a significant shift away from physical bank branches and towards greater reliance on internet websites and the development and use of new applications on smartphones. ICT systems are vulnerable to a number of problems, such as software or hardware malfunctions, interruptions in network availability, hacking, human error, physical damage to vital ICT centres and computer viruses. Harmonising ICT systems across the Bank Group to create a consistent ICT architecture poses significant challenges.

ICT systems need regular upgrading to meet the needs of changing business and regulatory requirements and to keep pace with possible expansion into new markets and the greater use, development and reliance on information and communication technology more broadly. The Bank Group may not be able to implement necessary upgrades on a timely basis and upgrades may fail to function as planned. In addition to costs that may be incurred as a result of any failure of its ICT systems or technical issues associated with, as well as the general cost of, upgrading its



ICT systems, the Bank Group could face fines from bank regulators if its ICT systems fail to enable it to comply with applicable banking or reporting regulations, including data protection regulations.

The Bank Group maintains back-up systems for its operations, with one of those back-up systems being located in Norway, outside of its premises. However, there are limited scenarios, for example in the event of a major catastrophe resulting in the failure of its ICT systems, where the Bank Group could lose certain recently entered data with regard to its Norwegian operations or could lose more significant portions of data with regard to its international operations.

The Bank Group is reliant on its outsourcing contracts for the maintenance and operation of its ICT systems. Should these companies become unwilling or unable to fulfil their obligations under the relevant outsourcing contract, the Bank Group could find the effective functioning of its ICT systems compromised. In particular, the Bank Group and its customers have been, and may in the future become, affected by network problems which relate to third-party suppliers and which have affected and might affect in the future certain of the Bank Group's internet banking and cash machine functions, resulting in service interruptions. A major disruption to the Bank Group's ICT systems, whether under the scenarios outlined above or under other scenarios, could have a material adverse effect on the normal operation of the Bank Group's business and thus on its financial condition and results of operations.

### *Cybercrime*

Similar to all major financial institutions, the Bank Group's activities have been, and are expected to continue to be, subject to an increasing risk of ICT crime in the form of Trojan attacks and denial of service attacks, the nature of which is continually evolving. Cybersecurity risks are foremost related to the Bank Group's internet bank users and include potential unauthorised access to privileged and sensitive customer information, including internet bank credentials as well as account and credit card information. The Bank Group has made investments to address threats from cyber attacks, but there can be no assurance that these investments will be successful in part or in full or without significant additional expenditures. The Bank Group may experience security breaches or unexpected disruptions to its systems and services in the future, which could, in turn, result in liabilities or losses to the Bank Group, its customers and/or third parties and have an adverse effect on the Bank Group's business, reputation and results of operations.

### ***The Bank Group is subject to a variety of risks as a result of its operations outside the Nordic markets***

The Bank Group's operations outside the Nordic markets (e.g., in Poland, India and China) present various emerging market risks that do not apply, or apply to a lesser degree, to its businesses in the Nordic markets. In particular, the Bank Group faces increased economic and political risk, including economic volatility, recession, inflationary pressure, exchange rate fluctuation risk and interruption of business, as well as increased risk of civil unrest, moratorium, imposition of exchange controls, sanctions relating to specific countries, expropriation, nationalisation, renegotiation or nullification of existing contracts, sovereign default and changes in law or tax policy.

### ***Competition in Norway and in the international markets in which the Bank Group operates could have a negative effect on the Bank Group's business***

The Bank Group faces intense competition in all of its areas of operation (including, among others, corporate and retail banking, investment banking and real estate brokering), both in Norway and the international markets in which it operates. Competition for customer lending and deposits is affected by customer demand, technological changes, the impact of consolidation in the banking industry, regulatory actions and other factors. The Bank Group's competitors are principally commercial and investment banks. The reoccurrence of a financial crisis could introduce additional competitive challenges, as during such crises many national governments seek to provide support in a variety of forms to banks organised in their jurisdictions. Depending on the level of government support and the financial strength of the banks in question, this support could strengthen the competitive position of these banks and intensify the competition faced by the Bank Group. Mergers and acquisitions involving the largest Norwegian banks have resulted in a significant concentration of market share, a

trend which may continue. Competition has further increased with the emergence of additional distribution channels such as internet and mobile telephone banking. If the Bank Group is unable to provide competitive product and service offerings, it may fail to attract new customers and/or retain existing customers, experience decreases in its interest income and fee and commission income and/or lose market share, the occurrence of any of which could have a material adverse effect on its business, financial condition and results of operations. Although the Bank Group believes it is in a strong position to continue to compete in the markets in which it operates, there can be no assurance that it will be able to continue to do so.

***The Bank Group could fail to attract or retain suitably qualified senior management or other key employees***

The Bank Group's performance is, to a large extent, dependent on the talents and efforts of highly skilled individuals and the continued ability of the Bank Group to compete effectively and implement its strategy depends on its ability to attract new employees and retain and motivate existing employees. Competition from within the financial services industry, including from other financial institutions, as well as from businesses outside the financial services industry for key employees is intense. Any loss of the services of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel in the future or the need to replace any senior management as a result of failures or perceived failures in management of the Bank Group could have an adverse effect on the Bank Group's business.

**Risks Related to the Legal and Regulatory Environments in which the Bank Group Operates**

***The financial services industry is subject to intensive regulation, including capital adequacy regulation, and the regulatory framework is undergoing major changes***

The Bank Group's business is subject to ongoing regulatory and associated risks. The Bank Group is subject to financial services laws and regulation (including, but not limited to, those relating to capital adequacy, conduct of business, anti-money laundering, payments, consumer credits, reporting and corporate governance), as well as administrative actions and policies in Norway and in each other jurisdiction in which the Bank Group carries on business. The Norwegian FSA (in Norwegian: *Finanstilsynet*) is the Bank Group's primary regulator, although the Bank Group is also subject to the supervision of regulators in each country where it has a branch or representative office, including Poland.

The Bank Group is required to maintain certain capital adequacy ratios, which are calculated in accordance with Basel III requirements, as implemented in Norwegian law and regulations (including the transitional Basel I floor, which will apply until the CRR (as defined below) is fully implemented in Norway. Under CRR as it applies in the EU, the Basel I Floor transitional provisions ceased to apply after 31 December 2017. Accordingly, once CRR is fully implemented in Norway, the Bank Group expects that the Basel I Floor requirements will cease to apply to the Bank Group (which, all else being equal, the Bank Group anticipates would have a positive effect on its capital ratios).

***Capital adequacy and liquidity requirements – Background***

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

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

On 29 March 2019 the CRD IV and the CRR were incorporated into the Agreement on the European Economic Area, which entered into force on 1 January 1994, (the “**EEA Agreement**”), but the incorporation does not enter into force until the governments of Norway, Liechtenstein and Iceland have waived their constitutional reservations, which is expected to take place in 2019. In addition the Norwegian parliament will need to pass legislation implementing the CRD IV and the CRR before Norwegian institutions are directly bound by the rules set out therein. On 30 April 2018, *Finanstilsynet* published a proposal for final implementation of the CRR/CRD IV in Norway. According to the proposal, the CRR should be implemented as is, and the provisions of CRD IV not yet implemented in Norway will be reflected in Norwegian legislation. The proposal has been subject to public consultation, and it is expected that the Ministry of Finance will, by end of June 2019, publish its final proposal for implementation of CRR and CRD IV based on the proposal from Finanstilsynet and the responses to the public consultation.

The Norwegian authorities have, however, provided for early implementation of the capital requirements. Norway introduced new capital requirements as of 1 July 2013 by making amendments to the Norwegian Financial Institutions Act of 10 June 1988 No. 40 (the “**Old Financial Institutions Act**”). With effect from 1 January 2016, the Old Financial Institutions Act was replaced by the Financial Institutions Act. The Financial Institutions Act consolidated several legislative acts relevant for financial institutions such as banks as the first step in the adaptation to the CRR/CRD IV.

On 23 November 2016, the European Commission published a package of legislative proposals providing for reform of the prudential and resolution frameworks for EU banks and credit institutions. These proposals covered amendments to the CRR, the CRD IV, the BRRD and Regulation (EU) No. 806/2014 establishing a Single Resolution Mechanism for the Banking Union. Following negotiations between the European Commission, European Parliament and European Council, the final legislation implementing these proposals was published in the EU Official Journal on 6 June 2019. The legislation consists of Regulation (EU) No. 2019/876, Directive (EU) No. 2019/878, Directive (EU) No. 2019/879 and Regulation (EU) No. 2019/877 (the “**EU Banking Reform Legislation**”). The EU Banking Reform Legislation covers multiple areas, including the Pillar 2 framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities, macroprudential tools, the MREL (as defined below) framework and the integration of the Financial Stability Board’s proposed minimum total loss-absorbing capacity into EU legislation.

As at the date of this Prospectus, the Norwegian government has not made any proposals in relation to the implementation of the EU Banking Reform Legislation in Norway. However, the EU Banking Reform Legislation has EEA relevance, and accordingly can be expected to be implemented in the EEA Agreement and in Norway in due course.

#### *Capital adequacy and liquidity requirements – Norwegian requirements*

##### *Pillar 1 Minimum Capital Requirements and buffer requirements*

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

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

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

Norwegian law provides that the Norwegian counter-cyclical buffer rate will be applicable in relation to a Norwegian bank's exposure both in Norway and in any EEA jurisdiction or any other jurisdiction which has not set a counter-cyclical buffer rate, and that for a bank's exposure in any EEA jurisdiction or any other jurisdiction where the relevant local authority has set a counter-cyclical buffer rate such rate shall be applied unless the Norwegian Ministry of Finance decides otherwise. The Bank's effective counter-cyclical buffer rate as of 1 April 2019 was approximately 1.65 per cent. of RWAs.

The level of the counter-cyclical buffer will be re-assessed by the Ministry of Finance and the relevant authorities in each other Member State each quarter and may result in an increase or a decrease in the rate. A decision to increase the requirement may normally enter into force no earlier than 12 months following such decision. On 13 December 2018 the Ministry of Finance decided to increase the counter-cyclical buffer rate for Norway to 2.5 per cent. with effect from 31 December 2019. The Bank's effective counter-cyclical buffer rate will then be approximately 2.0 per cent.

#### *Pillar 2 requirements*

CRD IV permits regulators to require the banks which they regulate to hold additional capital, often referred to as "**Pillar 2**" capital requirements. The Norwegian FSA's Pillar 2 requirements are in addition to the Pillar 1 requirements and are expected to reflect institution-specific capital requirements relating to risks which are not covered or only partly covered by Pillar 1. Further to the Norwegian FSA's Supervisory Review and Evaluation Process ("**SREP**") for 2018, the Pillar 2 requirement for the Bank, the Bank Group and the DNB Group has been set at 1.8 per cent. of RWAs and must be met with common equity tier 1 capital. Thus, the total common equity tier 1 capital requirement for the Bank, the Bank Group and the DNB Group was approximately 15.4 per cent. as of 1 March 2019. The Pillar 2 requirement is the supervisory authority's assessment of many factors at a given point in time and may be revised upwards or downwards on an ongoing basis to address the specific risk profile of the institution being regulated. In its 2018 SREP letter to the Bank, the Bank Group and the DNB Group, the Norwegian FSA also advised the Bank, the Bank Group and the DNB Group to hold a common equity tier 1 capital buffer of approximately 1.0 per cent. on top of the total common equity tier 1 capital requirement.

Based on this, the Bank, the Bank Group and the DNB Group have set a target for their respective common equity tier 1 capital ratios of 16.8 per cent at year end 2019. As of 31 March 2019 the Bank, the Bank Group and the DNB Group reported a common equity tier 1 capital ratio of 18.4 per cent., 16.6 per cent. and 16.4 per cent. respectively<sup>1</sup> and a total capital ratio of 23.8 per cent., 20.9 per cent. and 19.7 per cent. respectively<sup>2</sup>.

#### *Leverage requirements*

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

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<sup>1</sup> Including, in each case, 50 per cent. of profit for the period.

<sup>2</sup> Including, in each case, 50 per cent. of profit for the period.

situation. The regulation setting out the leverage ratio requirements has been effective as of 1 January 2017 and states that the requirements have been applicable as of 30 June 2017. Under the requirements, the Bank and the Bank Group (on a consolidated basis) are required to have a leverage ratio of 6 per cent. and the Parent and the DNB Group (on a consolidated basis) are required to have a leverage ratio of 6 per cent. As at 31 March 2019, the leverage ratio of the DNB Group was 7.0 per cent. and the leverage ratio of the Bank Group was 7.0 per cent.

### *Liquidity requirements*

The Basel III framework also aimed to raise liquidity levels in the banking sector. CRD IV includes requirements relating to the liquidity coverage ratio (the “**LCR**”). The Norwegian Ministry of Finance has introduced a LCR requirement of 100 per cent. for each significant currency. However, due to the limited size of the domestic capital market, for banks that have U.S.\$ and/or euro as other significant currencies, the minimum LCR for NOK is reduced to 50 per cent., with the difference being made up in additional U.S.\$ and/or euro requirements. As a result and to ensure compliance with changes in these rules, the Bank Group and the DNB Group may need to hold additional liquid assets, which may have an adverse effect on its results of operations or financial condition.

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

### *Bank winding up and crisis management*

On 2 July 2014, Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the “**Bank Recovery and Resolution Directive**” or “**BRRD**”) entered into force. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing relevant entity (“**relevant entities**” being credit institutions, investment firms, certain financial institutions and certain holding companies) so as to ensure the continuity of the relevant entity’s critical financial and economic functions, while minimising the impact of a relevant entity’s failure on the economy and financial system.

The BRRD, under its terms, was required to be applied by European Union Member States from 1 January 2015, except for the general bail-in tool (see below) which was required to be applied from 1 January 2016. The BRRD was incorporated in the EEA Agreement in February 2018 and legislation implementing the BRRD in Norway was passed in the Norwegian Parliament in March 2018 and entered into force from 1 January 2019 at Chapter 20 of the Financial Institutions Act. The legislation set forth that any further possible supplements and regulation of the details for the implementation of the BRRD and related technical standards can be determined through regulations passed by the Ministry under the Financial Institutions Act. On 20 December 2018 the Ministry of Finance adopted changes to the Regulations on financial institutions and financial groups of 9 December 2016 No. 1502 (“**Financial Institutions Regulation**”) setting forth general rules for MREL (see further below). With respect to additional Norwegian rules also in force regarding loss absorption, please see “*Risks Related to the Structure of the Notes—The Notes may also be written down under Chapter 21 of the Norwegian Financial Institutions Act*” below.

Following entry into force of the BRRD in Norway on 1 January 2019, the Bank, the Bank Group and the DNB Group are now subject to its resolution tools and powers. The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) a relevant entity is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such relevant entity within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business – which enables resolution authorities to direct the sale of the relevant entity or the whole or part of its business on commercial terms; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the relevant entity to a “bridge institution” (an entity created for this purpose that is wholly or partially in public control), which may limit the capacity of the relevant entity to meet its repayment obligations; (iii) asset separation – which enables resolution authorities to transfer impaired or

problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in which gives resolution authorities the power to write down certain claims, which would include claims in respect of securities such as the Notes, of unsecured creditors of a failing relevant entity (which write-down may result in the reduction of such claims to zero) and/or to convert certain unsecured debt claims, which would include securities such as the Notes, to equity or other instruments of ownership (the “**general bail-in tool**”), with such equity or other instruments also being subject to any future cancellation, transfer or dilution.

The BRRD also provides for a Member State, in the event that the above resolution tools alone are insufficient to maintain financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

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

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

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

The powers set out in the BRRD will impact how relevant credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors.

### *MREL*

Under the BRRD there is also a requirement for EU financial institutions to hold certain minimum levels of own funds and other eligible liabilities (“**MREL**”) which would be available to be written down or bailed-in in order to facilitate the rescue or resolution of a failing bank. Such requirements came into effect (subject to transitional provisions) in the EU from 1 January 2016. Regulation (EU) 2016/1450 of 23 May 2016 supplementing Directive 2014/59/EU of the European Parliament and of the Council sets forth draft regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities. In Norway, the MREL requirement will be set by the Norwegian FSA. On 20 December 2018 the Norwegian FSA adopted changes to the Financial Institutions Regulation implementing general rules for Norwegian MREL requirements. According to the changes, Norwegian financial institutions (excluding credit institutions issuing covered bonds) which Norwegian authorities have designated as systemically important must have eligible debt instruments of approximately 17 per cent. of RWAs (excluding RWAs stemming from covered bond entities) on top of the current own funds requirement. Further, according to the proposal, after 31 December 2022, the requirement must be fulfilled with debt instruments that rank junior to ordinary debt instruments issued by the institution. On 7 May 2019, the Norwegian FSA announced that specific MREL requirements for each institution are expected to be decided and published towards the end of 2019.

In December 2017, an EU Directive was published which required Member States to change their insolvency laws by the end of 2018 to create a new class of ‘non-preferred senior’ creditors in the creditor hierarchy. This new class is designed to form part of the senior unsecured class, ranking ahead of tier 2 capital and other subordinated

debts, but ranking behind ordinary senior unsecured debts. It is intended that instruments issued as part of the new class should (subject to satisfaction of the other requisite criteria) constitute 'eligible liabilities instruments', being instruments which are not own funds (i.e. tier 1 or tier 2 capital) but are eligible for inclusion in MREL. On 5 June 2019, the Norwegian FSA published a consultation paper regarding the implementation of the EU creditor hierarchy directive.

#### *Further Basel III changes*

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

Any increase in the Bank Group's risk-weighted assets due to, among other things, a reduction in the internal credit ratings of borrowers, market volatility, widening credit spreads, changes in foreign exchange rates, decreases in collateral values or further deterioration in the economic environment could potentially reduce the Bank Group's capital adequacy ratios. If the Bank Group were to experience a reduction in its capital adequacy ratios for any reason (including due to a change in the regulatory capital framework, as described below), it may have to reduce its lending or investments in other operations or, in more severe circumstances, raise further capital.

Changes in the supervision and regulation of financial institutions, particularly in Norway, could materially affect the Bank Group's business, the products and services offered or the value of its assets. Areas where changes or developments in regulation and/or oversight could have an adverse impact include, but are not limited to (i) general changes in government and regulatory policies or regimes which may significantly influence investor decisions or may increase the costs of doing business in the Nordic markets, other European markets and such other markets where the Bank Group carries out its business, (ii) changes in the capital adequacy framework and imposition of onerous compliance obligations, (iii) changes in competition and pricing environments, (iv) differentiation among financial institutions by governments with respect to the extension of guarantees of customer deposits and the terms attaching to such guarantees and (v) expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership, producing legal uncertainty, which, in turn, may affect demand for the Bank Group's products and services.

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

Any of the changes in the supervision and regulation of financial institutions, or any other future changes, may have a material adverse effect on the Bank Group's business and operations, liquidity, results of operations and financial condition. Although the Bank Group works closely with its regulators and continually monitors the regulatory framework and compliance, the timing and form of future changes in regulation can be unpredictable

and are beyond the control of the Bank Group. No assurance can be given that laws and regulations will be adopted, enforced or interpreted in a manner that will not have a material adverse effect on the Bank Group's business, financial situation, results of operations, liquidity and/or prospects.

In addition, there can be no assurance that debt and equity investors, analysts and other market professionals will not expect higher capital buffers and that any such market expectations will not increase the Bank's, the Bank Group's and the DNB Group's borrowing costs, limit its access to the capital markets or result in a downgrade of its ratings.

#### *The Dodd-Frank Act*

In the United States, the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, of 2010 (the “**Dodd-Frank Act**”) has led to significant structural reforms affecting the financial services industry, including non-U.S. banks, by addressing, among other issues, systemic risk oversight, bank capital standards, the orderly liquidation of failing systemically significant financial institutions and over-the-counter derivatives. The Dodd-Frank Act also contains the Volcker Rule, which broadly prohibits banking entities, including the Bank and all of its global affiliates, from proprietary trading and sponsoring or investing in hedge, private equity and similar funds, subject to a number of exceptions.

No assurance can be given that the Dodd-Frank Act and related regulations or any other new legislative changes enacted will not have a significant impact on the Bank.

#### ***Governmental responses to market disruptions may be inadequate and may have unintended consequences***

The Bank Group may be adversely affected by governmental responses to market disruptions in the countries where it operates. As a result of the global financial crisis and subsequent government intervention, there has been, and there may continue to be, a substantial increase in governmental policy responses to market disruptions, including reductions in public spending and the imposition of further fiscal austerity measures, and changes in monetary and interest rate policies.

The Bank Group has no control over governmental policy changes or over changes in the interpretation of fiscal legislation by any tax authority. The measures taken by various European governments to stimulate the economy and/or support the banking system, including, among other things, the bank bail-out plans and austerity measures, may, if enacted, lead to an increase in the tax burden or to a reduction in tax benefits. Significant changes in governmental policy responses in Norway or in the other countries where the Bank Group operates, or difficulties in implementing such responses or with the type and effectiveness of the impact of such responses, may have a relevant adverse impact on the activity, financial situation and operating results of the Bank Group.

#### ***The Bank Group is exposed to risks related to bribery, money laundering activities and sanctions violations, especially in its operations in emerging markets, and compliance with anti-money laundering and anti-terrorism financing rules involves significant cost and effort***

The Bank Group is subject to rules and regulations regarding anti-bribery, anti-money laundering, anti-terrorist financing and economic sanctions. In general, the risk that banks will be subjected to or used for bribery or money laundering has increased worldwide. These risks are higher in emerging markets than in Norway and other more developed markets where the Bank Group operates. The high turnover of employees, the difficulty in consistently implementing related policies and technology systems and the general business conditions in emerging markets mean that the risk of the occurrence of money laundering is higher in these countries. Monitoring compliance with anti-money laundering and anti-terrorism financing rules can put a significant financial burden on banks and other financial institutions and pose significant technical problems. Although the Bank Group believes that its current policies and procedures are sufficient to comply with applicable rules and regulations, it cannot guarantee that its group-wide anti-money laundering and anti-terrorism financing policies and procedures prevent instances of money laundering or terrorism financing, or that there will not be instances of employee non-compliance with such policies. Any violation of anti-money laundering or anti-terrorism financing rules, or even the suggestion of



violations, may have severe legal and reputational consequences for the Bank Group and could, as a result, have a material adverse effect on the Bank Group's financial condition and results of operations.

***The legal relationships between the Bank Group and its customers are based on standardised contracts and forms created for a large number of commercial transactions; as a result, problems with the conditions in this documentation, or errors in it, could affect a large number of contracts with customers***

The Bank Group maintains contractual relationships with a large number of customers and uses general terms and conditions and standard templates for contracts and forms in the majority of its business areas and departments. The use of standard contracts and forms poses a significant risk due to the large number of contracts. As a result of ordinary evolution of laws and new judicial decisions, and the growing influence of European legislation on national laws, it is possible that not all the general terms and conditions, standard contracts and forms used by the Bank Group comply with all of the applicable legal requirements at all times. If there are drafting errors, interpretive issues or if the individual contractual terms or the contracts are deemed invalid in whole or in part, a large number of customer relationships may be adversely affected, which may result in claims for compensation or other legal consequences that may have an adverse effect on the financial condition and operating results of the Bank Group.

#### ***Legal and regulatory claims arise in the conduct of the Bank Group's business***

In the ordinary course of its business, the Bank Group is subject to regulatory oversight and liability risk. The Bank Group is subject to regulation in each jurisdiction in which it operates. Regulation and regulatory requirements are continuously amended and new requirements are imposed on the Bank Group, including, but not limited to, regulations on conduct of business, anti-money laundering, payments, consumer credits, capital requirements, reporting and corporate governance.

Furthermore, as part of its banking activities, the Bank Group provides its customers with investment advice, other investment services and investment products and access to internally as well as externally managed funds, and serves as custodian of third-party funds. In the event of losses incurred by its customers due to investment advice, other services or products from the Bank Group, or misconduct or fraudulent actions in connection with the provision of investment services or the sale of investment products or otherwise, the Bank Group's customers may seek compensation from or otherwise take legal action against the Bank Group. See "*Description of the Bank and the DNB Group—Litigation*". In certain cases, compensation might be sought from the Bank Group even if the Bank Group has no direct exposure to such risks or has not recommended such counterparties to its customers.

The Bank Group is involved in a variety of claims, disputes, legal proceedings and governmental investigations in jurisdictions where it operates. See "*Description of the Bank and the DNB Group—Litigation*". Such claims, disputes and legal proceedings are subject to many uncertainties and their outcomes and ultimate consequences are often difficult to predict, particularly in the earlier stages of a case or an investigation. These types of claims and proceedings may expose the Bank Group to monetary damages, direct or indirect costs (including legal costs), direct or indirect financial loss, civil and criminal penalties, loss of licenses or authorisations or loss of reputation, as well as the potential for regulatory restrictions on its businesses, any of which could have a material adverse effect on the Bank Group's business, financial condition and results of operations.

In particular, the Norwegian Consumer Council filed in June 2016 a class action against DNB Asset Management AS ("**DNB Asset Management**"), a wholly-owned subsidiary of the Parent offering asset management services. The Consumer Council claimed compensation for up to NOK 690 million on behalf of 180,000 investors in a fund managed by DNB Asset Management, as well as two funds merged into that fund, based on allegations that the fund was charging high fees for active management, but was actually simply tracking an index. On 12 January 2018 the Oslo City Court ruled in favour of DNB Asset Management, rejecting the Norwegian Consumer Council's claim. The verdict was appealed on 12 February 2018, and the Norwegian Consumer Council reduced its claim to approximately NOK 431 million. On 9 May 2019 the Borgarting Court of Appeal ruled against DNB Asset Management according the investors a total compensation of approximately NOK 350 million. DNB Asset Management appealed the verdict to the Supreme Court on 7 June 2019. The final outcome of the case is uncertain, and this lawsuit continues to expose the DNB Group to significant liability.

Even though the Bank Group believes it has appropriately provided for contingent obligations in respect of claims, litigation and other proceedings, the outcome of any such claim, litigation or proceeding may differ from management expectations and expose the Bank Group to unexpected costs and losses, reputational and other non-financial consequences and diversion of management attention.

Any of the above-mentioned factors or any other restrictions or limitations on the operations of financial institutions could have a material adverse effect on the Bank Group's business, financial condition, results of operations, liquidity and/or prospects.

***The Bank Group is exposed to the risk of changes in tax and VAT legislation and the interpretation of such legislation as well as changes in such rates***

The Bank Group's activities are subject to tax and VAT at various rates in the jurisdictions in which it operates, computed in accordance with local legislation and practice. Future actions by the Norwegian or other governments to increase tax or VAT rates or to impose additional taxes or duties would reduce the Bank Group's profitability. Revisions of tax or VAT legislation or changes in its interpretation as well as differences in opinion between the Bank Group and tax authorities with respect to interpretation of relevant legislation might also affect the Bank Group's financial condition in the future.

In October 2015, the Norwegian government issued a white paper describing a tax reform for the period 2016 to 2018, which included a proposal for the introduction of withholding tax on interest payments from Norway. The white paper was discussed in the Norwegian Parliament in May 2016, but no decision to implement such withholding tax was subsequently implemented. In the national budget for 2019 the Norwegian government announced that the Norwegian Ministry of Finance will publish a proposal for the introduction of withholding tax on interest payments from Norway before year-end 2018. However, as at the date of this Prospectus the proposal has not yet been published. As at the date of this Prospectus, it remains uncertain whether or not such proposal will be implemented and, if implemented, the scope of its application. A significant number of existing tax treaties prevent Norway from imposing withholding tax on interest payments, and a re-negotiation of those tax treaties would be required for withholding tax to be applied to interest payments to tax residents in jurisdictions covered by such tax treaties. A withholding tax would however, if implemented, take effect in relation to states with which Norway does not have a tax treaty or where the existing tax treaty does not prevent the introduction of withholding tax. If such proposal is implemented, this may increase the borrowing costs for the Bank Group, adversely affecting its profitability and financial condition.

Such changes and the outcome of ongoing proceedings where the Bank Group's interpretation of tax and VAT legislation is challenged by tax authorities could have a material adverse effect on the Bank Group's business, financial situation, results of operations, liquidity and/or prospects. Further, there can be no assurance that any such change in tax and VAT legislation or the interpretation of tax and VAT legislation may not have a retroactive effect on the Bank Group's business, financial situation, results of operations, liquidity and/or prospects.

***The Bank Group may be impacted by changes in accounting policies or accounting standards and the interpretation of such policies and standards***

From time to time, the International Accounting Standards Board (the "IASB") changes the financial accounting and reporting standards that govern the preparation of the Bank Group's financial statements. Further, changes may take place in the interpretation of, or differences of opinion may arise between the Bank Group and competent authorities with regard to the application of, such standards. These changes can be difficult to predict and can materially impact how the Bank Group records and reports its financial condition and results of operations. In some cases, the Bank Group may be required to apply a new or revised standard, or alter the application of an existing standard, retroactively, rendering a restatement of prior period financial statements necessary. Any such change in the Bank Group's accounting policies or applicable accounting standards could materially affect its reported financial condition and/or results of operations.

In July 2014, the IASB issued the new standard for financial instruments IFRS 9 Financial Instruments ("IFRS 9"), which replaced IAS 39. IFRS 9 became effective on 1 January 2018. Impairment provisions according to IFRS 9 are measured using an expected loss model instead of an incurred loss model as in IAS 39. IFRS 9

introduces new rules and concepts that require further development of the Bank Group's models and IT systems. The implementation effect of IFRS 9 calculated as of 1 January 2018 was approximately NOK 2 billion after tax for the Bank Group and was recognised as a reduction in "Other equity". This includes the impact of investments accounted for by the equity method. The total effects of IFRS 9 reduced the common equity Tier 1 capital ratio of the Bank Group by 28 basis points calculated as at 1 January 2018.

The IASB may make other changes to financial accounting and reporting standards that govern the preparation of the Bank's and the Parent's financial statements, which may be adopted prior to the date on which such changes become mandatory if determined to be appropriate by the Bank and/or the Parent, or which we may be required to adopt. Any such change in our accounting policies or accounting standards could materially affect the Bank's and/or the Parent's reported financial condition and results of operations.

***Conflicts of interest, whether actual or perceived, may negatively impact the Bank Group***

As the Bank Group expands the scope of its business and its customer base, it must increasingly implement corporate governance policies on a group-wide level and address potential conflicts of interest, including situations where the Bank Group provides services to a particular customer or its own proprietary investments or other interests conflict, or are perceived to conflict, with the interests of another customer, as well as situations where one or more of the Bank Group's businesses have access to material non-public information that may not be shared with other businesses within the Bank Group. Appropriately identifying and dealing with conflicts of interest is complex, in part because internal breaches of policy can be difficult to discover. The Bank Group's reputation may be damaged and the willingness of customers to enter into transactions in which such a conflict might arise may be affected if the Bank Group fails, or appears to fail, to identify and deal appropriately with conflicts of interest.

***Financial services operations involve inherent reputational risk***

The Bank Group's reputation is one of its most important assets. Reputational risk, including the risk to earnings and capital from negative public opinion, is inherent in the financial services business. Negative public opinion can result from any number of causes, including misconduct by employees, non-compliance by members of the Bank Group with applicable internal policies and regulations, the activities of business partners over which the Bank Group has limited or no control, severe or prolonged financial losses, uncertainty about the Bank Group's financial soundness or reliability (including the reliability of its internet banking platforms) or the Bank Group's conduct of its business. Negative public opinion may adversely affect the Bank Group's ability to keep and attract customers, depositors and investors, as well as its relationships with regulators and the general public.

***Capital, including the Notes, raised or issued by the Bank will not fully count towards the capital requirements of the DNB Group***

Capital, including the Notes, raised or issued at the Bank level will be recognised at the DNB Group level in accordance with the principle set out in the Norwegian regulation *Forskrift om kapitalkrav og nasjonal tilpasning av CRR/CRD IV section 19*. As a result of compliance with this principle, the full principal amount of capital raised at the Bank level may not be recognised at the DNB Group level. For further information regarding the current regulatory capital ratios of the Bank and the DNB Group, see "*Factors that may affect the Issuer's ability to fulfil its obligations under the Notes—Risks Related to the Legal and Regulatory Environments in which the Bank Group Operates—The financial services industry is subject to intensive regulation, including capital adequacy regulation, and the regulatory framework is undergoing major changes—Capital adequacy and liquidity requirements*".

**RISKS RELATED TO THE STRUCTURE OF THE NOTES**

***The obligations of the Issuer in respect of the Notes are unsecured and deeply subordinated and investors assume an enhanced risk of loss in the event of the Issuer's insolvency***

The Notes constitute unsecured and deeply subordinated obligations of the Issuer.

On a liquidation, dissolution or other winding-up of the Issuer by way of public administration (except, in any such case, a solvent liquidation, dissolution, or winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer) (referred to herein as a “**winding-up of the Issuer**”), all claims in respect of the Notes (including claims for damages in respect of any breach of the Issuer’s obligations thereunder) will rank junior to the claims of all Senior Creditors of the Issuer and *pari passu* with claims in respect of any Parity Securities. If, on a winding-up of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, the Holders will lose their entire investment in the Notes. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Notes and all other claims that rank *pari passu* with the Notes, the Holders will lose some (which may be substantially all) of their investment in the Notes.

There is no restriction on the amount of securities or other liabilities that the Issuer may issue, incur or guarantee and which rank senior to, or *pari passu* with, the Notes. The issue or guaranteeing of any such securities or the incurrance of any such other liabilities may reduce the amount (if any) recoverable by Holders during a winding-up of the Issuer and may limit the Issuer’s ability to meet its obligations under the Notes.

Holders will not be able to exercise any rights of set-off (if any) in respect of any amounts owed to them by the Issuer in respect of the Notes.

Furthermore, as of 31 March 2019, net loans to customers in Boligkreditt made up approximately 40 per cent. of total net loans to customers in the Bank Group. Residential mortgages transferred by the Bank to Boligkreditt or originated by Boligkreditt through DNB distribution channels comprise the cover pool and thereby serve as security for holders of the covered bonds issued by Boligkreditt (and also counterparties under derivatives contracts entered into for hedging purposes in relation to such covered bonds). Once transferred, these mortgages do not form part of the general assets of the Bank that would be available to holders of the Notes in the case of insolvency or liquidation of the Bank. The Bank Group intends to cover a significant part of its long-term funding requirement through issuance of covered bonds, which will be secured by mortgages originated by Boligkreditt through DNB distribution channels and/or transferred from the Bank to Boligkreditt. The Notes are unsecured obligations of the Issuer, and in addition to being subordinated to most of the Issuer’s own liabilities the Holders are structurally subordinated to the covered bondholders and such hedge counterparties to the extent of the cover pool, and are not likely to ever have access to this cover pool should the Issuer become insolvent or be liquidated.

In addition, as further described below under “—*Upon the occurrence of a Trigger Event, the principal amount of the Notes will be Written Down*”, the principal amount of the Notes will, in certain circumstances, be Written Down, which may be in part or in whole and may occur on one or more occasions. In a winding-up of the Issuer, the claims of Holders in respect of their Notes will be for the Outstanding Principal Amount at the time of the winding-up of the Issuer, which may be less than the Original Principal Amount of the Notes. The Notes do not contain any restriction on the Issuer’s ability to issue securities that may have rights similar but preferential to those of the Notes including securities having more favourable, or no, provisions similar to the Trigger Event applicable to the Notes.

Although the Notes have the potential (subject always to the Issuer’s right to cancel interest payments) to pay a higher rate of interest than securities which are not subordinated, there is a substantial risk that investors in the Notes will lose all or some of the value of their investment should a winding-up of the Issuer occur.

***The Issuer may at any time elect, and in certain circumstances shall be required, not to make interest payments on the Notes***

The Issuer may at any time elect, in its full and sole discretion, to cancel any interest payment (in whole or in part) on the Notes which would otherwise be due. Additionally, the Norwegian FSA has the power to direct the Issuer to exercise its discretion to cancel any interest payment (in whole or in part) on the Notes.

If the Issuer does not pay any interest (or any part thereof) scheduled to be paid on any date, such non-payment shall evidence the Issuer's exercise of discretion to cancel such interest payment (or the relevant part thereof), and such cancelled interest payment (or the cancelled part thereof) shall not become due and payable at any time.

Furthermore, the Issuer will cancel any interest payment (in whole or in part) which would otherwise fall due if and to the extent that payment of such payment of interest would: (i) when aggregated with other relevant stipulated payments or distributions, exceed the Distributable Items of the Issuer; (ii) when aggregated with other relevant distributions, cause any Maximum Distributable Amount ("MDA") then applicable to the Bank, the Bank Group or the DNB Group to be exceeded; or (iii) payment cannot be made in compliance with the Solvency Condition.

In addition, if a Trigger Event occurs, the Issuer will cancel all interest accrued up to (and including) the Write Down Date.

With respect to cancellation of interest due to insufficient Distributable Items, see also "*The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Notes*" below. With respect to cancellation of interest due to the application of a Maximum Distributable Amount, see also "*Payments on the Notes will be subject to the Maximum Distributable Amount introduced under the CRR/CRD IV regulations of 22 August 2014*" below.

Any interest which is cancelled as a result of optional or mandatory cancellation as described above shall not accumulate and shall no longer be due and payable by the Issuer. A cancellation of interest in accordance with the Conditions will not constitute a default of the Issuer under the Notes for any purpose, and Holders will have no right to such cancelled interest, or any amount in respect thereof, at any time (including in a winding-up of the Issuer).

If the Issuer elects to cancel, or is prohibited from paying, interest on the Notes at any time, there is no restriction under the terms of the Notes on the Issuer from otherwise paying dividends, interest or other distributions on, or redeeming or repurchasing, any of its other liabilities (including liabilities which rank *pari passu* with, or junior to, the Notes) or any of its share capital. In proposing the interim or final distributions (if any) to be declared in respect of the ordinary shares of the Issuer in respect of any given financial year, the Issuer will have regard to all relevant factors which it considers to be appropriate, including the profitability of the Issuer, its resources available for distribution and the capital and liquidity position of the Issuer at the time of proposing the distribution for approval by the shareholders of the Issuer. The obligations of the Issuer under the Notes are senior in ranking to the ordinary shares of the Issuer. It is the Issuer's current intention that, whenever exercising its discretion to propose any dividend in respect of the ordinary shares, or its discretion to cancel interest on the Notes, the Issuer will take into account the relative ranking of these instruments in its capital structure. However, the Issuer may at any time depart from this policy at its sole discretion.

Any actual or anticipated cancellation of interest on the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's financial condition. Any indication that the CET1 Ratio of the Bank, the Bank Group or the DNB Group is trending towards a failure to meet fully the combined capital buffer requirement (the level at which the Maximum Distributable Amount restriction becomes relevant) may have an adverse effect on the market price of the Notes.

***The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Notes***

The Issuer will cancel any payment of interest amount (in whole or in part) which would otherwise fall due on any date if and to the extent that payment of such interest (together with any Additional Amounts payable thereon) would, when aggregated with other relevant stipulated payments or distributions, exceed the Distributable Items of the Issuer.

The level of the Issuer's Distributable Items is affected by a number of factors. The Issuer's future Distributable Items, and therefore the ability of the Issuer to make interest payments under the Notes, are a function of the Issuer's existing Distributable Items and its future profitability. In addition, the Issuer's Distributable Items may also be adversely affected by the servicing of more senior instruments or parity ranking instruments.

The level of the Issuer's Distributable Items may be affected by changes to accounting rules, regulation or the requirements and expectations of applicable regulatory authorities. Any such potential changes could adversely affect the Issuer's Distributable Items in the future.

The Issuer's Distributable Items, and therefore the Issuer's ability to make interest payments under the Notes, may be adversely affected by the performance of the business of the Bank Group in general, factors affecting its financial position (including capital and leverage), the economic environment in which the Bank Group operates and other factors outside of the Issuer's control. In addition, adjustments to earnings, as determined by the Board, may fluctuate significantly and may materially adversely affect Distributable Items.

***The Issuer's ability to make payments in respect of the Notes is dependent on the satisfaction of the Solvency Condition***

The Conditions provide that no payment of principal, interest or any other amount in respect of the Notes shall become due and payable unless, and to the extent that, the Issuer is able to make such payment and still be solvent immediately thereafter (except in the winding-up, dissolution or liquidation of the Issuer) (the "**Solvency Condition**"). For these purposes, the Issuer shall be considered to be solvent if (x) it is able to pay its debts to Senior Creditors as they fall due and (y) its Assets exceed its Liabilities.

If and to the extent that the Issuer is unable to make a scheduled interest payment and still be solvent immediately thereafter, such interest payment shall not become due and will be cancelled.

***Payments on the Notes will be subject to the Maximum Distributable Amount introduced under the CRR/CRD IV regulations of 22 August 2014***

In circumstances where section 7 of the CRR/CRD IV regulations of 22 August 2014 (*forskrift om kapitalkrav og nasjonal tilpasning av CRR/CRD IV av 22. august 2014 no. 1097*) (the "**August 2014 Regulations**") applies, no payments (or deemed payments) will be made on the Notes (whether by way of principal, interest, Discretionary Reinstatement or otherwise) if and to the extent that such payment would, when aggregated together with other distributions of the kind referred to in section 7(2) of the August 2014 Regulations, cause the Maximum Distributable Amount (if any), determined in accordance with section 7(3) of the August 2014 Regulations then applicable to any of the Issuer, the Bank Group or the DNB Group to be exceeded.

Under Applicable Banking Regulations, the Bank, the Bank Group and the DNB Group are required to hold certain amounts of regulatory capital as described above in "*Factors that may affect the Issuer's ability to fulfil its obligations under the Notes—Risks Related to the Legal and Regulatory Environments in which the Bank Group Operates—The financial services industry is subject to intensive regulation, including capital adequacy regulation, and the regulatory framework is undergoing major changes—Capital adequacy and liquidity requirements*".

Under the August 2014 Regulations, institutions which fail to fully meet their combined buffer requirement will be subject to restricted "discretionary payments", including payments relating to common equity tier 1 and additional tier 1 instruments and variable remuneration to staff. The restrictions will be scaled according to the extent of the breach of the combined buffer requirement and calculated as a percentage of the profits of the relevant institution since the last distribution of profits or other relevant "discretionary payment". Such calculation will result in a "maximum distributable amount" in each relevant period. As an example, the scaling is such that in the bottom quartile of the "combined buffer requirement", no "discretionary distributions" will be permitted to be paid. As a consequence, in the event of breach of the combined buffer requirement by the Bank, the Bank Group and/or the DNB Group, it may be necessary to reduce discretionary payments, including potentially cancelling (in whole or in part) interest payments in respect of the Notes.

The EU Banking Reform Legislation extended the scope of the MDA restrictions applicable to EU banks. In addition to the original MDA restrictions based on risk-based capital requirements, the EU Banking Reform Legislation provides for leverage-based and MREL-based restrictions:

- (i) *leverage-based MDA*: an institution that is designated as a global systemically important bank (a “**G-SIB**”) that: (A) meets an applicable leverage ratio buffer shall not be entitled to make any distribution in connection with tier 1 capital to the extent this would decrease its tier 1 capital to a level where the leverage ratio buffer requirement is no longer met; and (B) is failing to meet an applicable leverage ratio buffer shall calculate a leverage ratio-based maximum distributable amount (the “**L-MDA**”) and must not make discretionary payments (payments relating to Common Equity Tier 1 capital instruments, Additional Tier 1 instruments (such as the Perpetual Capital Securities) and variable remuneration) which would, in aggregate, exceed such L-MDA. As with the risk-based MDA, the L-MDA restrictions are scaled according to the extent of the breach of the leverage buffer requirement and calculated by reference to the institution’s distributable profits, applying a scaling factor depending on which quartile of the leverage buffer requirement the institution meets (such factor being 0 in the bottom quartile, 0.2 in the second quartile, 0.4 in the third quartile and 0.6 in the fourth quartile); and
- (ii) *MREL-based MDA*: where an institution is failing to meet its buffer requirements as a result of its MREL requirement (but would meet its buffer requirements but for its MREL requirement), the relevant resolution authority, having considered certain specified factors, will be entitled (and, if non-compliance continues for an extended period, may, subject to certain exceptions, be required) to prohibit such institution from distributing more than a maximum distributable amount determined by reference to its MREL requirement (the “**M-MDA**”) by way of discretionary payments (payments relating to Common Equity Tier 1 capital instruments, Additional Tier 1 instruments (such as the Perpetual Capital Securities) and variable remuneration. As with the MDA and the L-MDA, the M-MDA restrictions are scaled according to the extent of the breach of the buffer requirement (when having regard to MREL requirements) and calculated by reference to the institution’s distributable profits, applying a scaling factor depending on which quartile of the buffer requirement the institution meets (such factor being 0 in the bottom quartile, 0.2 in the second quartile, 0.4 in the third quartile and 0.6 in the fourth quartile).

There are presently no proposals to introduce the L-MDA and M-MDA restrictions into Norwegian law. However, the EU Banking Reform Legislation will be implemented in the EEA Agreement in due course, and the Norwegian authorities could elect to introduce these requirements ahead of such time. If the Issuer were to become subject to an applicable L-MDA or M-MDA requirement, it may, in the relevant circumstances, be required to exercise its discretion to reduce or cancel interest payments on the Notes accordingly.

#### *Interaction between MDA and Pillar 2*

As noted under “*Factors that may affect the Issuer’s ability to fulfil its obligations under the Notes—Risks Related to the Legal and Regulatory Environments in which the Bank Group Operates—The financial services industry is subject to intensive regulation, including capital adequacy regulation, and the regulatory framework is undergoing major changes—Capital adequacy and liquidity requirements*”, in addition to Pillar 1 minimum capital requirements and buffer capital requirements, a regulator may impose a Pillar 2 capital requirement on any institution it regulates, such requirement being calibrated individually for such institution to address the specific risk profile of such institution. A Pillar 2 capital requirement can be imposed, increased, decreased or withdrawn by the relevant regulator at any time.

The quantum of any Pillar 2 requirement imposed on a bank, the type of capital which it must apply to meeting such capital requirements, and whether the Pillar 2 requirement is ‘stacked’ below the capital buffers (i.e. the bank’s capital resources must first be applied to meeting the Pillar 2 requirements in full before capital can be applied to meeting the capital buffers) or ‘stacked’ above the capital buffers (i.e. the bank’s capital resources can be applied to meeting the capital buffers in priority to the Pillar 2 requirement) may all impact a bank’s ability to make discretionary payments on its tier 1 capital, including interest payments on additional tier 1 instruments such as the Notes.

As at the date of this Prospectus, Norwegian banks are required to meet Pillar 2 add-ons with common equity tier 1 capital. These Pillar 2 requirements are presently stacked above the buffer requirements, meaning that the Bank, the Bank Group and the DNB Group are permitted to use their available common equity tier 1 capital resources to meet the buffer requirements in full before applying any such resources to meeting Pillar 2 requirements, with the effect that the Pillar 2 requirements are not included in the Maximum Distributable Amount threshold.

However, on 30 April 2018 the Norwegian FSA published a proposal for the final implementation of CRR and CRD IV under Norwegian law. In the proposal, the Norwegian FSA argued that the Pillar 2 requirement should be stacked below the capital buffers. It is expected that the Ministry of Finance will publish its proposal for final implementation of CRR and CRD IV by end of June 2019. If the Norwegian Ministry of Finance decides to include the Pillar 2 in the Maximum Distributable Amount trigger level, this will increase the risk that the Issuer may become constrained by the Maximum Distributable Amount requirements with respect to making discretionary payments, including payments of interest on additional tier 1 instruments such as the Notes, since the common equity tier 1 capital resources of the Bank, the Bank Group and the DNB Group would need to be applied to meeting Pillar 2 requirements before such resources could be applied to meeting the buffer requirements. As at the date of this Prospectus, the Bank, the Bank Group and the DNB Group have a Pillar 2 requirement equal to 1.8 per cent. of RWA, which is currently stacked above the buffer requirement. If this were required instead to be stacked below the capital buffers, the Maximum Distributable Amount threshold would increase from 13.6 per cent. to 15.4 per cent. at the date of this Prospectus (with a further increase to 15.8 per cent. at the end of 2019 taking into account the anticipated increase in the counter-cyclical buffer rate applicable to the Bank, the Bank Group and the DNB Group at year end).

On 23 October 2018, DNB published the outcome for DNB of the Norwegian FSA's SREP for 2018. The Pillar 2 requirement for the Bank, the Bank Group and the DNB Group set as a result of the SREP is currently 1.8 per cent. The Pillar 2 requirement relates to risks not covered by Pillar 1 and must be met with common equity tier 1 capital. The Pillar 2 requirement is in addition to the minimum and combined buffer requirements under Pillar 1.

The Pillar 2 requirement is the supervisory authority's assessment of many factors at a given point in time and may be revised upwards or downwards on an ongoing basis. Taking into account stated Pillar 2 and buffer requirements, the common equity tier 1 requirement for the Bank, the Bank Group and the DNB Group at year-end 2018 was 15.4 per cent. Assuming that the Pillar 2 requirement for the Bank, the Bank Group and the DNB Group remains at 1.8 per cent., and the buffer requirements do not change beyond those increases already announced (and provided that the Ministry of Finance's decision to increase the counter-cyclical buffers is implemented, as referred to above under "*Factors that may affect the Issuer's ability to fulfil its obligations under the Notes—Risks Related to the Legal and Regulatory Environments in which the Bank Group Operates—The financial services industry is subject to intensive regulation, including capital adequacy regulation, and the regulatory framework is undergoing major changes—Capital adequacy and liquidity requirements*"), the resulting common equity tier 1 requirement would be 15.8 per cent. by year-end 2019. The requirements will be adjusted to reflect any future changes in the Pillar 2 add-on or the buffer requirements.

There can be no assurance as to the applicable future Pillar 2 additional own funds requirements which may be imposed on the Bank, the Bank Group and/or the DNB Group, nor as to how the Norwegian FSA's policy with respect to Pillar 2 requirements may develop in the future.

Each of the Bank, the Bank Group and the DNB Group currently intend to maintain an internal management buffer comprising common equity tier 1 capital over the combined buffer requirement. As at the date of this Prospectus, management of the Parent are targeting an internal management buffer in respect of the DNB Group equal to approximately 1.0 per cent. of RWA. There can be no assurance, however, that management will continue to target such a buffer, that the DNB Group will meet such target or that the Bank, the Bank Group and/or the DNB Group will otherwise achieve or continue to maintain internal management buffers or that any such buffers would be sufficient to protect against a breach of the combined buffer requirement, potentially resulting in restrictions on payments on the Notes.

The requirements are calculated by reference to a number of factors any one of which, or combination of which, may not be easily observable or capable of calculation by investors. Further, the Norwegian FSA may raise the



capital requirement of the Issuer to cover other risks without such information being disclosed to the public. Accordingly, investors in the Notes may not be able to assess or predict accurately the proximity of the risk of interest payments not being made.

***The Notes may be traded with accrued interest, but (i) under certain circumstances described above, such interest will be cancelled and not paid on the scheduled payment date and (ii) the Issuer retains full discretion to cancel interest otherwise scheduled to be paid on any date***

The Notes may trade, and/or the prices for the Notes may appear, in any trading systems and/or on any stock exchange on which the Notes are for the time being quoted, with accrued interest. If this occurs, purchasers of Notes in the secondary market will pay a price that reflects such accrued interest upon purchase of the Notes. However, if a payment of interest is cancelled (in whole or in part) as described herein and thus is not due and payable, purchasers of such Notes will not be entitled to that interest payment (or, if the Issuer elects to make a payment of a portion, but not all, of such interest payment, the portion of such interest payment not paid) on the relevant scheduled payment date or thereafter.

***Upon the occurrence of a Trigger Event, the principal amount of the Notes will be Written Down***

The Notes are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Additional Tier 1 capital of the Bank, the Bank Group and the DNB Group. Such eligibility depends upon a number of conditions being satisfied, which are reflected in the Conditions of the Notes. One of these relates to the ability of the Notes and the proceeds of their issue to be available to absorb any losses of any of the Bank, the Bank Group and the DNB Group.

Accordingly, if at any time the CET1 Ratio (calculated as provided in the Conditions) of the Bank, the Bank Group and/or the DNB Group falls below 5.125 per cent., the Issuer shall immediately notify the Norwegian FSA and, without delay and by no later than one month (or such shorter period as the Norwegian FSA may then require) from the occurrence of the relevant Trigger Event, shall:

- (a) cancel all interest accrued to (but excluding) the Write Down Date (whether or not such interest has become due for payment and including any interest scheduled for payment on the Write Down Date); and
- (b) (without the need for the consent of the Holders) reduce the then Outstanding Principal Amount of each Note by the relevant Write Down Amount (such reduction, a “**Write Down**” and “**Written Down**” being construed accordingly).

The relevant Write Down Amount of each Note will be the lower of (i) and (ii) below:

- (i) the amount per Note which is determined by the Bank to be necessary (in conjunction with (a) the concurrent Write Down of the other Notes and (b) the concurrent (or substantially concurrent) write-down or conversion into equity of, or other loss absorption measures taken in respect of, any other Loss Absorbing Instruments) to restore each of the Bank's, the Bank Group's and/or the DNB Group's (as applicable) CET1 Ratio to at least 5.125 per cent. (and so that the lowest of such CET1 Ratios is equal to (or as near as is practicable equal to but not less than) 5.125 per cent.); and
- (ii) the amount necessary to reduce the Outstanding Principal Amount of each Note to nil.

Write Down of the Notes will be effected, save as may otherwise be required by the Norwegian FSA, *pro rata* with (a) the concurrent Write Down of the other Notes and (b) the concurrent (or substantially concurrent) write-down or conversion into equity, as the case may be, of any Loss Absorbing Instruments (based on the prevailing principal amount of the relevant Loss Absorbing Instrument), provided, however, that:

- (1) with respect to each Loss Absorbing Instrument (if any), such *pro rata* write down or conversion shall only be taken into account to the extent required to restore the relevant CET1 Ratio(s) to the lower of (i) such Loss Absorbing Instrument's trigger level and (ii) 5.125 per cent. (being the level at which a Trigger Event occurs in respect of the Notes); and

- (2) if for any reason the Bank is unable to effect the concurrent (or substantially concurrent) write-down or conversion of any given Loss Absorbing Instruments within the period required by the Norwegian FSA, the Notes will be Written Down notwithstanding that the relevant Loss Absorbing Instruments are not also written down or converted (and, in such circumstances, the Write Down Amount may be higher than would otherwise have been the case).

For the avoidance of doubt, any Loss Absorbing Instruments with a trigger level expressed by reference to a relevant CET1 Ratio falling below a level which is equal to or higher than 5.125 per cent. may be expected to share losses *pro rata* with the Notes until the relevant CET1 Ratio(s) have been restored to 5.125 per cent. If, at the relevant time, there are outstanding any Loss Absorbing Instruments with a trigger level expressed by reference to a relevant CET1 Ratio falling below a level which is lower than 5.125 per cent., such Loss Absorbing Instruments may be expected, under their terms, to share losses *pro rata* with the Notes only if any relevant CET1 Ratio(s) fall below such lower threshold, and only to the extent necessary to restore the relevant CET1 Ratio(s) to such lower threshold.

The Write Down of the Notes will affect the claims of the Holders in various respects. Firstly, in the event of a winding-up of the Issuer, the claims of the Holders will be in respect of the Outstanding Principal Amount of the Notes at the time of the winding-up of the Issuer, and not for the Original Principal Amount. Similarly, upon a redemption of the Notes by the Issuer following the occurrence of a Capital Event, a Tax Event or a Withholding Tax Event, the redemption amount of each Note will be its Outstanding Principal Amount (together with accrued and unpaid interest) and not its Original Principal Amount. The Issuer is not permitted to redeem the Notes pursuant to Condition 9.2, until any principal amount by which the Notes have been Written Down pursuant to Condition 7 have first been reinstated in full pursuant to Condition 8; however, that restriction does not apply to a redemption following the occurrence of a Capital Event, a Tax Event or a Withholding Tax Event. Investors should note that the restriction under Condition 9.2 applies only to the extent that the Notes have been Written Down pursuant to Condition 7 and does not apply to any part of the principal amount of the Notes which has been written down pursuant to the Financial Institutions Act – see “—*The Notes may also be written down under Chapter 21 of the Norwegian Financial Institutions Act*” and “- *The Notes may become subject to resolution actions under the Norwegian implementation of BRRD, and may be written down or converted into equity in certain circumstances*” below.

Secondly, interest will accrue only on the Outstanding Principal Amount of the Notes from time to time, and accordingly for so long as the Outstanding Principal Amount of the Notes is less than their Original Principal Amount, the maximum amount of interest which may be paid by the Issuer (subject always to applicable payment restrictions and interest cancellation as provided above) on any Interest Payment Date shall be less than if no Write Down had occurred.

In addition, as the occurrence of a Trigger Event is linked to the CET1 Ratios of the Bank, the Bank Group and the DNB Group, any reduction in any such CET1 Ratio may have an adverse effect on the market price of the Notes, and such adverse effect may be particularly significant if there is any indication or expectation that any such CET1 Ratio is or may be trending towards 5.125 per cent.

A Write Down may occur on any one or more occasions, and the Outstanding Principal Amount of the Notes may be reduced in part or in whole. Holders will not be entitled to any compensation or other payment as a result of any Write Down of the Notes. Accordingly, if a Trigger Event occurs, Holders could lose all or part of the value of their investment in the Notes if the Issuer subsequently redeems the Notes or a winding-up of the Issuer occurs.

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, which may be outside the control of the Issuer. Whilst the Issuer and the DNB Group are required to publish information regarding the regulatory capital ratios of the Issuer, the Bank Group and the DNB Group as part of their financial statements each quarter, the determination that a Trigger Event has occurred may be made at any time and shall be based on information (whether or not published) available to management of the Bank or the Parent, as applicable, including information internally reported within the Bank, the Bank Group and/or the DNB Group (as applicable) pursuant to procedures for ensuring effective on-going monitoring of the capital ratios of the Bank, the Bank Group and the DNB Group. Accordingly, whether or not any such CET1 Ratio is trending towards 5.125 per cent. may not be easily visible to Holders or other prospective investors. Accordingly, investors may be unable

accurately to predict if and when a Trigger Event may occur. See “—*The circumstances surrounding or triggering a Write Down are unpredictable, and there are a number of factors that could affect the CET1 Ratio of the Bank, the Bank Group and/or the DNB Group*” below.

Whilst the Conditions provide for Discretionary Reinstatement of the principal amount of the Notes in certain circumstances, any such Discretionary Reinstatement will be in the sole and full discretion of the Issuer, and there is no provision for the automatic Discretionary Reinstatement of the Notes in any circumstances and any Discretionary Reinstatement will be subject to certain restrictions. Discretionary Reinstatement may only occur if each of the Bank, the Bank Group and the DNB Group generates a net profit in any given financial year, and only a specified percentage of the lowest of any such profits will be available for the Issuer to apply (in its sole discretion) to a Discretionary Reinstatement of the Notes. See Condition 8 (*Discretionary Reinstatement of the Notes*) for further details on the calculation of such amount. Further, a Discretionary Reinstatement will not be effected in circumstances where it would cause a Trigger Event, or would result in any Maximum Distributable Amount then applicable to the Bank, the Bank Group and/or the DNB Group to be exceeded. Even if, following a Trigger Event, the Bank, the Bank Group and the DNB Group each record net profits, there can be no assurance that any Discretionary Reinstatement of any part of the principal amount of the Notes will be effected.

In addition to Write Down of the Notes in accordance with the Conditions, the principal amount of the Notes may be written down pursuant to the Financial Institutions Act – see “—*The Notes may also be written down under Chapter 21 of the Norwegian Financial Institutions Act*” and “—*The Notes may become subject to resolution actions under the Norwegian implementation of BRRD, and may be written down or converted into equity in certain circumstances*” below.

***The circumstances surrounding or triggering a Write Down are unpredictable, and there are a number of factors that could affect the CET1 Ratio of the Bank, the Bank Group and/or the DNB Group***

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, which may be outside the control of the Issuer. The CET1 Ratio of the Bank, the Bank Group and the DNB Group can be expected to fluctuate on an on-going basis and could be affected by one or more factors, including, among other things, changes in the mix of the business of the Bank, the Bank Group and/or the DNB Group, major events affecting their respective earnings, distributions payments, regulatory changes (including changes to definitions and calculations of the CET1 Ratio and its components, including Common Equity Tier 1 and Risk Weighted Assets) and their ability to manage Risk Weighted Assets.

Further, the calculation of the CET1 Ratio of the Bank, the Bank Group and/or the DNB Group may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules, whether or not the fundamental data of the Bank, the Bank Group and/or the DNB Group which feeds into such accounting or regulatory framework changes.

It will be difficult to predict when, if at all, a Trigger Event may occur. Accordingly, the trading behaviour of the Notes is not necessarily expected to follow the trading behaviour of other types of securities without this feature. Any indication that a Trigger Event may occur can be expected to have a material adverse effect on the market price of the Notes.

***The Maximum Distributable Amount, Trigger Event and Discretionary Reinstatement are linked to the CET1 Ratio and Net Profits, respectively, of the DNB Group (as well as those of the Bank and the Bank Group) and accordingly will be affected by the performance of the DNB Group’s non-banking businesses as well as the performance of the Bank Group***

In addition to the activities of the Bank Group, the DNB Group also offers a range of other financial services including asset management activities organised under DNB Asset Management Holding AS, life insurance and pension saving products offered by DNB Livsforsikring AS, and non-life insurance products provided by DNB Forsikring AS. Please see “*Description of the Bank and the DNB Group—Legal Structure of the DNB Group*” below for further details. As a result, the financial performance of the DNB Group and, therefore, the potential for payment restrictions on the Notes, the occurrence of a Trigger Event and/or Discretionary Reinstatement, may all be affected by or subject to a range of factors affecting those non-banking businesses.

In particular, the calculation of the DNB Group's common equity tier 1 ratio, which is directly linked to a Trigger Event under the Notes and relevant to whether or not the DNB Group is meeting its combined buffer requirement, may be affected by the performance of the insurance business. The investments in the insurance businesses in accordance with the current Norwegian regulation are reflected in the capital adequacy of the DNB Group by way of a deduction and risk weighting approach similar to article 48 of the CRR. Investments in insurance subsidiaries are risk weighted at 250 per cent. within an aggregated limit of 10 per cent. of the DNB Group's CET1 capital and will be deducted from the CET1 capital for the part of the investment superseding this limit. Negative performance and increased capital needs in the insurance business may have a negative impact on the DNB Group's common equity tier 1 ratio. Norwegian authorities have implemented key elements of the transitional rules applicable to Solvency II. Among other measures, there is an option for companies to apply for a 16 year transition period before the full effect of Solvency II has to be recognised. DNB Livsforsikring AS has been granted permission to take advantage of this transition period.

According to IFRS, the DNB Group shall assess at the end of each reporting period whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of future cash flows, the entire deficiency shall be recognised in profit or loss. Hence, the DNB Group's common equity tier 1 capital will be reduced accordingly, which may adversely affect the DNB Group's common equity tier 1 ratio.

The DNB Group also comprises DNB Asset Management and the performance of this business will also be recognised in the DNB Group's financial position. Hence, a negative performance in the Asset Management business will negatively impact the financial performance and the CET1 Ratio of the DNB Group.

***The Notes may become subject to resolution actions under the Norwegian implementation of BRRD, and may be written down or converted into equity in certain circumstances***

As further described above under “*Factors that may affect the Issuer's ability to fulfil its obligations under the Notes—Risks Related to the Legal and Regulatory Environments in which the Bank Group Operates—The financial services industry is subject to intensive regulation, including capital adequacy regulation, and the regulatory framework is undergoing major changes—Bank winding up and crisis management*”, the implementation of BRRD into Norwegian law via Chapter 20 of the Financial Institutions Act as of 1 January 2019 provides significant powers to the Norwegian resolution authorities to resolve a failing bank.

The Notes may be subject to write down or conversion into equity on any application of the non-viability loss absorption powers or the general bail-in tool, which may result in Holders losing some or all of their investment in the Notes or their rights in respect of the Notes and/or the value of their investment may otherwise be materially adversely affected. Such application could also involve modifications, including alteration of the principal amount or any interest payable on the Notes, the maturity date or any other dates on which payments may be due, as well as the suspension of payments for a certain period, to or the disapplication of provisions in, the Conditions. As a result, the exercise of any power under the BRRD as implemented in Norway could materially adversely affect the rights of Holders.

Any instruments written down, converted to equity and/or cancelled pursuant to these powers will not be reinstated in whole or in part at any time. Accordingly, if the principal amount of the Notes were to be written down or converted to equity pursuant to the powers under the Norwegian implementation of BRRD at Chapter 20 of the Financial Institutions Act, then there will be no Discretionary Reinstatement of the Notes under the Conditions in respect of that part of the principal which has been so written down or converted to equity.

The write down or conversion to equity of the Notes under the implementation of BRRD in Norway will affect the claims of the Holders in various respects. Firstly, in the event of a winding-up of the Issuer, the claims of the Holders will be in respect of the Outstanding Principal Amount of the Notes at the time of the winding-up of the Issuer, and not for the Original Principal Amount. Similarly, upon any redemption of the Notes by the Issuer, whether at its option pursuant to Condition 9.2 or following the occurrence of a Capital Event, a Tax Event or a Withholding Tax Event, the redemption amount of each Note will be its Outstanding Principal Amount (together with accrued and unpaid interest) and not its Original Principal Amount. Whilst the Issuer is not entitled to

exercise its optional redemption right pursuant to Condition 9.2 until any principal amount by which the Notes have been Written Down pursuant to Condition 7 has first been reinstated in full pursuant to Condition 8, the Issuer is not able to reinstate any principal amount of the Notes which has been written down or converted to equity pursuant to the Norwegian implementation of BRRD and, accordingly, the Issuer would be entitled to redeem the Notes pursuant to Condition 9.2 (subject to compliance with the conditions to such redemption) notwithstanding that the Outstanding Principal Amount of the Notes is less than their Original Principal Amount by virtue of such write-down or conversion to equity.

In addition, interest will accrue only on the Outstanding Principal Amount of the Notes from time to time, and accordingly for so long as the Outstanding Principal Amount of the Notes is less than their Original Principal Amount, the maximum amount of interest which may be paid by the Issuer (subject always to cancellation as provided in the Conditions) on any scheduled payment date shall be less than if the Notes had not been written down or converted to equity.

The circumstances in which the Notes may be written down or converted to equity pursuant to the resolution powers afforded to the Norwegian resolution authorities under the Norwegian implementation of BRRD are not identical to the circumstances in which a Write Down will occur following a Trigger Event, and there can be no assurance that a Write Down following a Trigger Event would occur before the Norwegian authorities elect to exercise their write-down or conversion powers in respect of the Notes under BRRD. Further, if a Trigger Event were to occur simultaneously with the exercise of the resolution powers by the Norwegian resolution authorities, the latter may prevail, with the effect that the Notes may be written down or converted to equity in full in circumstances where there would only be a partial write-down under the Conditions.

In addition, the market price of the Notes could be adversely affected by any actual or anticipated use of the powers thereunder in respect of the Bank, the Bank Group, the DNB Group and/or the Notes. Any action taken under such legislation in respect of the Bank, the Bank Group or the DNB Group could also affect the ability of the Bank to satisfy its obligations under the Notes.

Under the terms of the Notes, investors agree to be bound by and consent to the exercise of any Norwegian bail-in power by the relevant Norwegian resolution authority which gives such authority the ability to cancel, write-down the principal and/or interest, convert the Notes into equity securities or make other modifications to the Notes. In the event that Condition 20 were to be considered ineffective or unenforceable, the Bank may substitute or vary the Notes to ensure the effectiveness and enforceability of Condition 20.

***The Notes may also be written down under Chapter 21 of the Norwegian Financial Institutions Act***

Under Chapter 21 sub-chapter I of the Financial Institutions Act, if the Issuer's most recent audited accounts reveal that its net assets are equal to or less than 25 per cent. of its share capital, the Norwegian authorities can if the general meeting of shareholders of the Issuer fails to pass a resolution within a deadline set by the Norwegian FSA: first, cancel share capital to compensate for the shortfall and secondly, if any remaining shortfall exceeds a substantial part (as determined by the general meeting of shareholders of the Issuer or by the relevant Norwegian authorities) of the Issuer's Subordinated Loan Capital (within the meaning of that Act), cancel, in whole or in part, such Subordinated Loan Capital (which would include principal in respect of the Notes).

Any instruments written down and/or cancelled pursuant to Chapter 21 of the Financial Institutions Act will not be reinstated in whole or in part at any time. Accordingly, if the principal amount of the Notes were to be written down pursuant to Chapter 21 of the Financial Institutions Act, then there will be no Discretionary Reinstatement of the Notes under the Conditions in respect of that part of the principal which has been so written down pursuant to Chapter 21 of the Financial Institutions Act.

The write down of the Notes under Chapter 21 of the Financial Institutions Act will affect the claims of the Holders in various respects. Firstly, in the event of a winding-up of the Issuer, the claims of the Holders will be in respect of the Outstanding Principal Amount of the Notes at the time of the winding-up of the Issuer, and not for the Original Principal Amount. Similarly, upon any redemption of the Notes by the Issuer, whether at its option pursuant to Condition 9.2 or following the occurrence of a Capital Event, a Tax Event or a Withholding Tax

Event, the redemption amount of each Note will be its Outstanding Principal Amount (together with accrued and unpaid interest) and not its Original Principal Amount. Whilst the Issuer is not entitled to exercise its optional redemption right pursuant to Condition 9.2 until any principal amount by which the Notes have been Written Down pursuant to Condition 7 has first been reinstated in full pursuant to Condition 8, the Issuer is not able to reinstate any principal amount of the Notes which has been written down pursuant to Chapter 21 of the Financial Institutions Act and, accordingly, the Issuer would be entitled to redeem the Notes pursuant to Condition 9.2 (subject to compliance with the conditions to such redemption) notwithstanding that the Outstanding Principal Amount of the Notes is less than their Original Principal Amount by virtue of such write-down under Chapter 21 of the Financial Institutions Act.

In addition, interest will accrue only on the Outstanding Principal Amount of the Notes from time to time, and accordingly for so long as the Outstanding Principal Amount of the Notes is less than their Original Principal Amount, the maximum amount of interest which may be paid by the Issuer (subject always to cancellation as provided in the Conditions) on any scheduled payment date shall be less than if the Notes had not been written down.

The circumstances in which the Notes may be written down pursuant to Chapter 21 of the Financial Institutions Act are not identical to the circumstances in which a Write Down will occur following a Trigger Event or the circumstances in which a write down or conversion of the Notes may occur under Chapter 20 of the Financial Institutions Act implementing the BRRD in Norway. In the absence of extraordinary circumstances, it is expected that a Trigger Event and/or a write down or conversion of the Notes pursuant to Chapter 20 of the Financial Institutions Act would occur before the circumstances in which the Notes may be written down pursuant to Chapter 21 of the Financial Institutions Act. However, it is possible that both a Trigger Event and/or an exercise of powers under Chapter 21 of the Financial Institutions Act could occur at or around the same time as the circumstances enabling a write-down under Chapter 21 of the Financial Institutions Act, and in such circumstances the interaction between the Write Down provisions of the Conditions, the write down and conversion powers under Chapter 20 of the Financial Institutions Act and the write-down of the Notes under the Financial Institutions Act is not entirely clear. In such circumstances, if the Norwegian FSA informs the Bank that any Subordinated Loan Capital which are not Loss Absorbing Instruments should nevertheless be treated effectively as if they were Loss Absorbing Instruments for the purposes of determining the amount by which the Notes are required to be Written Down, then such Subordinated Loan Capital shall be so treated for the purposes of calculation of the Write Down Amount.

***The Notes do not contain events of default and the enforcement rights available to Holders under the Notes are limited***

The terms of the Notes do not provide for any events of default. Holders may not at any time demand repayment or redemption of their Notes, and enforcement rights for any payment are limited to the claim of Holders in a winding-up of the Issuer. In a winding-up of the Issuer, the holder of any Note may prove or claim in such proceedings in respect of such Note, such claim being for payment of the Outstanding Principal Amount of such Note at the time of commencement of such winding-up together with any interest accrued and unpaid on such Note (to the extent that the same is not cancelled in accordance with the terms of the Notes) from (and including) the Interest Payment Date immediately preceding commencement of such winding-up and any other amounts payable on such Note under the Conditions.

A Holder may not itself file for the liquidation or bankruptcy of the Issuer.

***The Notes are not protected under the Norwegian Banksikringsfond***

The *Banksikringsfond* is the statutory fund of last resort for customers of authorised financial services firms paying compensation to customers if the firm is unable, or likely to be unable, to pay certain claims (including in respect of deposits and insurance policies) made against it (together, “**Protected Liabilities**”).

The Notes are not, however, Protected Liabilities under such scheme and, moreover, are not guaranteed or insured by any government, government agency or compensation scheme of the Kingdom of Norway or any other jurisdiction.

***There is no scheduled redemption date for the Notes and Holders have no right to require redemption***

The Notes have no fixed maturity. The Issuer has no obligation at any time to redeem the Notes, and the Holders have no rights to require redemption or purchase of the Notes by the Bank at any time.

Provided that any amount of principal Written Down pursuant to Condition 7 (*Loss Absorption Following a Trigger Event*) has first been reinstated pursuant to Condition 8 (*Discretionary Reinstatement of the Notes*), the Issuer may redeem the Notes (in whole but not in part) in its sole discretion, subject to the approval of the Norwegian FSA and to compliance with Applicable Banking Regulations, on the First Call Date or any Interest Payment Date thereafter at their Redemption Amount. Investors should note that the foregoing proviso applies only to the extent that the Notes have been Written Down pursuant to Condition 7 and does not apply to any part of the principal amount of the Notes which has been written down or converted to equity pursuant to the Norwegian implementation of the BRRD resolution regime (including, without limitation, the general bail-in tool or the non-viability loss absorption powers applicable to the write-down or conversion of capital instruments, such as the Notes) pursuant to Chapter 20 of the Financial Institutions Act (see “*The Notes may become subject to resolution actions under the Norwegian implementation of BRRD, and may be written down or converted into equity in certain circumstances*”) or written down pursuant to Chapter 21 of the Financial Institutions Act (see “*The Notes may also be written down under Chapter 21 of the Norwegian Financial Institutions Act*”).

Further, following the occurrence of a Capital Event, a Tax Event or a Withholding Tax Event, the Issuer may redeem the Notes (in whole but not in part) in its sole discretion, subject to the approval of the Norwegian FSA and to compliance with Applicable Banking Regulations, on any Interest Payment Date at their Redemption Amount.

The circumstances in which a Capital Event, a Tax Event or a Withholding Tax Event may occur may be difficult accurately to predict. In October 2015, the Norwegian government issued a white paper describing a tax reform for the period 2016 to 2018, which included a proposal for the introduction of withholding tax on interest payments from Norway. The white paper was discussed in the Norwegian Parliament in May 2016, but no decision to implement such withholding tax was subsequently implemented. In the national budget for 2019 the Norwegian government announced that the Norwegian Ministry of Finance will publish a proposal for the introduction of withholding tax on interest payments from Norway before year-end 2018. However, as at the date of this Prospectus the proposal has not yet been published. As at the date of this Prospectus, it remains uncertain whether or not such proposal will be implemented and, if implemented, the scope of its application. A significant number of existing tax treaties prevent Norway from imposing withholding tax on interest payments, and a re-negotiation of those tax treaties would be required for withholding tax to be applied to interest payments to tax residents in jurisdictions covered by such tax treaties. A withholding tax would however, if implemented, take effect in relation to states with which Norway does not have a tax treaty or where the existing tax treaty does not prevent the introduction of withholding tax. If the proposal is implemented, it is possible that payments of interest under the Notes would be subject to such withholding. In that event, the Issuer will be required to gross up the payments in accordance with Condition 11, subject to the exceptions set out in that Condition. If the Issuer is required to gross up payments pursuant to Condition 11, it may be entitled to redeem the Notes at any time due to the occurrence of a Withholding Tax Event, subject to the conditions to redemption set out in Condition 9.7.

At any time when the Notes may be redeemed by the Issuer or the market anticipates that the redemption right will become available, the market price of the Notes is unlikely to substantially exceed the price at which the Issuer may elect to redeem the Notes. If the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case Holders may only be able to reinvest the redemption proceeds in Notes with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

It is not possible to predict whether the events referred to above will occur and lead to circumstances in which the Issuer may elect to redeem the Notes, and if so whether or not the Issuer will satisfy the conditions, or elect, to redeem the Notes. The Issuer may be more likely to exercise its option to redeem the Notes at a time when its funding costs would be lower than the prevailing interest rate payable in respect of the Notes. If the Notes are so

redeemed, there can be no assurance that Holders will be able to reinvest the amounts received upon redemption at a rate that will provide as favourable a rate of return as their investment in the Notes.

### ***Limitation on gross-up obligation under the Notes***

The Bank's obligation under Condition 11 to pay additional amounts in the event of any withholding or deduction in respect of taxes on any payments under the terms of the Notes applies only to payments of interest and not to payments of principal or any other amounts. As such, the Bank would not be required to pay any additional amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, Noteholders may receive less than the full amount of principal due under the Notes upon redemption, and the market value of the Notes may be adversely affected.

### ***Substitution and variation***

If at any time a Tax Event, a Withholding Tax Event or a Capital Event occurs, or in order to ensure the effectiveness and enforceability of Condition 20, the Bank may, instead of giving notice to redeem the Notes as aforesaid, but solely to the extent permitted at such time by Applicable Banking Regulations and subject to the approval of the Norwegian FSA, having given not less than 15 nor more than 60 calendar days' notice to the holders of the Notes, either substitute all (but not some only) of the Notes for, or vary the terms of the Notes (including, in either case, changing the governing law of Condition 20 from English law to Norwegian law) provided that they remain or become, Qualifying Additional Tier 1 Notes.

Whilst, other than in respect of the effectiveness and enforceability of Condition 20, Qualifying Additional Tier 1 Notes must have terms which (as reasonably determined by the Bank) are not materially less favourable to the Holders than the Notes, there can be no assurance that the terms of the substitute or varied Notes will be as favourable to all Holders in all circumstances.

### ***The Notes are complex financial instruments that involve a high degree of risk and may not be a suitable investment for all investors***

The Notes are complex financial instruments that involve a high degree of risk. As a result, an investment in the Notes will involve certain increased risks. Each potential investor of the Notes must determine the suitability (either alone or with the help of a financial adviser) of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where such potential investor's financial activities are principally denominated in a currency other than Norwegian kroner, and the possibility that substantially the entire principal amount of the Notes could be lost in the event of a Write Down or other write down of the Notes;
- (iv) understand thoroughly the terms of the Notes (including, in particular, calculation of the CET1 Ratio of the Bank, the Bank Group and the DNB Group, as well as under what circumstances the Trigger Event will occur and the circumstances in which interest payments must be cancelled); and
- (v) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Sophisticated investors generally do not purchase complex financial instruments that bear a high degree of risk as stand-alone investments. They purchase such financial instruments as a way to reduce risk or enhance yield with



an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless they have the knowledge and expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the likelihood of cancellation of interest and/or Write Down and the value of the Notes, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Prospectus.

***The interest rate on the Notes will reset on each Interest Payment Date, which can be expected to affect the interest payment on an investment in the Notes and could affect the market value of the Notes***

The Rate of Interest on the Notes will vary for each Interest Period. On each Interest Payment Date, the interest rate will be set to the sum of the applicable Reference Rate and the margin of 3.50 per cent. as determined by the Account Manager on the relevant Reference Rate Determination Date. The new Rate of Interest for any Interest Period could be less than previous (or initial) Rate of Interest and could affect the market value of an investment in the Notes.

***The regulation and reform of benchmarks may adversely affect the value of the Notes, and the Conditions provide for the replacement of NIBOR as the applicable screen rate for calculation of interest payments if a Benchmark Event occurs***

Interest rates and indices which are deemed to be "benchmarks" (such as NIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any securities referencing such a benchmark.

The Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and was applied as of 1 January 2018. It is expected that the Benchmarks Regulation will be implemented in Norway before 2020. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Bank) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on the Notes, interest payments on which are linked to the NIBOR benchmark. This may be the case if the methodology or other terms of NIBOR are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of NIBOR. Alternatively, if NIBOR is discontinued or a Benchmark Event otherwise occurs, future payments of interest on the Notes may be determined by reference to a successor rate or an alternative rate, or the Notes may revert to paying a fixed rate of interest (as discussed further below).

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. The authority responsible for administering NIBOR has begun work on proposing the necessary changes to NIBOR for it to comply with the Benchmarks Regulation. In addition, the Norwegian Central Bank (*Norges Bank*) has convened a working group to consider alternative reference rate(s) in NOK if NIBOR should not be available in the future. It is intended that the revision of NIBOR and the establishment of alternative rates, which will fulfil regulatory requirements and meet international standards, will be complete by the start of 2020. In October 2018 the working group published a consultation report inviting input from market participants with regard to the criteria for alternative reference rates and the suitability of the suggestions put forward by the working group in the consultation report. The consultation closed on 1 December 2018 and at the date of this Prospectus there has been no publication of the results of the consultation.

It is not possible to predict with certainty whether, and to what extent, NIBOR will continue to be supported going forwards. This may cause NIBOR to perform differently than it has done in the past, and may have other consequences which cannot be predicted. The potential elimination of NIBOR, or changes in the manner of administration of NIBOR, could require an adjustment to the Conditions, or result in other consequences which may be materially adverse to Holders. Such factors may have (without limitation) the following effects: (i) discouraging market participants from continuing to administer or contribute to NIBOR; (ii) triggering changes in the rules or methodologies used in NIBOR and/or (iii) leading to the disappearance of NIBOR. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Notes.

The Conditions provide for certain fallback arrangements in the event that a Benchmark Event occurs, including if NIBOR, and/or any page on which NIBOR may be published, becomes unavailable, or if the Issuer or the Account Manager is no longer permitted lawfully to calculate interest on the Notes by reference to NIBOR under the Benchmarks Regulation or otherwise. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a Successor Rate or an Alternative Rate (both as defined in the Conditions), with the application of an adjustment spread (which could be positive, negative or zero), and may include amendments to the Conditions to ensure the proper operation of the successor or replacement benchmark, all as determined by the Bank (acting in good faith). There can be no assurance that the operation of these provisions, and the resulting impact on determinations of subsequent interest payments in respect of the Notes, will not be materially adverse to the interests of the Holders.

In certain circumstances, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate based on the last observed Screen Rate. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the potential for further regulatory developments and the fact that the provisions of Condition 5.8 will not be applied if and to the extent that, in the determination of the Bank, the same could reasonably be expected to prejudice the qualification of the Notes as regulatory capital, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms and the possible application of the benchmark replacement provisions of the Notes in making any investment decision.

***Because the Notes are held in the VPS, investors will have to rely on the VPS procedures***

The Notes will be issued in uncertificated, dematerialised book-entry form and registered in the VPS. Legal title to the Notes will be evidenced by book entries in the records of the VPS. Settlement of sale and purchase transactions in respect of the Notes in the VPS will take place two Oslo business days after the date of the relevant transaction. Transfers of interests in the Notes will take place in accordance with the rules and procedures for the time being of the VPS.

Each person who is for the time being shown in the records of the VPS as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by the VPS as to the nominal amount of such Notes standing to the account of any person shall, save in the case of manifest error, be conclusive and binding for all purposes, including any form of statement or print out of electronic records provided by the VPS in accordance with its usual procedures and in which the holder of a particular nominal amount of such Notes is clearly identified together with the amount of such holding) shall be treated by the Bank, the Account Manager and the Paying Agent as the holder of such nominal amount of such Notes for all purposes.

***Meetings of Holders and modification***

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

In addition, the Account Manager and the Bank may agree, without the consent of the Holders, to:

- (i) any modification (except such modifications in respect of which an increased quorum is required as mentioned in Condition 15.1) to the Notes and/or the Conditions which is not prejudicial to the interests of the Holders; or
- (ii) subject to Condition 9.7 (*Conditions to redemption etc.*), any modification to the Notes and/or the Conditions which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Holders.

With respect to (i) above, the inclusion of a term in the Conditions that prohibits or restricts the Issuer's discretion to cancel payments of interest otherwise scheduled to be paid on an Interest Payment Date following the occurrence of a Capital Event will be treated as a modification which is not prejudicial to the interests of the Holders, provided that the inclusion of such term does not result in the occurrence of a Capital Event, a Withholding Tax Event or a Tax Event.

### ***Change of law***

The Conditions of the Notes will be governed by the laws of England save that the provisions regarding subordination of the Notes, Write Down, Discretionary Reinstatement, any other write-down or conversion of the Notes in accordance with Norwegian law and regulation applicable to the Bank from time to time and the provisions of Condition 15.1 relating to bondholder meetings will be governed by the laws of Norway. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or Norway or administrative practice after the date of this Prospectus and any such change could materially adversely impact the value of the Notes if affected by it.

### ***Legality of purchase***

Neither the Issuer nor any of its affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor in the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it. Prospective investors will be required to give the representations, warranties, agreements and undertakings as set out on page 2 onwards of this Prospectus.

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

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

### **The secondary market generally**

The Notes represent a new instrument for which no secondary trading market currently exists and there can be no assurance that one will develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Notes.

If a market for the Notes does develop, the trading price of the Notes may be subject to wide fluctuations in response to many factors, including those referred to in this risk factor, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Notes. Publicly traded Notes from time to time experience significant price and volume fluctuations (including significant reductions in market value) that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market. If any market in the Notes does develop, it may become severely restricted, or may disappear, if the financial condition and/or the CET1 Ratio of the Bank, the Bank Group and/or

the DNB Group deteriorates such that there is an actual or perceived increased likelihood of the Issuer being unable or unwilling to pay interest on the Notes in full, or of the Notes being Written Down or otherwise subject to loss absorption or an applicable statutory loss absorption regime. In addition, the market price of the Notes may fluctuate significantly in response to a number of factors, some of which are beyond the Issuer's control, including:

- material decreases in the capital ratios of the Bank, the Bank Group and/or the DNB Group and/or any application to any of them of a Maximum Distributable Amount, which could arise as a result of a number of factors including changes in regulation or losses incurred by the Bank, the Bank Group and/or the DNB Group;
- variations in operating results of the Bank, the Bank Group and/or the DNB Group;
- any shortfall in revenue or net profit or any increase in losses from levels expected by market commentators;
- increases in capital expenditure compared with expectations;
- any perception that the Bank's and/or the DNB Group's strategy is or may be less effective than previously assumed or that the Bank and/or the DNB Group is not effectively implementing any significant projects;
- changes in financial estimates by Notes analysts;
- changes in market valuations of similar entities;
- announcements by the Bank and/or the DNB Group of significant acquisitions, strategic alliances, joint ventures, new initiatives, new services or new service ranges;
- regulatory matters, including changes in regulatory legislation or Norwegian FSA requirements (such as a change in the stacking order or Pillar 2 requirements);
- additions or departures of key personnel; and
- future issues or sales of Notes or other securities.

Any or all of these events could result in material fluctuations in the price of Notes which could lead to investors losing some or all of their investment.

The issue price of the Notes might not be indicative of prices that will prevail in the trading market, and there can be no assurance that an investor would be able to sell its Notes at or near the price which it paid for them, or at a price that would provide it with a yield comparable to more conventional investments that have a developed secondary market.

Moreover, although the Issuer or any member of the DNB Group may (subject to the approval of the Norwegian FSA and compliance with Applicable Banking Regulations) purchase Notes, they have no obligation to do so. Purchases made by the Issuer or any member of the DNB Group could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

In addition, Holders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Prospectus), whereby there is a general lack of liquidity in the secondary market which may result in investors suffering losses on the Notes in secondary re-sales even if there is no decline in the performance of the Notes or the financial condition of the Bank, the Bank Group or the DNB Group. The Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Although applications have been made for the Notes to be admitted to trading on Euronext Dublin and the Oslo Stock Exchange, there is no assurance that such applications will be accepted or that an active trading market will develop.

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

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

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal as measured in the Investor's Currency.

***Credit ratings may not reflect all risks and may be lowered, suspended, withdrawn or not maintained***

S&P is expected to assign a credit rating of "BBB" to the Notes. In addition, S&P, Moody's and DBRS have assigned credit ratings to the Issuer. The Notes or, as the case may be, the Issuer may also be assigned unsolicited credit ratings by any rating agency. These ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes or the standing of the Issuer.

A rating is not a recommendation to buy, sell or hold securities and any rating agency may revise, suspend or withdraw at any time the relevant rating assigned by it if, in the sole judgement of the relevant rating agency, among other things, the credit quality of the Notes or, as the case may be, the Issuer has declined or is in question. In addition, there is no guarantee that any rating of the Notes and/or the Issuer will be maintained by the Issuer following the date of this Prospectus. If any rating assigned to the Notes and/or the Issuer, including any unsolicited credit rating, is assigned at a lower level than expected or subsequently revised lower, suspended, withdrawn or not maintained by the Issuer, the market value of the Notes may be reduced.

The Issuer is exposed to changes in the rating methodologies applied by rating agencies. Any adverse changes of such methodologies may materially and adversely affect the Issuer's operations or financial condition, the Issuer's willingness or ability to leave individual transactions outstanding and adversely affect the Issuer's capital market standing. In particular, there is an on-going debate about rating methodologies for hybrid capital instruments such as the Notes.

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

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

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the audited consolidated and non-consolidated annual financial statements of the Issuer for the financial years ended 31 December 2017 (which can be viewed online at <https://www.ir.dnb.no/sites/default/files/results/DNB%20Bank%20annual%20report%202017.pdf>) and 31 December 2018 (which can be viewed online at [https://www.ir.dnb.no/sites/default/files/dnb\\_bank\\_2018.pdf](https://www.ir.dnb.no/sites/default/files/dnb_bank_2018.pdf)), prepared in accordance with International Financial Reporting Standards as approved by the EU, and with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, respectively, including the information set out at the following pages of the Issuer's 'Annual Report 2017' and 'Annual Report 2018', respectively:

	2017	2018
Income statement	page 10	page 10
Balance sheet	page 11	page 11
Statement of changes in equity	page 12	page 12
Cash flow statement	page 13	page 13
Accounting principles	pages 14-22	pages 14-30
Notes to the accounts	pages 14-116	pages 14-114
Auditor's report	pages 118-122	pages 116-120

- (b) the audited consolidated and non-consolidated annual financial statements of the Parent for the financial years ended 31 December 2017 (which can be viewed online at [https://2017.dnb.no/wp-content/uploads/sites/102/2018/05/DNB-annual-report\\_web.pdf](https://2017.dnb.no/wp-content/uploads/sites/102/2018/05/DNB-annual-report_web.pdf)) and 31 December 2018 (which can be viewed online at [https://www.dnb.no/portalfont/nedlast/en/about-us/Results/2018/Annual\\_report\\_DNB\\_2018.pdf](https://www.dnb.no/portalfont/nedlast/en/about-us/Results/2018/Annual_report_DNB_2018.pdf)), prepared in accordance with International Financial Reporting Standards as approved by the EU, and with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, respectively, including the information set out at the following pages of the Parent's 'Annual Report 2017' and 'Annual Report 2018', respectively:

	2017	2018
Income statement and comprehensive income statement	pages 148, 149 & 247	Pages 112, 113 & 206
Balance sheet	pages 150 & 247	pages 114 & 206
Statement of changes in equity	pages 151 & 247	pages 115 & 206
Cash flow statement	pages 152 & 248	pages 116 & 207
Accounting principles	pages 153-163 & 248	pages 117-131 & 207
Notes to the accounts	pages 153-246 & 248-251	pages 117-205 & 207-210
Auditor's report	pages 253-257	pages 212-216

- (c) the unaudited consolidated and non-consolidated interim financial statements of the Issuer for the three-month period ended 31 March 2019 (which can be viewed online at [https://www.ir.dnb.no/sites/default/files/dnb\\_bank\\_1Q19.pdf](https://www.ir.dnb.no/sites/default/files/dnb_bank_1Q19.pdf)) prepared in accordance with International Financial Reporting Standards as approved by the EU, and with the Norwegian Accounting Act and

accounting standards and practices generally accepted in Norway, respectively, including the information set out at the following pages of the Issuer's 'First quarter report 2019 (Unaudited)':

	<i>Q1 2019</i>
Income statement and comprehensive income statement	pages 8 & 10
Balance sheet	page 9 & 11
Statement of changes in equity	page 12
Cash flow statement	pages 13-14
Notes to the accounts	pages 15-31

- (d) the unaudited consolidated and non-consolidated interim financial statements of the Parent for the three-month period ended 31 March 2019 (which can be viewed online at [https://vp267.alertir.com/afw/files/press/dnb\\_asa/201905020771-1.pdf](https://vp267.alertir.com/afw/files/press/dnb_asa/201905020771-1.pdf)) prepared in accordance with International Financial Reporting Standards as approved by the EU, and with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, respectively, including the information set out at the following pages of the Parent's 'First quarter report 2019 (Unaudited)':

	<i>Q1 2019</i>
Income statement and comprehensive income statement	pages 10 & 25
Balance sheet	pages 11 & 25
Statement of changes in equity	pages 12 & 25
Cash flow statement	page 13
Notes to the accounts	pages 14-24 & 25

Any other information not listed above but contained in paragraphs (a), (b), (c) and (d) above is incorporated by reference for information purposes only. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

The information specified above appearing in such documents shall be incorporated in, and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

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

Copies of documents incorporated by reference in this Prospectus can be obtained, upon request, free of charge from the registered office of the Issuer and the specified offices of the Paying Agent.

## OVERVIEW OF THE NOTES

*This Overview of the Notes contains a brief description of certain features of the Notes, and is subject to and qualified in its entirety by the information contained in “Terms and Conditions of the Notes”. Capitalised terms used but not otherwise defined in this Overview of the Notes shall have the meanings given to them under “Terms and Conditions of the Notes”.*

<b>The Issuer:</b>	DNB Bank ASA (the “ <b>Bank</b> ” and together with its consolidated subsidiaries, the “ <b>Bank Group</b> ”).
<b>The DNB Group:</b>	References herein to the “ <b>Parent</b> ” are to DNB ASA and references to the “ <b>DNB Group</b> ” are to the Parent together with its consolidated subsidiaries
<b>Sole Manager:</b>	DNB Bank ASA
<b>Account Manager:</b>	DNB Bank ASA, Verdipapirservice
<b>Paying Agent:</b>	DNB Bank ASA
<b>The Notes:</b>	NOK 2,700,000,000 Floating Rate Perpetual Additional Tier 1 Capital Notes. The Notes constitute <i>Fondsobligasjoner</i> .
<b>Issue Price:</b>	100 per cent. of the principal amount of the Notes.
<b>Issue Date:</b>	27 June 2019.
<b>Status and Subordination:</b>	<p><u><i>Status</i></u></p> <p>The Notes will constitute undated, unsecured and subordinated obligations (<i>Fondsobligasjoner</i>) of the Bank, will rank <i>pari passu</i> without any preference among themselves and will be subordinated on a winding-up as provided below.</p> <p><u><i>Subordination</i></u></p> <p>If at any time the Bank is liquidated, dissolved or otherwise wound up (except, in any such case, a solvent liquidation, dissolution, or winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Bank) by way of public administration, claims in respect of the Notes shall rank (a) <i>pari passu</i> without any preference among themselves and with claims in respect of Parity Securities; (b) in priority to claims in respect of Junior Securities; and (c) junior to any present or future claims of Senior Creditors.</p> <p><u><i>No set-off</i></u></p> <p>Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Bank in respect of, or arising under or in connection with, the Notes and each Holder shall, by virtue of its holding of any Note, be deemed to have waived all such rights of set-off, compensation or retention.</p>
<b>Solvency Condition</b>	<p>No payment of principal, interest or any other amount in respect of the Notes shall become due and payable unless, and to the extent that, the Bank is able to make such payment and still be solvent (within the meaning given in Condition 4.3) immediately thereafter, in each case except in the winding-up, dissolution or liquidation of the Bank (the “<b>Solvency Condition</b>”).</p> <p>The Bank shall be considered to be “<b>solvent</b>” for these purposes if (x) it is able to pay its debts to Senior Creditors as they fall due and (y) its assets exceed its</p>



liabilities.

**Principal Loss Absorption:** Trigger Event and Write-Down

If at any time the CET1 Ratio of any of the Bank, the Bank Group and/or the DNB Group falls below 5.125 per cent. as determined by:

- (a) (in respect of the CET1 Ratio of the Bank and the Bank Group) the Bank; or
- (b) (in respect of the CET1 Ratio of the DNB Group) the Parent; or
- (c) (in respect of the CET1 Ratio of any of the Bank, the Bank Group and/or the DNB Group) the Norwegian FSA (or any agent appointed by the Norwegian FSA for the purpose of making such determination),

(a “**Trigger Event**”), then the Bank shall immediately notify the Norwegian FSA and, without delay and by no later than one month (or such shorter period as the Norwegian FSA may then require) from the occurrence of the relevant Trigger Event, shall:

- (i) cancel all interest accrued to (but excluding) the Write Down Date (whether or not such interest has become due for payment and including any interest scheduled for payment on the Write Down Date); and
- (ii) (without the need for the consent of the holders) reduce the then Outstanding Principal Amount of each Note by the relevant Write Down Amount (such reduction, a “**Write Down**” and “**Written Down**” being construed accordingly).

For the avoidance of doubt, if the cancellation of interest pursuant to (i) above would result in an increase in the CET1 Ratio of the Bank, the Bank Group and/or the DNB Group (as applicable), any such increase shall be disregarded for the purposes of calculating the Write Down Amount in respect of such Trigger Event.

Loss Absorbing Instruments

Write Down of the Notes will be effected, save as may otherwise be required by the Norwegian FSA, *pro rata* with (a) the concurrent Write Down of the other Notes and (b) the concurrent (or substantially concurrent) write-down or conversion into equity, as the case may be, of any Loss Absorbing Instruments (based on the prevailing principal amount of the relevant Loss Absorbing Instrument), provided, however, that:

- (1) with respect to each Loss Absorbing Instrument (if any), such *pro rata* write down or conversion shall only be taken into account to the extent required to restore the relevant CET1 Ratio(s) to the lower of (i) such Loss Absorbing Instrument's trigger level and (ii) 5.125 per cent. (being the level at which a Trigger Event occurs in respect of the Notes); and
- (2) if for any reason the Bank is unable to effect the concurrent (or substantially concurrent) write-down or conversion of any given Loss Absorbing Instruments within the period required by the Norwegian FSA, the Notes will be Written Down notwithstanding that the relevant Loss Absorbing Instruments are not also written down or converted.

For the avoidance of doubt, to the extent that the Bank is unable to write down or convert any Loss Absorbing Instruments as aforesaid, the Write Down Amount determined in accordance with part (i) of the definition of “Write Down Amount” will be calculated on the basis that such Loss Absorbing Instruments are not available to be written down or converted, and accordingly the Write Down Amount determined in accordance with that part (i) will be higher than it would otherwise have been if such Loss Absorbing Instruments had been available to be written down or converted.

Write Down Amount

“**Write Down Amount**” means, with respect to each Note, save as may otherwise be required by Applicable Banking Regulations, the lower of (i) and (ii) below:

- (i) the amount per Note which is determined by the Bank to be necessary (in conjunction with (a) the concurrent Write Down of the other Notes and (b) the concurrent (or substantially concurrent) write-down or conversion into equity of, or other loss absorption measures taken in respect of, any other Loss Absorbing Instruments, in each case in the manner and to the extent provided above under “*Loss Absorbing Instruments*”) to restore each of the Bank's, the Bank Group's and/or the DNB Group's (as applicable) CET1 Ratio to at least 5.125 per cent. (and so that the lowest of such CET1 Ratios is equal to (or as near as is practicable equal to but not less than) 5.125 per cent.); and
- (ii) the amount necessary to reduce the Outstanding Principal Amount of each Note to nil.

Cancellation not automatic

If the Outstanding Principal Amount of the Notes is Written Down to nil, the Notes will not be automatically cancelled.

Write Down may occur on more than one occasion; No default

A Trigger Event may occur on more than one occasion and each Note may be Written Down on more than one occasion. Any such Write Down shall not constitute a default under the terms of the Notes for any purpose.

**Discretionary Reinstatement:**

Discretionary Reinstatement

If, at any time following a Write Down, each Relevant Entity records a positive Net Profit, the Bank may, in its sole and absolute discretion, increase the Outstanding Principal Amount of the Notes (a “**Discretionary Reinstatement**”) by such amount as the Bank may elect, provided that such Discretionary Reinstatement shall not:

- (i) result in the Outstanding Principal Amount of the Notes being greater than their Original Principal Amount;
- (ii) result in the occurrence of a Trigger Event;
- (iii) result in a breach of the Solvency Condition; or
- (iv) result in the Maximum Write-up Amount to be exceeded when taken together with the aggregate of:
  - (a) any previous Discretionary Reinstatement of the Notes out of the same Relevant Profits since the Reference Date (if any);

- (b) the aggregate amount of any interest on the Notes that has been paid or calculated (but disregarding any such calculated interest which has been cancelled) since the Reference Date on the basis of an Outstanding Principal Amount that is lower than the Original Principal Amount;
- (c) the aggregate amount of the increase in principal amount of the Written-Down Additional Tier 1 Instruments to be written-up out of the same Relevant Profits concurrently (or substantially concurrently) with the Discretionary Reinstatement and (if applicable) any previous increase in principal amount out of the same Relevant Profits of such Written-Down Additional Tier 1 Instruments since the Reference Date; and
- (d) the aggregate amount of any interest on such Written-Down Additional Tier 1 Instruments that have been paid or calculated (but disregarding any such calculated interest which has been cancelled) since the Reference Date on the basis of a prevailing principal amount that is lower than the original principal amount at which such Written-Down Additional Tier 1 Instruments were issued.

*A Discretionary Reinstatement will also not be effected in circumstances in which it would cause any Maximum Distributable Amount then applicable to any of the Bank, the Bank Group and/or the DNB Group (as further described below) to be exceeded.*

The “**Maximum Write-up Amount**” means:

- (A) (i) the Relevant Profits, multiplied by (ii) the sum of the aggregate Original Principal Amount of the Notes and the aggregate original principal amount of all Written-Down Additional Tier 1 Instruments issued directly or indirectly by the Relevant Entity whose Net Profits are the Relevant Profits referred to in (A)(i), divided by (iii) the total Tier 1 Capital of such Relevant Entity as at the date of the relevant Discretionary Reinstatement; or
- (B) such higher amount as may be permissible pursuant to Applicable Banking Regulations then in force.

*Write-up of Written-Down Additional Tier 1 Instruments*

Any Discretionary Reinstatement shall be applied concurrently (or substantially concurrently) and *pro rata* with other write-ups to be effected out of the Relevant Profits in respect of any Written-Down Additional Tier 1 Instruments.

The Bank will not reinstate the principal amount of any Written-Down Additional Tier 1 Instrument that have terms permitting a write-up of such principal amount to occur out of the Relevant Profits on a similar basis to that set out in respect of the Notes unless it does do on a *pro rata* basis with a Discretionary Reinstatement of the Notes.

*Discretionary Reinstatement may occur on more than one occasion*

A Discretionary Reinstatement may occur on one or more occasions until the Outstanding Principal Amount of the Notes has been reinstated to the Original Principal Amount.

For the avoidance of doubt, Discretionary Reinstatement shall apply to the Notes only if, and to the extent that, the Notes have been Written Down following the occurrence of a Trigger Event in accordance with the provisions of “*Principal Loss Absorption*” above. If at any time the Notes are written down pursuant to Chapters 20 or 21 of the Financial Institutions Act (as further described below), the principal amount by which the Notes are written down pursuant to the Financial Institutions Act shall not be reinstated (whether by way of Discretionary Reinstatement or otherwise) in any circumstances.

**Loss Absorption under the Norwegian Financial Institutions Act**

In addition to the provisions of “*Principal Loss Absorption*” above, the Notes may be written down by the shareholders of the Bank or by the Norwegian authorities pursuant to powers granted to them under Chapter 21 sub-chapter I of the Norwegian Act on Financial Institutions and Financial Groups of 10 April 2015 No. 17 (*Lov om finansforetak og finanskonsern av 10. april 2015 No. 17*) (the “**Financial Institutions Act**”), as further described in “*Risk Factors – The Notes may also be written down under Chapter 21 of the Norwegian Financial Institutions Act*”.

Furthermore, BRRD has been implemented in Norway through Chapter 20 of the Financial Institutions Act with effect from 1 January 2019. The Notes may also be written down or converted to equity by the Norwegian resolution authorities pursuant to Chapter 20 of the Financial Institutions Act (which includes, without limitation, the general bail-in tool or the non-viability loss absorption powers applicable to the write-down or conversion of capital instruments, such as the Notes) – see “*Risk Factors - The Notes may become subject to resolution actions under the Norwegian implementation of BRRD, and may be written down or converted into equity in certain circumstances*”.

**Maximum Distributable Amount:**

In circumstances where section 7 of the CRR/CRD IV regulations of 22 August 2014 No. 1097 (*forskrift om kapitalkrav og nasjonal tilpasning av CRR/CRD IV*) (the “**August 2014 Regulations**”) applies, no payments (or deemed payments) will be made on the Notes (whether by way of principal, interest, any additional amounts payable under Condition 11, Discretionary Reinstatement or otherwise) if and to the extent that such payment would, when aggregated together with other distributions of the kind referred to in section 7(2) of the August 2014 Regulations, cause the maximum distributable amount (if any), determined in accordance with section 7(3) of the August 2014 Regulations then applicable to any of the Bank, the Bank Group and/or the DNB Group to be exceeded.

*If leverage-based and/or MREL-based MDA restrictions are introduced in Norway and applicable to the Bank in the future, payments on the Notes may also be cancelled (in whole or in part) by the Bank if required to comply with any such applicable restrictions.*

See “*Risk Factors – Payments on the Notes will be subject to the Maximum Distributable Amount introduced under the CRR/CRD IV regulations of 22 August 2014*”.

**Interest:**

Subject as described below under “*Cancellation of Interest Payments*”, the Notes will bear interest on their Outstanding Principal Amount from time to time at a floating rate equal to 3-month NIBOR plus 3.50 per cent. per annum, payable quarterly in arrear on 27 March, 27 June, 27 September and 27 December in each year commencing 27 September 2019, as any such date may be adjusted in accordance with the modified following (or, in the case only of the Interest Payment Date falling in or nearest to June 2024, the following) business day convention (each an “**Interest Payment Date**”).

**NIBOR fallbacks:**

In the event that a Benchmark Event occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to NIBOR or the Screen Rate, then the Bank may (subject to certain conditions) be permitted to substitute NIBOR and/or the Screen Rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the Conditions and the application of an adjustment spread (which could be positive, negative or zero)). See Condition 5.8 for further information.

**Cancellation of Interest Payments:***Optional cancellation of interest*

The Bank may elect at any time, in its sole and full discretion, to cancel (in whole or in part) any payment of interest otherwise scheduled to be paid on an Interest Payment Date or any other date.

Non-payment of any amount of interest scheduled to be paid on any date will constitute evidence of cancellation of the relevant payment, whether or not notice of cancellation has been given by the Bank.

*The Norwegian FSA may also direct the Bank to exercise its discretion to cancel interest scheduled to be paid on an Interest Payment Date or any other date.*

*Insufficient Distributable Items*

Payments of interest in respect of the Notes in any financial year (and, if applicable, any additional amounts payable in respect thereof pursuant to Condition 11) shall only be made out of Distributable Items of the Bank. The Bank will cancel any interest otherwise scheduled to be paid on any date if and to the extent that the amount of such interest (together with any additional amounts payable in respect thereof pursuant to Condition 11), when aggregated together with any interest payments or distributions which have been made or which are required to be paid or made during the then current financial year on all other own funds items of the Bank (excluding any such interest payments or distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in the calculation of Distributable Items), exceeds the amount of Distributable Items of the Bank as at such date.

*Solvency Condition and Maximum Distributable Amount*

In addition, the Bank will also cancel any interest to the extent required as provided above under “Solvency Condition” and “Maximum Distributable Amount”.

**Interest non-cumulative; no default**

If the payment of interest scheduled on any date is cancelled, in whole or in part, in accordance with the provisions of “Cancellation of Interest Payments”, the Bank shall not have any obligation to make such interest payment (or the cancelled part thereof) on such date or any time thereafter and the failure to pay such interest (or the cancelled part thereof) shall not constitute a default of the Bank for any purpose.

Any such interest will not accumulate or be payable at any time thereafter, the Bank will not be obliged to (and will not) make any other payment or settlement in any form in lieu thereof, and holders of the Notes shall have no right thereto whether in a winding-up of the Bank or otherwise.

*No such cancellation of interest shall prevent the Bank from making payments of interest, dividends or other distributions on, or from redeeming or*

*purchasing, any obligations, including any Junior Securities or Parity Securities.*

**Redemption:**

The Notes have no fixed maturity date.

The Bank may, upon giving not less than 15 nor more than 60 calendar days' notice to holders, in its sole discretion (and without the requirement for the consent or approval of the holders) elect to redeem the Notes in whole (but not in part):

- (i) on the Interest Payment Date falling in or nearest to June 2024 (the "**First Call Date**") or any Interest Payment Date thereafter, subject to the proviso below; or
- (ii) on any Interest Payment Date upon the occurrence of a Tax Event, a Withholding Tax Event or a Capital Event,

in each case at their Redemption Amount; provided, however, that if at any time the Notes have been Written Down pursuant to Condition 7 (*Loss Absorption Following a Trigger Event*), the Bank shall not be entitled to exercise its option under (i) above until the principal amount of the Notes so Written Down has been fully reinstated pursuant to Condition 8 (*Discretionary Reinstatement of the Notes*).

For the avoidance of doubt, the proviso above requires the principal amount of the Notes to be reinstated if and to the extent that such principal has been Written Down pursuant to Condition 7. If, at any time, the Notes are written down by the shareholders of the Bank or by the Norwegian authorities pursuant to Chapter 21 of the Financial Institutions Act or written down or converted to common equity tier 1 capital by the Norwegian resolution authorities pursuant to Chapter 20 of the Financial Institutions Act (which implemented BRRD into Norwegian law), such principal amount is not capable of being reinstated under Condition 8, and the Bank shall be entitled to exercise its option under (i) above (subject to certain conditions) notwithstanding that the Outstanding Principal Amount of the Notes is less than their Original Principal Amount by virtue of such write-down or conversion to equity under Chapters 20 and/or 21 of the Financial Institutions Act.

**Purchase:**

The Bank or any member of the DNB Group may at any time permitted by applicable law and regulation (but subject to the provisions of "*Conditions to redemption etc.*" below) purchase Notes in the open market or otherwise and at any price in accordance with applicable laws and regulations, provided that no such purchase will be effected unless the prior approval of the Norwegian FSA is obtained.

**Conditions to redemption etc.:**

Any redemption, cancellation, substitution, variation or modification of the Notes by the Bank, and any purchase of the Notes by the Bank or any member of the DNB Group, will be subject to the prior approval of the Norwegian FSA and to compliance with all applicable laws and regulations, including the Applicable Banking Regulations.

In the case of a redemption of the Notes as a result of a Withholding Tax Event or a Tax Event, the tax consequences of such event must also be material and the relevant tax law change must not have been reasonably foreseeable as at the Issue Date. In the case of a redemption of the Notes as a result of a Capital Event, the change in regulatory classification must not have been reasonably foreseeable as at the Issue Date.

If the Bank has elected to repay the Notes but the Solvency Condition is not satisfied in respect of the relevant payment on the date scheduled for repayment, the relevant repayment notice shall be automatically rescinded and shall be of no force and effect and, accordingly, no repayment of the nominal amount of the Notes or any interest thereon will be due and payable on the scheduled repayment date, and the Notes will continue to remain outstanding on the same basis as if no repayment notice had been given.

**Substitution and variation**

If at any time a Tax Event, a Withholding Tax Event or a Capital Event occurs, or in order to ensure the effectiveness and enforceability of Condition 20, the Bank may, subject to the provisions of “*Conditions to redemption etc.*” above, having given not less than 15 nor more than 60 calendar days’ notice to the holders of the Notes, either substitute all (but not some only) of the Notes for, or vary the terms of the Notes provided that they remain or become, Qualifying Additional Tier 1 Notes (having terms not materially less favourable to a holder than the terms of the Notes (other than in respect of the effectiveness and enforceability of Condition 20), as reasonably determined by the Bank).

**Enforcement on a winding up:**

There are no events of default under the terms of the Notes.

If the Bank is liquidated, dissolved or otherwise wound-up by way of public administration, in each case by a court or agency or supervisory authority in the Kingdom of Norway having jurisdiction in respect of the same, the holder of any Note may prove or claim in such proceedings in respect of such Note, such claim being for payment of the Outstanding Principal Amount of such Note at the time of commencement of such winding-up together with any interest accrued and unpaid on such Note (to the extent that the same is not cancelled in accordance with the terms of the Notes) from (and including) the Interest Payment Date immediately preceding commencement of such winding-up and any other amounts payable on such Note under the Conditions.

A Holder may not itself file for the liquidation or bankruptcy of the Bank.

*For the avoidance of doubt, in a winding-up of the Bank the holders will have a claim for the Outstanding Principal Amount and not for the Original Principal Amount.*

**Form and Denomination:**

The Notes will be issued in uncertificated and dematerialised book-entry form in the initial denominations of NOK1,000,000.

**Clearing:**

The Notes will be registered in the Norwegian Central Securities Depository, the *Verdipapirsentralen* (“VPS”).

**Taxation:**

All payments of principal, interest and any other amounts in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Norway or any political subdivision or any authority or agency thereof or therein having power to tax unless such withholding or deduction is required by law. In the event of any such withholding or deduction in respect of payments of interest (but not principal or any other amounts), save as set out in the Conditions, the Bank will pay such additional amounts as shall be necessary in order that the net amounts of interest received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction.

**Governing Law:**

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law except that (i) the provisions relating to subordination, Write Down and Discretionary Reinstatement and any non-contractual obligations arising out of or in connection with such provisions, (ii) any other write-down or conversion of the Notes in accordance with Norwegian law and regulation applicable to the Bank from time to time and (iii) the provisions relating to bondholder meetings and any non-contractual obligations arising therefrom or in connection therewith, will in each case be governed by, and construed in accordance with, Norwegian law.

The Notes must also comply with the Norwegian Securities Register Act of 5 July 2002 no. 64, as amended or superseded from time to time and the Holders 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.

**Agreement with Respect to the exercise of Norwegian Bail-in Powers**

By its acquisition of any Note, each Holder acknowledges and accepts that any liability arising under the Notes may be subject to (i) the exercise of Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority which could include and result in (without limitation) (a) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes, (b) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Bank or another person, and the issue to or conferral on the Holder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes, (c) the cancellation of the Notes or the Relevant Amounts in respect of the Notes, and (d) the amendment or alteration of the duration of the Notes or amendment of the amount of interest payable on the Notes, or the dates on which interest may become payable, including by suspending or cancelling payment for a temporary period and (ii) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority and/or to ensure the effectiveness and enforceability of Condition 20 (including changing the governing law of Condition 20 from English law to Norwegian law).

**Listing and trading:**

Applications have been made (i) to Euronext Dublin for the Notes to be admitted to the Official List of Euronext Dublin and to trading on the regulated market of Euronext Dublin and (ii) to the Oslo Stock Exchange, *Oslo Børs*, for the Notes to be listed on the regulated market of the Oslo Stock Exchange.

**Selling Restrictions:**

United States (Regulation S), the United Kingdom, Norway and Japan – for a further description of restrictions on offers, sales and transfers of the Notes and distribution of this Prospectus, see “*Selling Restrictions*”.

**MiFID II Product Governance/PRIIPs/PI Instrument:**

Solely for the purposes of the manufacturer’s product approval processes, the manufacturers have concluded that: (i) the target market for the Notes is eligible counterparties and professional clients only; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. No PRIIPs Regulation key information document has been prepared as the Notes are not available to retail investors in the EEA. No sales to retail investors.

See the section headed “*Prohibition on marketing and sales to retail investors*” on page 2 of this Prospectus for further information.



**Ratings:**

The Notes are expected to be rated “BBB” by S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency without notice.

**VPS Identification Number:**

NO0010858749

## TERMS AND CONDITIONS OF THE NOTES

*The following (except for paragraphs in italics, which are included by way of disclosure only) is the text of the Terms and Conditions of the Notes. The Notes will not be evidenced by any physical note or document of title other than statements of account made by the VPS. Ownership of the Notes will be recorded and transfer effected only through the book-entry system and register maintained by the VPS.*

### 1. Introduction

- 1.1 *Notes:* The NOK 2,700,000,000 Floating Rate Perpetual Additional Tier 1 Capital Notes (the “**Notes**”) are issued by DNB Bank ASA (the “**Bank**”). The Notes constitute *Fondsobligasjoner*.
- 1.2 *Procedures:* DNB Bank ASA, Verdivapirservice will act as account manager for the Notes in the VPS (the “**Account Manager**”) and DNB Bank ASA will act as paying agent for the Notes (the “**Paying Agent**”). The Notes are subject to the rules and procedures for the time being of the VPS and applicable market practice in the Norwegian bond market.

### 2. Definitions and Interpretation

- 2.1 *Definitions:* In these Conditions the following expressions have the following meanings:

“**Accounting Currency**” means NOK or such other primary currency used in the presentation of the Bank’s, the Bank Group’s and/or the DNB Group’s accounts (as the context requires) from time to time;

“**Additional Tier 1 Capital**” means the Additional Tier 1 capital within the meaning of the section 15 of the Calculation Regulations (*annen godkjent kjernekapital*);

“**Adjustment Spread**” has the meaning given to such term in Condition 5.8 (*Benchmark Discontinuation*);

“**Alternative Rate**” has the meaning given to such term in Condition 5.8 (*Benchmark Discontinuation*);

“**Applicable Banking Regulations**” means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy and prudential supervision applicable to the Bank, the Bank Group or the DNB Group, as the case may be, including, without limitation to the generality of the foregoing, the August 2014 Regulations, the Calculation Regulations, any CRD IV Implementation Measures and any other laws, regulations, requirements, guidelines and policies relating to capital adequacy as then applied and interpreted in Norway by the Norwegian Ministry of Finance and/or Norwegian FSA (whether or not such requirements, guidelines or policies have the force of law and whether they are applied generally or specifically to the Bank, the Bank Group and/or the DNB Group, as applicable);

“**Assets**” means the unconsolidated gross assets of the Bank as shown in its latest published audited balance sheet, but adjusted for subsequent events in such manner as the Directors of the Bank may determine;

“**August 2014 Regulations**” means the CRR/CRD IV regulations of 22 August 2014 No. 1097 (*forskrift om kapitalkrav og nasjonal tilpasning av CRR/CRD IV*), as the same may be amended or replaced from time to time;

“**Bank Group**” means the Bank together with its consolidated subsidiaries;

“**Benchmark Amendments**” has the meaning given to such term in Condition 5.8(d) (*Benchmark Discontinuation – Benchmark Amendments*);

“**Benchmark Event**” has the meaning given to such term in Condition 5.8(j) (*Benchmark Discontinuation - Definitions*);

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

“**Calculation Regulations**” means Norwegian Regulation 1990-06-01 No. 435 on the measurement of own funds of financial institutions, clearing houses and investment firms (*FOR 1990-06-01 nr 435: Forskrift om beregning av ansvarlig lånekapital for finansinstitusjoner, oppgjørssentraler og verdipapirforetak*), as amended or replaced from time to time;

A “**Capital Event**” means the determination by the Bank, after consultation with the Norwegian FSA, that as a result in a change (or pending change) in the regulatory classification of the Notes under the Applicable Banking Regulations, the entire Outstanding Principal Amount of the Notes or any part thereof is (or would be) excluded from the Tier 1 Capital of any one or more of the Bank, the Bank Group or the DNB Group;

“**CET1 Capital**” means, at any date, with respect to a Relevant Entity, the sum, expressed in the Accounting Currency, of all amounts that constitute common equity tier 1 capital of such Relevant Entity as at such date, less any deductions from common equity tier 1 capital required to be made as at such date, in each case as calculated by the Bank (in the case of the CET1 Capital of the Bank or the Bank Group) or the Parent (in the case of the CET1 Capital of the DNB Group) or (in the case of the CET1 Capital of the Bank, the Bank Group or the Parent) by the Norwegian FSA (or any agent appointed by the Norwegian FSA for the purpose of making such calculation) in accordance with the Calculation Regulations and on the basis that all measures used in such calculation shall, for the purposes of this definition, be calculated on an end-point basis unless, and to the extent that, the Norwegian FSA requires or permits the Relevant Entity, for such purposes, to calculate such measures having regard to any applicable transitional provisions under the Applicable Banking Regulations;

“**CET1 Ratio**” means, at any date, with respect to a Relevant Entity, the ratio of CET1 Capital (*ren kjernekapitaldekning*) of such Relevant Entity as at such date to the Risk Weighted Assets of such Relevant Entity as at such date, expressed as a percentage and calculated by the Bank (in the case of the CET1 Ratio of the Bank or the Bank Group) or the Parent (in the case of the CET1 Ratio of the DNB Group) or (in the case of the CET1 Ratio of the Bank, the Bank Group or the Parent) by the Norwegian FSA (or any agent appointed by the Norwegian FSA for the purpose of making such calculation) in accordance with the Applicable Banking Regulations and on the basis that all measures used in such calculation shall, for the purposes of this definition, be calculated on an end-point basis unless, and to the extent that, the Norwegian FSA requires or permits the Relevant Entity, for such purposes, to calculate such measures having regard to any applicable transitional provisions under the Applicable Banking Regulations;

“**Change in Law**” means (a) any amendment to, clarification of, or change (including any announced prospective change) in the laws or treaties (or any regulations thereunder) of Norway or any political subdivision or taxing authority thereof or therein affecting taxation, (b) any governmental action in Norway or any amendment to, clarification of, or change in the position or interpretation of such laws or treaties (or any regulations thereunder) or governmental action or any official interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in Norway or any political subdivision or taxing authority thereof or therein, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification, change, action, pronouncement or decision is effective or such action, pronouncement or decision is announced on or after the Issue Date;

“**Code**” means the U.S. Internal Revenue Code of 1986;

“**CRD IV**” means the legislative package consisting of the CRD IV Directive, the CRR and any CRD IV Implementation Measures;

“**CRD IV Directive**” means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as the same may be amended from time to time (including, without limitation, by Directive (EU) No. 2019/878);

“**CRD IV Implementation Measures**” means any regulatory capital rules implementing (or promulgated in the context of) the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts or regulations (including technical standards) adopted by the European Commission, national laws and regulations adopted by the Norwegian Ministry of Finance and guidelines issued by the Norwegian FSA, the European Banking Authority or any other relevant authority, which are applicable to the Bank, the Bank Group or the DNB Group, as applicable;

“**CRR**” means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as the same may be amended from time to time (including, without limitation, by Regulation (EU) No. 2019/876);

“**Discretionary Reinstatement**” has the meaning given to such term in Condition 8.1 (*Discretionary Reinstatement of the Notes*);

“**Distributable Items**” means, with respect to any payment of interest on the Notes, those profits and reserves (if any) of the Bank which are available, in accordance with applicable law and regulation for the time being, for the payment of such interest payment and any other payments by the Bank which, under Applicable Banking Regulations, are required to be made only out of such profits and reserves;

“**DNB Group**” means DNB ASA together with its consolidated subsidiaries;

“**First Call Date**” means the Interest Payment Date falling in or nearest to June 2024;

“**Full Loss Absorbing Instruments**” has the meaning given to such term in Condition 7.5 (*Full Loss Absorbing Instruments*);

“**Holders**” means the holders of the Notes and references herein to a “**holder**” in respect of any Note shall be construed accordingly;

“**Interest Payment Date**” has the meaning given to such term in Condition 5.2 (*Interest Payment Dates and Interest Periods*);

“**Interest Period**” has the meaning given to such term in Condition 5.2 (*Interest Payment Dates and Interest Periods*);

“**Issue Date**” means 27 June 2019;

“**Junior Securities**” means all classes of share capital of the Bank and any obligations of the Bank ranking or expressed to rank junior to the Notes;

“**Liabilities**” means the unconsolidated gross liabilities of the Bank as shown in its latest published audited balance sheet, but adjusted for contingent liabilities and for subsequent events in such manner as the Directors of the Bank may determine;

“**Loss Absorbing Instrument**” means, at any time, any instrument (other than the Notes) issued directly or indirectly by the Bank or any other member of the DNB Group which has terms pursuant to which all or some of its principal amount may be written-down (whether on a permanent or temporary basis) or converted into equity (in each case in accordance with its conditions) on the occurrence, or as a result, of a trigger set by reference to the relevant CET1 Ratio(s) falling below a specific threshold (and shall

include, for so long as any of the same remain outstanding, the U.S.\$750,000,000 Fixed Rate Reset Perpetual Additional Tier 1 Capital Notes issued by the Bank (ISIN: XS1207306652), the NOK1,400,000,000 Floating Rate Perpetual Additional Tier 1 Capital Notes issued by the Bank (VPS identification number NO0010767957), the U.S.\$750,000,000 Fixed Rate Reset Perpetual Additional Tier 1 Capital Notes issued by the Bank (ISIN: XS1506066676) and, in the context of a relevant trigger event which occurs in respect of the Bank and/or the Bank Group CET1 Ratio only, the NOK2,150,000,000 Floating Rate Perpetual Additional Tier 1 Capital Notes issued by the Bank (VPS identification number NO0010730708));

**“Maximum Write-up Amount”** means:

- (i) (a) the Relevant Profits, multiplied by (b) the sum of the aggregate Original Principal Amount of the Notes and the aggregate original principal amount of all Written-Down Additional Tier 1 Instruments issued directly or indirectly by the Relevant Entity whose Net Profits are the Relevant Profits referred to in (i)(a), divided by (c) the total Tier 1 Capital of such Relevant Entity as at the date of the relevant Discretionary Reinstatement; or
- (ii) such higher amount as may be permissible pursuant to Applicable Banking Regulations then in force;

**“Net Profit”** means, at any time: (i) with respect to the Bank, the non-consolidated net profit (excluding minority interests) of the Bank; and (ii) with respect to the Bank Group or the DNB Group, the consolidated net profit (excluding minority interests) of the Bank Group or the DNB Group, respectively, in each case determined on the basis of the audited annual accounts for the then most recent financial year of the Relevant Entity;

**“NOK”** means Norwegian kroner, being the currency of Norway;

**“Non-Preferred Senior Obligations”** means obligations of the Bank which (upon Norway adopting legislation introducing such class) form part of the class of obligations meeting the conditions set out in sub-paragraphs (a), (b) and (c) of Article 108(2) of Directive 2014/59/EU (as amended by Directive (EU) 2017/2399) and thus having, in a winding-up of the Bank, a lower priority ranking than ordinary unsecured obligations of the Bank, and any other obligations which rank or are expressed to rank *pari passu* with obligations of such class;

**“Norwegian FSA”** means the Financial Supervisory Authority of Norway (*Finanstilsynet*) or such other agency of the Kingdom of Norway which assumes or performs the functions, as at the Issue Date, performed by such authority or such other or successor authority exercising primary supervisory authority with respect to prudential matters in relation to the Bank, the Bank Group and the DNB Group;

**“Original Principal Amount”** means, in respect of a Note, its principal amount on the Issue Date not taking into account any Write Down or any other write-down or cancellation or any subsequent Discretionary Reinstatement;

**“Outstanding Principal Amount”** means, in relation to each Note, the Original Principal Amount of such Note, as reduced from time to time by any Write Downs or any other write-down or cancellation, as the case may be, and, if applicable, as subsequently increased from time to time by any Discretionary Reinstatement in accordance with the terms of the Notes;

**“Parent”** means DNB ASA;

**“Parity Securities”** means any present or future instruments issued by the Bank which are eligible to be recognised as Additional Tier 1 Capital from time to time by the Norwegian FSA, any guarantee, indemnity or other contractual support arrangement entered into by the Bank in respect of securities (regardless of name or designation) issued by a subsidiary of the Bank which are eligible to be recognised as Additional Tier 1 Capital and any instruments issued, and subordinated guarantees, indemnities or other contractual support arrangements entered into, by the Bank which rank, or are expressed to rank,

*pari passu* therewith (and shall include, for so long as any of the same remain outstanding, the NOK2,150,000,000 Floating Rate Perpetual Additional Tier 1 Capital Notes issued by the Bank (VPS identification number NO0010730708), the NOK1,400,000,000 Floating Rate Perpetual Additional Tier 1 Capital Notes issued by the Bank (VPS identification number NO0010767957), the U.S.\$750,000,000 Fixed Rate Reset Perpetual Additional Tier 1 Capital Notes issued by the Bank (ISIN: XS1506066676) and the U.S.\$750,000,000 Fixed Rate Reset Perpetual Additional Tier 1 Capital Notes issued by the Bank (ISIN: XS1207306652) ), but excluding Junior Securities;

**“Proceedings”** has the meaning given to such term in Condition 19.2 (*Governing Law and Submission to Jurisdiction*);

**“Qualifying Additional Tier 1 Notes”** means securities (whether debt, equity or otherwise) issued directly by the Bank or issued by another member of the DNB Group and unconditionally and irrevocably guaranteed by the Bank where such securities and/or such guarantee, as appropriate:

- (i) other than in respect of the effectiveness and enforceability of Condition 20, have terms not materially less favourable to a holder of the Notes, as reasonably determined by the Bank, than the terms of the Notes;
- (ii) subject to (i) above, shall (1) rank at least equal to the ranking of the Notes, (2) have the same currency, the same (or higher) interest rate and the same Interest Payment Dates as those from time to time applying to the Notes, (3) have the same redemption rights as the Notes, (4) comply with the then current requirements of Applicable Banking Regulations in relation to Additional Tier 1 Capital, (5) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, and (6) be assigned (or shall maintain) at least the same credit ratings as were assigned to the Notes immediately prior to such variation or substitution, unless any downgrade is solely attributable to the effectiveness and enforceability of Condition 20; and
- (iii) if the Notes were listed on any market(s) or stock exchange(s) immediately prior to such substitution or variation, are listed on the same market(s) or stock exchange(s) or another regulated market or stock exchange of equivalent standing;

**“Rate of Interest”** means, in respect of any Interest Period, the Reference Rate relating to such Interest Period plus 3.50 per cent. as determined by the Account Manager (in conjunction with the Bank, where applicable) in accordance with Condition 5 (*Interest*) (provided that if any Rate of Interest so determined would be lower than nil, the Rate of Interest for the relevant Interest Period shall be nil);

**“Redemption Amount”** means, in the case of any redemption of the Notes on any redemption date, the Outstanding Principal Amount of the Notes on such redemption date together with interest accrued (if any) from (and including) the Interest Payment Date immediately preceding such redemption date (or, if none, the Issue Date) to (but excluding) such redemption date (except for interest which is cancelled in accordance with these Conditions);

**“Reference Banks”** means four major banks engaged in the Norwegian interbank market selected by the Account Manager with the approval of the Bank;

**“Reference Date”** means the accounting date as at which the applicable Relevant Profits were determined;

**“Reference Rate”** means, in relation to an Interest Period and the Reference Rate Determination Date in relation to such Interest Period, the Screen Rate at approximately 12.15 p.m. (Oslo time) on that Reference Rate Determination Date. On days on which Oslo Børs has shorter opening hours (New Year’s Eve and the Wednesday before Maundy Thursday), the data published at approximately 10.15 a.m. shall be used. If, other than pursuant to a Benchmark Event, the Screen Rate is unavailable, has been removed or changed such that the quoted interest rate no longer represents, in the opinion of the Account Manager, a correct expression of the relevant interest rate, an alternative page or other electronic source which in

the opinion of the Account Manager and the Bank gives the same interest rate shall be used. If this is not possible, the Account Manager will, subject to the provisions of Condition 5.8, request the principal Norwegian office of each of the Reference Banks to provide the Account Manager with the rate at which deposits in NOK are offered by it to prime banks in the Norwegian interbank market for three months at approximately 12.15 p.m. (Oslo) time on the Reference Rate Determination Date in question and for a Representative Amount. If at least three rates are provided, the Reference Rate will be the arithmetic mean of the rates provided, eliminating the highest rate (or, in the event of equality, one of the highest) and the lowest rate (or, in the event of equality, one of the lowest). If two rates are provided, the Reference Rate will be the arithmetic mean of the rates provided. If fewer than two rates are provided as requested, the Reference Rate will be the arithmetic mean of the rates quoted by major banks in Oslo, selected by the Account Manager at approximately 12.15 p.m. (Oslo time) on the first day of such Interest Period for loans in NOK to leading European banks for a period of three months commencing on the first day of such Interest Period and for a Representative Amount. If the Reference Rate cannot be determined in accordance with the above provisions, the Reference Rate for such Interest Period shall be the Reference Rate determined as at the last preceding Reference Rate Determination Date;

**“Reference Rate Determination Date”** means, in relation to an Interest Period, the day falling two Business Days prior to the date on which such Interest Period commences;

**“Relevant Date”** has the meaning given to such term in Condition 11.2 (*Gross up*);

**“Relevant Entity”** means the Bank, the Bank Group or the DNB Group, as the case may be;

**“Relevant Nominating Body”** has the meaning given to such term in Condition 5.8(j) (*Benchmark Discontinuation - Definitions*);

**“Relevant Profits”** means the lowest of the relevant Net Profit of the Bank, the Bank Group and the DNB Group;

**“Representative Amount”** means, in relation to any quotation of a rate for which a Representative Amount is relevant, an amount that is representative for a single transaction in the relevant market at the relevant time;

**“Risk Weighted Assets”** means, at any date, with respect to a Relevant Entity, the aggregate amount, expressed in the Accounting Currency, of the risk weighted assets of such Relevant Entity as at such date, as calculated by the Bank (in the case of the Risk Weighted Assets of the Bank or the Bank Group) or the Parent (in the case of the Risk Weighted Assets of the DNB Group) or (in the case of the Risk Weighted Assets of the Bank, the Bank Group or the Parent) by the Norwegian FSA (or any agent appointed by the Norwegian FSA for the purpose of making such calculation), in accordance with the Applicable Banking Regulations. For the purposes of this definition, the term “risk weighted assets” means the risk weighted assets or total risk exposure amount, as calculated by the Bank, the Parent or the Norwegian FSA (or its appointed agent as aforesaid), as applicable, in accordance with Applicable Banking Regulations and on the basis that all measures used in such calculation shall, for the purposes of this definition, be calculated on an end-point basis unless, and to the extent that, the Norwegian FSA requires or permits the Relevant Entity, for such purposes, to calculate such measures having regard to any applicable transitional provisions under the Applicable Banking Regulations;

**“Screen Rate”** means the rate for 3-month deposits in NOK which appears on Oslo Børs’ webpage (or such replacement page on that service or any successor or alternative service which displays the information);

**“Senior Creditors”** means (a) depositors of the Bank, (b) other unsubordinated creditors of the Bank, including any creditors in respect of Non-Preferred Senior Obligations and (c) subordinated creditors of the Bank in respect of any present or future obligation (including, without limitation, obligations which are eligible to be recognised as Tier 2 Capital and any obligation in respect of a guarantee, indemnity or other support arrangement entered into by the Bank), whether dated or undated, of the Bank which by its

terms is, or is expressed to be, subordinated in the event of liquidation, dissolution, administration or other winding up of the Bank, by way of public administration or otherwise, to the claims of depositors and all other unsubordinated creditors of the Bank, excluding Parity Securities and Junior Securities;

“**Solvency Condition**” has the meaning given to such term in Condition 4.3;

“**Specified Office**” means the address of the Account Manager and the Paying Agent, for the time being: DNB Bank ASA, Dronning Eufemias gate 30, N-0191 Oslo, Norway;

“**Successor Rate**” has the meaning given to such term in Condition 5.8(j) (*Benchmark Discontinuation - Definitions*);

A “**Tax Event**” will occur if the Bank has received an opinion of counsel in the Kingdom of Norway (experienced in such matters) to the effect that, as a result of a Change in Law:

- (A) the Bank is, or will be, subject to additional taxes, duties or other governmental charges or civil liabilities with respect to the Notes; or
- (B) the Bank is not, or will not be, entitled to claim a deduction in respect of any payments of interest in respect of the Notes in computing its taxation liabilities (or such deduction would be materially reduced); or
- (C) the treatment of any of the Bank’s items of income or expense with respect to the Notes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Bank will not be respected by a taxing authority, which subjects the Bank to additional taxes, duties or other governmental charges.

“**Tier 1 Capital**” means, at any time, with respect to a Relevant Entity, the Tier 1 capital of such Relevant Entity as calculated by the Bank (in the case of the Tier 1 Capital of the Bank and the Bank Group) or the Parent (in the case of the Tier 1 Capital of the DNB Group) or (in the case of the Tier 1 Capital of the Bank, the Bank Group or the Parent) by the Norwegian FSA (or any agent appointed by the Norwegian FSA for the purpose of making such calculation) in accordance with the Applicable Banking Regulations, subject always to applicable transitional and grandfathering arrangements as interpreted by the Norwegian FSA;

“**Tier 2 Capital**” means the Tier 2 capital of the Bank within the meaning of section 16 of the Calculation Regulations (*Tilleggs kapital*);

“**Trigger Event**” has the meaning given to such term in Condition 7.1 (*Loss Absorption Following a Trigger Event*);

“**VPS**” means the Norwegian Central Securities Depository, the *Verdipapirsentralen*;

A “**Withholding Tax Event**” will occur if the Bank has received an opinion of counsel in the Kingdom of Norway (experienced in such matters) to the effect that, as a result of a Change in Law, the Bank is or will be required to pay additional amounts as provided in Condition 11 (*Taxation*);

“**Write Down**” and “**Written Down**” have the meanings given to such terms in Condition 7.1 (*Loss Absorption Following a Trigger Event*);

“**Write Down Amount**” has the meaning given to such term in Condition 7.4 (*Write Down Amount*);

“**Write Down Date**” has the meaning given to such term in Condition 7.2 (*Write Down Notice*);

“**Write Down Notice**” has the meaning given to such term in Condition 7.2 (*Write Down Notice*); and

“**Written-Down Additional Tier 1 Instruments**” means, at any time, any instrument (other than the Notes) issued directly or indirectly by the Bank or, as applicable, any member of the DNB Group, which



is qualifying as Additional Tier 1 Capital of the Bank, the Bank Group or the DNB Group, as applicable, and which, immediately prior to the relevant Discretionary Reinstatement, has a prevailing principal amount lower than the principal amount that it was originally issued with due to such principal amount having been written down on a temporary basis pursuant to its terms.

**2.2 Interpretation:** In these Conditions:

- (i) any reference to principal shall be deemed to include the Outstanding Principal Amount and any other amount in the nature of principal payable pursuant to these Conditions;
- (ii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions; and
- (iii) any reference to a numbered “**Condition**” shall be to the relevant Condition in these Terms and Conditions.

**3. Form, Denomination and Title**

**3.1 Form of Notes and denomination:** The Notes are in uncertificated, dematerialised book-entry form, in the denomination of NOK1,000,000 each.

The Outstanding Principal Amount of the Notes may be adjusted as provided in Condition 7 (*Loss Absorption Following a Trigger Event*) and Condition 8 (*Discretionary Reinstatement of the Notes*) or as otherwise required by then current legislation and/or regulations applicable to the Bank. Any such adjustment to the Outstanding Principal Amount of the Notes will not have any effect on the denomination of the Notes.

**3.2 Title:** The holder of a Note will be the person evidenced as such by a book entry in the records of the VPS. Title to the Notes will pass by registration in the registers between the direct or indirect accountholders at the VPS in accordance with the rules and procedures of the VPS. Where a nominee is so evidenced, it shall be treated by the Bank as the holder of the relevant Note.

For so long as the Notes are held in VPS, each person who is for the time being shown in the records of the VPS as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by VPS as to the nominal amount of such Notes standing to the account of any person shall, save in the case of manifest error, be conclusive and binding for all purposes, including any form of statement or print out of electronic records provided by VPS in accordance with its usual procedures and in which the holder of a particular nominal amount of such Notes is clearly identified together with the amount of such holding) shall be treated by the Bank, the Account Manager and the Paying Agent as the holder of such nominal amount of such Notes for all purposes.

The Notes will be transferable only in accordance with the rules and procedures for the time being of the VPS.

References to the VPS shall, whenever the context so permits, be deemed to include a reference to any additional or alternative registration or clearing system approved by the Bank and the Account Manager in which the Notes are, for the time being, registered or cleared.

**4. Status and Subordination**

**4.1 Status:** The Notes constitute undated, unsecured and subordinated obligations (*Fondsobligasjoner*) of the Bank, and will at all times rank *pari passu* without any preference among themselves. The Notes are subordinated as described in Condition 4.2 (*Subordination*). The Notes do not have the benefit of a guarantee from any person.

- 4.2 *Subordination:* In the event of a liquidation, dissolution or winding-up of the Bank by way of public administration (except, in any such case, a solvent liquidation, dissolution, or winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Bank), claims in respect of the Notes (including claims for damages in respect of any breach of the Bank's obligations thereunder) shall rank:
- (i) *pari passu* without any preference among themselves and with claims in respect of Parity Securities;
  - (ii) in priority to claims in respect of Junior Securities; and
  - (iii) junior to any present or future claims of Senior Creditors.
- 4.3 *Solvency Condition:* No payment of principal, interest or any other amount in respect of the Notes shall become due and payable unless, and to the extent that, the Bank is able to make such payment and still be solvent immediately thereafter, in each case except in the winding-up, dissolution or liquidation of the Bank (the "**Solvency Condition**").

In these Conditions, the Bank shall be considered to be "**solvent**" if (x) it is able to pay its debts to Senior Creditors as they fall due and (y) its Assets exceed its Liabilities. A report as to the solvency of the Bank by two appropriately authorised signatories or, if the Bank is in a winding-up, dissolution or liquidation, its liquidator or other insolvency official (as the case may be), shall, in the absence of manifest error, be treated and accepted by the Bank and the Holders as correct and sufficient evidence thereof.

- 4.4 *Set-off:* Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Bank in respect of, or arising under or in connection with, the Notes and each Holder shall, by virtue of its holding of any Note, be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Bank in respect of, or arising under or in connection with, the Notes is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Bank (or, in the event of its winding-up, dissolution or liquidation, the liquidator or other relevant insolvency official with primary responsibility for the winding-up, dissolution or liquidation of the Bank) and, until such time as payment is made, shall hold an amount equal to such amount for the Bank (or the liquidator or such relevant insolvency official (as the case may be)) and accordingly any such discharge shall be deemed not to have taken place.

## 5. Interest

- 5.1 *Interest Rate:* The Notes bear interest from (and including) the Issue Date on their Outstanding Principal Amount from time to time at the applicable Rate of Interest.
- 5.2 *Interest Payment Dates and Interest Periods:* Subject to Condition 4.3 (*Solvency Condition*), Condition 6 (*Interest Cancellation*) and Condition 7.1 (*Loss Absorption Following a Trigger Event*), interest will be payable quarterly in arrear on 27 March, 27 June, 27 September and 27 December in each year, commencing 27 September 2019 (each an "**Interest Payment Date**"), provided that if any such date falls on a day which is not a Business Day, such Interest Payment Date shall (i) in the case of the Interest Payment Date falling in or nearest to June 2024, be postponed to the next day which is a Business Day; and (ii) in the case of any other Interest Payment Date, be postponed to the next day which is a Business Day unless that day falls in the next calendar month, in which case such Interest Payment Date shall be brought forward to the immediately preceding day which is a Business Day.

The period from (and including) the Issue Date to (but excluding) the first Interest Payment Date, and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date, is called an "**Interest Period**".

- 5.3 *Accrual of interest:* Each Note will cease to bear interest from the due date for redemption unless payment of the Outstanding Principal Amount in respect thereof is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition until whichever is the earlier of:
- (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder; and
  - (ii) the day which is seven calendar days after the Account Manager has notified the Holders in accordance with Condition 16 (*Notices*) that it has received all sums due in respect of the Notes up to such seventh calendar day (except to the extent that there is any subsequent default in payment).
- 5.4 *Determination of Reference Rate and Rate of Interest in relation to an Interest Period:* The Account Manager will, as soon as practicable after 12:15 p.m. (Oslo time) on each Reference Rate Determination Date in relation to an Interest Period, determine the Reference Rate and Rate of Interest for such Interest Period.
- 5.5 *Publication of Reference Rate and Rate of Interest:* With respect to each Interest Period, the Account Manager will cause the relevant Reference Rate and Rate of Interest determined by it to be notified to the Paying Agent and each listing authority, stock exchange and/or quotation system (if any) on which the Notes are for the time being admitted to listing, trading and/or quotation as soon as practicable after such determination but in any event not later than the second Business Day thereafter. Notice thereof shall also promptly be given to the Holders in accordance with Condition 16 (*Notices*).
- 5.6 *Calculation of amount of interest:* The amount of interest payable in respect of a Note for any period shall be calculated by:
- (i) applying the applicable Rate of Interest to the Outstanding Principal Amount of a Note;
  - (ii) multiplying the sum by the actual number of calendar days in the relevant accrual period concerned divided by 360; and
  - (iii) rounding the resulting figure to the nearest øre (half an øre being rounded upwards).

If, pursuant to Condition 7 (*Loss Absorption Following a Trigger Event*) or Condition 8 (*Discretionary Reinstatement of the Notes*) or as otherwise required by then current legislation and/or regulations applicable to the Bank, the Outstanding Principal Amount of the Notes is reduced and/or reinstated during an Interest Period, the amount of interest will be adjusted by the Account Manager to reflect interest having accrued on the relevant Outstanding Principal Amount during each part of such Interest Period.

- 5.7 *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Account Manager will (in the absence of wilful default, bad faith or manifest error) be binding on the Bank, Paying Agent and the Holders and (subject as aforesaid) no liability to any such person will attach to the Account Manager in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- 5.8 *Benchmark Discontinuation:* If a Benchmark Event occurs in relation to the Screen Rate at any time when the Conditions provide for any remaining rate of interest (or any component part thereof) to be determined by reference to the Screen Rate, then the following provisions shall apply.
- (a) *Determination by the Bank*

The Bank shall use reasonable endeavours to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5.8(b)) and, in either case, will determine an

Adjustment Spread (in accordance with Condition 5.8(c)) and any Benchmark Amendments (in accordance with Condition 5.8(d)).

(b) *Successor Rate or Alternative Rate*

If the Bank determines in good faith that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5.8(c)) subsequently be used in place of the Screen Rate to determine the Rate of Interest for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 5.8); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5.8(c)) subsequently be used in place of the Screen Rate to determine the relevant Rate of Interest for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 5.8).

(c) *Adjustment Spread*

If the Bank determines a Successor Rate or an Alternative Rate in accordance with the foregoing, it will also determine an Adjustment Spread to be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest by reference to such Successor Rate or Alternative Rate (as applicable).

(d) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5.8 and the Bank determines in good faith (A) that amendments to the Conditions (including, without limitation, amendments to the calculation of interest pursuant to Condition 5.6 or the definitions of Business Days, Reference Rate Determination Date, or Screen Rate) are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (B) the terms of the Benchmark Amendments, then the Bank shall, subject to giving notice thereof in accordance with Condition 5.8(e), without any requirement for the consent or approval of Holders, vary the Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 5.8, the Bank shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(e) *Notices, etc.*

The Bank shall notify the Account Manager, the Paying Agent and, in accordance with Condition 16 (*Notices*), the Holders, promptly of any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5.8. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Account Manager of the same, the Bank shall deliver to the Account Manager a certificate signed by two authorised signatories:

- (i) confirming (x) that a Benchmark Event has occurred, (y) the Successor Rate or, as the case may be, the Alternative Rate and, in either case, the applicable Adjustment Spread

and (z) the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5.8; and

- (ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Account Manager shall hold the certificate at its registered office for inspection by Holders and shall be entitled to rely on such certificate (without inquiry and without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and, in either case, the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and (in either case) the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Account Manager's ability to rely on such certificate as aforesaid) be binding on the Bank, the Account Manager, the Paying Agent and the Noteholders.

(f) *Survival of Screen Rate*

Without prejudice to the Bank's obligations under the provisions of this Condition 5.8, the Screen Rate and the fallback provisions provided for in the definition of "Reference Rate", will continue to apply unless and until the Account Manager has been notified of the Successor Rate or the Alternative Rate (as the case may be) and, in either case, the applicable Adjustment Spread and any applicable Benchmark Amendments.

(g) *Regulatory Capital*

Notwithstanding any other provision of this Condition 5.8, no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any Benchmark Amendments be effected, if and to the extent that, in the determination of the Bank, the same could reasonably be expected to prejudice the qualification of the Notes as Additional Tier 1 Capital.

(h) *Fallbacks*

If, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest on the immediately following Reference Rate Determination Date, no Successor Rate or Alternative Rate (as applicable) is determined pursuant to this provision, NIBOR or the Screen Rate (as applicable) will continue to apply for the purposes of determining such Rate of Interest on such Reference Rate Determination Date, with the effect that the fallback provisions provided elsewhere in these Conditions will continue to apply to such determination.

In such circumstances, the Bank will be entitled (but not obliged), at any time thereafter, to elect to re-apply the provisions of this Condition 5.8, *mutatis mutandis*, on one or more occasions until a Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread and any Benchmark Amendments have been determined and notified in accordance with this Condition 5.8 (and, until such determination and notification (if any), the fallback provisions provided elsewhere in these Conditions will continue to apply).

(i) *No liability*

In the absence of bad faith or fraud, the Bank shall have no liability whatsoever to the Noteholders or any other person for any determination made by it in good faith pursuant to this Condition 5.8, and the Noteholders, by acceptance of any Note, waive any and all rights which they may otherwise have against the Bank in respect thereof to the fullest extent permitted by law.

(j) *Definitions*

In this Condition 5.8:

“**Adjustment Spread**” means either (a) a spread (which may be positive, negative or zero), or (b) the formula or methodology for calculating a spread, in either case which is to be applied to the Successor Rate or the Alternative Rate (as the case may be), being the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Screen Rate with the Successor Rate by any Relevant Nominating Body;
- (ii) in the case of an Alternative Rate (or in the case of a Successor Rate where (A) above does not apply), is in customary market usage (or reflects an industry-accepted rate, formula or methodology) in the international debt capital market for transactions which reference the Screen Rate, where such rate has been replaced by the Alternative Rate (or, as the case may be, the Successor Rate); or
- (iii) if no such recommendation or option has been made (or made available) under (i) above and the Bank determines there is no such spread, formula or methodology in customary market usage or which is industry-accepted under (ii) above, the Bank, in its discretion, acting in good faith, determines to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Noteholders;

“**Alternative Rate**” means an alternative benchmark or screen rate which the Bank determines in accordance with this Condition 5.8 has replaced the Screen Rate in customary market usage, or is an industry-accepted rate, in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same currency (NOK) as the Notes;

“**Benchmark Event**” means, with respect to the Screen Rate:

- (A) the Screen Rate ceasing to exist or be published on a permanent or indefinite basis;
- (B) the making of a public statement by the administrator of the Screen Rate (being, as at the Issue Date, *Norske Finansielle Referanser*) that has ceased or will cease to publish the Screen Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Screen Rate);
- (C) the making of a public statement by the supervisor of the administrator of the Screen Rate (being, as at the Issue Date, the Norwegian Central Bank (*Norges Bank*)) that the Screen Rate has been or will be permanently or indefinitely discontinued;
- (D) the making of a public statement by the supervisor of the administrator of the Screen Rate (being, as at the Issue Date, the Norwegian Central Bank (*Norges Bank*)) as a consequence of which the Screen Rate will be prohibited from being used, is no longer (or will no longer be) representative of its underlying market or that its use will be subject to restrictions or adverse consequences, in each case in circumstances where the same shall be applicable to the Notes; or
- (E) it has or will prior to the next Reference Rate Determination Date become unlawful for the Bank, the Account Manager, or the Paying Agent to calculate any payments due to be made to any Holder using the Screen Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable),

provided that in the case of paragraphs (B) to (D) above, the Benchmark Event shall occur on:

- (i) in the case of (B) above, the date of the cessation of the publication of the Screen Rate;
- (ii) in the case of (C) above, the discontinuation of the Screen Rate; or
- (iii) in the case of (D) above, the date on which the Screen Rate is prohibited from use, is deemed no longer to be representative or becomes subject to restrictions or adverse consequences (as applicable),

and not (in any such case) the date of the relevant public statement (unless the date of the relevant public statement coincides with the relevant date in (i), (ii) or (iii) above, as applicable).

**“Relevant Nominating Body”** means, in respect of the Screen Rate:

- (i) the Norwegian Central Bank (*Norges Bank*), or any central bank or other supervisory authority which is responsible for supervising the administrator of NIBOR or the Screen Rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the Norwegian Central Bank (*Norges Bank*), (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of NIBOR or the Screen Rate (as applicable), (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof; and

**“Successor Rate”** means a successor to or replacement of the Screen Rate which is formally recommended by any Relevant Nominating Body.

## 6. Interest Cancellation

- 6.1 *Optional Interest Cancellation:* The Bank may elect at any time, in its sole and full discretion, to cancel (in whole or in part, as applicable) any payment of interest otherwise scheduled to be paid on an Interest Payment Date or any other date.

*The Norwegian FSA may also direct the Bank to exercise its discretion to cancel interest scheduled to be paid on an Interest Payment Date or any other date.*

*In circumstances where section 7 of the August 2014 Regulations applies, no payments (or deemed payments) will be made on the Notes (whether by way of principal, interest, any additional amounts payable under Condition 11, Discretionary Reinstatement or otherwise) if and to the extent that such payment would, when aggregated together with other distributions of the kind referred to in section 7(2) of the August 2014 Regulations, cause the maximum distributable amount (if any), determined in accordance with section 7(3) of the August 2014 Regulations (a “**Maximum Distributable Amount**”) then applicable to any of the Bank, the Bank Group and/or the DNB Group to be exceeded. If leverage-based and/or MREL-based Minimum Distributable Amount restrictions are introduced in Norway and applicable to the Bank in the future, payments on the Notes may also be cancelled (in whole or in part) by the Bank if required to comply with any such applicable restrictions. The Bank expects that it would also use its option to cancel interest in any other circumstances in which it is required to do so under applicable law or regulation.*

- 6.2 *Insufficient Distributable Items:* Payments of interest in respect of the Notes in any financial year (and, if applicable, any additional amounts payable in respect thereof pursuant to Condition 11) shall only be made out of Distributable Items of the Bank. The Bank will cancel any interest otherwise scheduled to be paid on any date if and to the extent that the amount of such interest (together with any additional amounts payable in respect thereof pursuant to Condition 11), when aggregated together with any interest

payments or distributions which have been made or which are required to be paid or made during the then current financial year on all other own funds items of the Bank (excluding any such interest payments or distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in the calculation of Distributable Items), exceeds the amount of Distributable Items of the Bank as at such date.

- 6.3 *Solvency Condition:* Payments of interest will also be cancelled if and to the extent required pursuant to Condition 4.3 (*Solvency Condition*).
- 6.4 *Notice of Interest Cancellation:* The Bank shall give notice to the Holders in accordance with Condition 16 (*Notices*) of any such cancellation of a payment of interest, which notice might be given after the date on which the relevant payment of interest is scheduled to be made, provided that any failure to give any such notice shall not affect the cancellation of the relevant interest payment and shall not constitute a default of the Bank for any purpose. Non-payment of any amount of interest (in whole or in part) scheduled to be paid on any date will constitute evidence of cancellation of the relevant payment (or the relevant part thereof), whether or not notice of cancellation has been given by the Bank.
- 6.5 *Interest non-cumulative; no default:* If the payment of interest scheduled on any date is cancelled, in whole or in part, in accordance with the provisions of Condition 4.3 (*Solvency Condition*), this Condition 6 (*Interest Cancellation*) or Condition 7.1 (*Loss Absorption following a Trigger Event*), the Bank shall not have any obligation to make such interest payment (or the cancelled part thereof) on such date or any time thereafter and the failure to pay such interest (or the cancelled part thereof) shall not constitute a default of the Bank under the Notes or for any purpose.

Any such interest will not accumulate or be payable at any time thereafter, the Bank will not be obliged to (and will not) make any other payment or settlement in any form in lieu thereof, and Holders shall have no right thereto whether in a winding-up of the Bank or otherwise.

## **7. Loss Absorption Following a Trigger Event**

- 7.1 *Loss Absorption Following a Trigger Event:* If at any time the CET1 Ratio of any of the Bank, the Bank Group and/or the DNB Group falls below 5.125 per cent. as determined by:
- (a) (in respect of the CET1 Ratio of the Bank and the Bank Group) the Bank; or
  - (b) (in respect of the CET1 Ratio of the DNB Group) the Parent; or
  - (c) (in respect of the CET1 Ratio of any of the Bank, the Bank Group and/or the DNB Group) the Norwegian FSA (or any agent appointed by the Norwegian FSA for the purpose of making such determination),
- (a “**Trigger Event**”), then the Bank shall immediately notify the Norwegian FSA and, without delay and by no later than one month (or such shorter period as the Norwegian FSA may then require) from the occurrence of the relevant Trigger Event, shall:
- (i) cancel all interest accrued to (but excluding) the Write Down Date (whether or not such interest has become due for payment and including any interest scheduled for payment on the Write Down Date); and
  - (ii) (without the need for the consent of the Holders) reduce the then Outstanding Principal Amount of each Note by the relevant Write Down Amount (such reduction, a “**Write Down**” and “**Written Down**” being construed accordingly).

For the avoidance of doubt, if the cancellation of interest pursuant to Condition 7.1(i) would result in an increase in the CET1 Ratio of the Bank, the Bank Group and/or the DNB Group (as applicable), any such



increase shall be disregarded for the purposes of calculating the Write Down Amount in respect of such Trigger Event.

*In addition to the provisions of “Loss Absorption Following a Trigger Event” above, the Notes may (i) be written down by the shareholders of the Bank or by the Norwegian authorities pursuant to powers granted to them under Chapter 21 sub-chapter I of the Norwegian Act on Financial Institutions and Financial Groups of 10 April 2015 No. 17 (Lov om finansforetak og finanskonsern av 10. april 2015 No. 17) (the “**Financial Institutions Act**”) and (ii) written down or converted to common equity tier 1 items by the Norwegian resolution authorities pursuant to Chapter 20 of the Financial Institutions Act, which implements in Norway the BRRD resolution regime (including, without limitation, the general bail-in tool or the non-viability loss absorption powers applicable to the write-down or conversion of capital instruments, such as the Notes). See Risk Factors – “Risks Related to the Structure of the Notes—The Notes may also be written down under Chapter 21 of the Norwegian Financial Institutions Act” and “ - The Notes may become subject to resolution actions under the Norwegian implementation of BRRD, and may be written down or converted into equity in certain circumstances”.*

7.2 **Write Down Notice:** The Bank shall, as soon as reasonably practicable following the determination that a Trigger Event has occurred, and in any event not more than 5 calendar days following such determination, give notice (which notice shall be irrevocable) to the Holders (the “**Write Down Notice**”) in accordance with Condition 16 (*Notices*) stating:

- (i) that the Trigger Event has occurred;
- (ii) the date on which the Write Down will take effect (the “**Write Down Date**”); and
- (iii) if then determined, the principal amount by which each Note will be Written Down on the Write Down Date.

If the Write Down Amount has not been determined when the Write Down Notice is given, the Bank shall, as soon as reasonably practicable following such determination, notify Holders of the Write Down Amount in accordance with Condition 16 (*Notices*).

Any failure or delay by the Bank in giving any such notice to the Holders referred to under this Condition 7.2 (*Write Down Notice*) will not in any way impact on the effectiveness of, or otherwise invalidate, any Write Down, or give Holders any rights as a result of such failure or delay, and shall not constitute a default by the Bank under the Notes or for any purpose.

7.3 **Loss Absorbing Instruments:** Write Down of the Notes will be effected, save as may otherwise be required by the Norwegian FSA, *pro rata* with (a) the concurrent Write Down of the other Notes; and (b) the concurrent (or substantially concurrent) write-down or conversion into equity, as the case may be, of any Loss Absorbing Instruments (based on the prevailing principal amount of the relevant Loss Absorbing Instrument), provided that:

- (i) with respect to each Loss Absorbing Instrument (if any), such *pro rata* write down or conversion shall only be taken into account to the extent required to restore the relevant CET1 Ratio(s) to the lower of (i) such Loss Absorbing Instrument's trigger level and (ii) 5.125 per cent. (being the level at which a Trigger Event occurs in respect of the Notes); and
- (ii) if for any reason the Bank is unable to effect the concurrent (or substantially concurrent) write-down or conversion of any given Loss Absorbing Instruments within the period required by the Norwegian FSA, the Notes will be Written Down notwithstanding that the relevant Loss Absorbing Instruments are not also written down or converted.

For the avoidance of doubt, to the extent that the Bank is unable to write down or convert any Loss Absorbing Instruments as aforesaid, the Write Down Amount determined in accordance with part (i) of

the definition of “Write Down Amount” will be calculated on the basis that such Loss Absorbing Instruments are not available to be written down or converted, and accordingly the Write Down Amount determined in accordance with that part (i) will be higher than it would otherwise have been if such Loss Absorbing Instruments had been available to be written down or converted.

7.4 *Write Down Amount:* “**Write Down Amount**” means, in respect of any Write Down, the amount by which the then Outstanding Principal Amount of each Note is to be Written Down, being (save as may otherwise be required by Applicable Banking Regulations) the lower of (i) and (ii) below:

- (i) the amount per Note which is determined by the Bank to be necessary (in conjunction with (a) the concurrent Write Down of the other Notes; and (b) the concurrent (or substantially concurrent) write-down or conversion into equity of, or other loss absorption measures taken in respect of, any other Loss Absorbing Instruments, in each case in the manner and to the extent provided in Condition 7.3 (*Loss Absorbing Instruments*)) to restore each of the Bank's, the Bank Group's and/or the DNB Group's (as applicable) CET1 Ratio to at least 5.125 per cent. (and so that the lowest of such CET1 Ratios is equal to (or as near as is practicable equal to but not less than) 5.125 per cent.); and
- (ii) the amount necessary to reduce the Outstanding Principal Amount of each Note to nil.

7.5 *Full Loss Absorbing Instruments:* If, in connection with the Write Down or the calculation of the Write Down Amount, there are outstanding any Loss Absorbing Instruments the terms of which provide that they shall be written down or converted into equity in full and not in part only (“**Full Loss Absorbing Instruments**”) then:

- (i) the requirement that a Write Down of the Notes shall be effected *pro rata* with the write-down or conversion into equity, as the case may be, of any such Loss Absorbing Instruments shall not be construed as requiring the Notes to be Written Down in full simply by virtue of the fact that such Full Loss Absorbing Instruments will be written-down or converted in full; and
- (ii) for the purposes of calculating the Write Down Amount, the Full Loss Absorbing Instruments will be treated (for the purposes only of determining the write-down of principal or conversion into equity, as the case may be, among the Notes and such other Loss Absorbing Instruments on a *pro rata* basis) as if their terms permitted partial write-down or conversion into equity, such that the write-down or conversion into equity of such Full Loss Absorbing Instruments shall be deemed to occur in two concurrent stages: (a) first, the principal amount of such Full Loss Absorbing Instruments shall be written-down or converted into equity *pro rata* with the Notes and all other Loss Absorbing Instruments (in each case subject to and as provided in Condition 7.3) to the extent necessary to restore each of the Bank's, the Bank Group's and/or the DNB Group's (as the case may be) CET1 Ratio to at least 5.125 per cent.; and (b) secondly, the balance (if any) of the principal amount of such Full Loss Absorbing Instruments remaining following (a) shall be written-off or converted into equity, as the case may be, with the effect of increasing the Bank's, the Bank Group's and/or the DNB Group's, as the case may be, CET1 Ratio above the minimum required level under (a) above.

7.6 *Interest accrual:* Following a reduction of the Outstanding Principal Amount of the Notes as described above, interest will accrue on the reduced Outstanding Principal Amount of each Note from (and including) the relevant Write Down Date, and (for the avoidance of doubt) such interest will be subject to Condition 6 (*Interest Cancellation*) and Condition 7.1 (*Loss Absorption following a Trigger Event*).

7.7 *Write Down may occur on one or more occasion; No default:* A Write Down may occur on one or more occasions and accordingly the Notes may be Written Down on one or more occasions (provided however, for the avoidance of doubt, that the principal amount of a Note shall not at any time be reduced to below nil). Any reduction of the Outstanding Principal Amount pursuant to Condition 7 (*Loss Absorption Following a Trigger Event*) shall not constitute a default by the Bank under the Notes or for any purpose.

7.8 *Cancellation not automatic:* If the Outstanding Principal Amount of the Notes is Written Down to nil, the Notes will not be automatically cancelled.

7.9 *Currency:* For the purposes of any calculation in connection with a Write Down or Discretionary Reinstatement of the Notes which necessarily requires the determination of a figure in the Accounting Currency (or in an otherwise consistent manner across obligations denominated in different currencies), including (without limitation) any determination of a Write Down Amount and/or a Maximum Write-up Amount, any relevant obligations (including the Notes) which are not denominated in the Accounting Currency shall, (for the purposes of such calculation only) be deemed notionally to be converted into the Accounting Currency at the foreign exchange rates determined, in the sole discretion of the Bank, to be applicable based on its regulatory reporting requirements under Applicable Banking Regulations.

## **8. Discretionary Reinstatement of the Notes**

8.1 *Discretionary Reinstatement of the Notes:* If, at any time while any Note remains Written Down, each Relevant Entity records a positive Net Profit, the Bank may, in its sole and absolute discretion, increase the Outstanding Principal Amount of the Notes (a “**Discretionary Reinstatement**”) by such amount as the Bank may elect, provided that such Discretionary Reinstatement shall not:

- (i) result in the Outstanding Principal Amount of the Notes being greater than their Original Principal Amount;
- (ii) result in the occurrence of a Trigger Event;
- (iii) result in a breach of the Solvency Condition; or
- (iv) result in the Maximum Write-up Amount to be exceeded when taken together with the aggregate of:
  - (a) any previous Discretionary Reinstatement of the Notes out of the same Relevant Profits since the Reference Date (if any);
  - (b) the aggregate amount of any interest on the Notes that has been paid or calculated (but disregarding any such calculated interest which has been cancelled) since the Reference Date on the basis of an Outstanding Principal Amount that is lower than the Original Principal Amount;
  - (c) the aggregate amount of the increase in principal amount of the Written-Down Additional Tier 1 Instruments to be written-up out of the same Relevant Profits concurrently (or substantially concurrently) with the Discretionary Reinstatement and (if applicable) any previous increase in principal amount out of the same Relevant Profits of such Written-Down Additional Tier 1 Instruments since the Reference Date; and
  - (d) the aggregate amount of any interest on such Written-Down Additional Tier 1 Instruments that have been paid or calculated (but disregarding any such calculated interest which has been cancelled) since the Reference Date on the basis of a prevailing principal amount that is lower than the original principal amount at which such Written-Down Additional Tier 1 Instruments were issued.

*A Discretionary Reinstatement will also not be effected in circumstances in which it would cause any Maximum Distributable Amount then applicable to the Bank, the Bank Group and/or the DNB Group to be exceeded.*

8.2 *Notice of Discretionary Reinstatement:* In the event of a Discretionary Reinstatement in accordance with Condition 8.1 (*Discretionary Reinstatement of the Notes*), the Bank will give notice to Holders in accordance with Condition 16 (*Notices*) not more than ten business days following the day on which it

resolves to effect such Discretionary Reinstatement, which notice shall specify the amount of such Discretionary Reinstatement and the date on which such Discretionary Reinstatement will be effected.

- 8.3 *Write-up of Written-Down Additional Tier 1 Instruments:* Any Discretionary Reinstatement shall be applied concurrently (or substantially concurrently) and *pro rata* with other write-ups to be effected out of the Relevant Profits in respect of any Written-Down Additional Tier 1 Instruments.

The Bank will not reinstate the principal amount of any Written-Down Additional Tier 1 Instrument that have terms permitting a write-up of such principal amount to occur out of the Relevant Profits on a similar basis to that set out in respect of the Notes unless it does so on a *pro rata* basis with a Discretionary Reinstatement of the Notes.

- 8.4 *Interest Accrual:* Following a Discretionary Reinstatement in respect of the Notes, interest will accrue on the increased Outstanding Principal Amount of each Note from (and including) the date on which the relevant Discretionary Reinstatement takes effect, and (for the avoidance of doubt) such interest will be subject to Condition 6 (*Interest Cancellation*) and Condition 7.1 (*Loss Absorption following a Trigger Event*).
- 8.5 *Discretionary Reinstatement may occur on one or more occasions:* A Discretionary Reinstatement may occur on one or more occasions until the Outstanding Principal Amount of the Notes has been reinstated to the Original Principal Amount. Any decision by the Bank to effect or not to effect any Discretionary Reinstatement on any occasion shall not preclude it from effecting or not effecting any Discretionary Reinstatement on any other occasion.

*For the avoidance of doubt, Discretionary Reinstatement shall apply to the Notes only if, and to the extent that, the Notes have been Written Down following the occurrence of a Trigger Event in accordance with the provisions of Condition 7 (Loss Absorption Following a Trigger Event) above. If at any time the Notes are (i) written down pursuant to Chapter 21 sub-chapter I of the Financial Institutions Act or (ii) written down or converted to common equity tier 1 items by the Norwegian resolution authorities pursuant to Chapter 20 of the Financial Institutions Act implementing into Norway the BRRD resolution regime (including, without limitation, the general bail-in tool or the non-viability loss absorption powers applicable to the write-down or conversion of capital instruments, such as the Notes), the principal amount by which the Notes are so written down or converted to equity shall not be reinstated (whether by way of Discretionary Reinstatement or otherwise) in any circumstances, and references in these Conditions to a Discretionary Reinstatement up to (or not exceeding) the Original Principal Amount of the Notes shall be construed as if the Original Principal Amount had been reduced by an amount equal to the principal amount of the Notes written down under Chapter 20 or, as the case may be, Chapter 21 sub-chapter I of the Financial Institutions Act.*

## 9. Redemption and Purchase

- 9.1 *No maturity*: The Notes are perpetual securities and have no fixed date for redemption. The Bank may only redeem the Notes at its discretion in the circumstances described herein. The Notes are not redeemable at the option of the Holders at any time.
- 9.2 *Redemption at the option of the Bank*: The Bank may, at its option (but subject to Condition 9.7 (*Conditions to redemption etc.*)) and to the proviso at the end of this Condition 9.2) and having given not less than 15 nor more than 60 calendar days' notice to the Holders in accordance with Condition 16 (*Notices*) (which notice shall, subject as provided in Condition 9.8 (*Trigger Event following notice of redemption, substitution or variation*)) below, be irrevocable), redeem all (but not some only) of the Notes on the First Call Date or any Interest Payment Date thereafter, at their Redemption Amount; provided, however, that if at any time the Notes have been Written Down pursuant to Condition 7 (*Loss Absorption Following a Trigger Event*), the Bank shall not be entitled to exercise its option under this Condition 9.2 until the principal amount of the Notes so Written Down has been fully reinstated pursuant to Condition 8 (*Discretionary Reinstatement of the Notes*).

*For the avoidance of doubt, the proviso to Condition 9.2 requires the principal amount of the Notes to be reinstated if and to the extent that such principal has been Written Down pursuant to Condition 7. If, at any time, the Notes are (i) written down by the shareholders of the Bank or by the Norwegian authorities pursuant to Chapter 21 sub-chapter 1 of the Financial Institutions Act and/or (ii) written down or converted to common equity tier 1 items by the Norwegian resolution authorities pursuant to Chapter 20 of the Financial Institutions Act implementing in Norway the BRRD resolution regime, such principal amount so written down or converted to equity is not capable of being reinstated under Condition 8, and the Bank shall be entitled to exercise its option under Condition 9.2 (subject as provided therein) notwithstanding that the Outstanding Principal Amount of the Notes is less than their Original Principal Amount by virtue of such write-down under Chapter 20 or, as the case may be, Chapter 21 sub-chapter 1 of the Financial Institutions Act.*

- 9.3 *Redemption upon the occurrence of a Capital Event, a Withholding Tax Event or a Tax Event*: Subject to Condition 9.7 (*Conditions to redemption etc.*), upon the occurrence of a Capital Event, a Withholding Tax Event or a Tax Event, the Bank may, at its option, having given not less than 15 nor more than 60 calendar days' notice to the Holders in accordance with Condition 16 (*Notices*) (which notice shall, subject as provided in Condition 9.8 (*Trigger Event following notice of redemption, substitution or variation*)) below, be irrevocable), redeem all (but not some only) of the Notes on any Interest Payment Date, at their Redemption Amount.

The Bank, having satisfied itself that a Capital Event, a Withholding Tax Event or a Tax Event has occurred, shall notify the Holders in accordance with Condition 16 (*Notices*) of the occurrence of such Capital Event, Withholding Tax Event or Tax Event.

- 9.4 *Purchase*: The Bank or any member of the DNB Group may at any time permitted by applicable law and regulation (but subject to Condition 9.7 (*Conditions to redemption etc.*)) purchase Notes in the open market or otherwise and at any price in accordance with applicable laws and regulations. Such Notes may, subject to applicable law and regulation, be held, reissued, resold or surrendered for cancellation.
- 9.5 *Cancellation*: All Notes which are redeemed, all Notes which are purchased and surrendered for cancellation and all Notes which are substituted pursuant to Condition 9.6 (*Substitution and variation*), will forthwith be cancelled and deleted from the records of VPS and cannot be reissued or resold.
- 9.6 *Substitution and variation*: Subject to Condition 9.7 (*Conditions to redemption etc.*), if a Capital Event, a Withholding Tax Event or a Tax Event has occurred and is continuing, or in order to ensure the effectiveness and enforceability of Condition 20, the Bank may at any time, at its option (without any requirement for the consent or approval of the Holders), having given not less than 15 nor more than 60 calendar days' notice to the Holders (in accordance with Condition 16 (*Notices*)) and the Account Manager, substitute all (but not some only) of the Notes for, or vary the terms of the Notes provided that

they remain or (as appropriate) so that they become, Qualifying Additional Tier 1 Notes (and, in either case, may change the governing law of Condition 20 from English law to Norwegian law).

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Holders can inspect or obtain copies of the new terms and conditions of the Qualifying Additional Tier 1 Notes. Such substitution or variation will be effected without any cost or charge to the Holders.

9.7 *Conditions to redemption etc.:* The Notes may only be redeemed, purchased, cancelled, substituted, varied or modified (as applicable) pursuant to Condition 9.2 (*Redemption at the option of the Bank*), Condition 9.3 (*Redemption upon the occurrence of a Capital Event, a Withholding Tax Event or a Tax Event*), Condition 9.4 (*Purchase*), Condition 9.5 (*Cancellation*) or Condition 9.6 (*Substitution and variation*) or Condition 15 (*Meetings of Holders; Modification*), as the case may be, if:

- (i) the Bank has notified the Norwegian FSA of, and the Norwegian FSA has consented to, such redemption, purchase, cancellation, substitution, variation or modification (as applicable);
- (ii) such redemption, purchase, cancellation, substitution, variation or modification (as applicable) is in accordance with all applicable laws and regulations, including the Applicable Banking Regulations;
- (iii) in respect of a redemption prior to the fifth anniversary of the Issue Date (A) in the case of a redemption of the Notes as a result of a Withholding Tax Event or a Tax Event, the Bank has demonstrated to the satisfaction of the Norwegian FSA that (1) the tax consequences of such event are material and (2) the relevant Change in Law was not reasonably foreseeable as at the Issue Date, or (B) in the case of redemption upon the occurrence of a Capital Event, the Bank has demonstrated to the satisfaction of the Norwegian FSA that the change (or pending change) in the regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date; and
- (iv) in the case of a redemption of the Notes as a result of a Capital Event, a Withholding Tax Event or a Tax Event, or a substitution or variation is being effected in order to ensure the effectiveness and enforceability of Condition 20, the Bank has delivered to the Account Manager (to hold for inspection by any Holder during business hours and upon reasonable notice) (A) a certificate signed by two Directors of the Bank stating that the Bank is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Bank so to redeem have occurred or, as the case may be, that the relevant substitution or variation is being effected in order to ensure the effectiveness and enforceability of Condition 20, and (B) in the case of a redemption of the Notes as result of a Withholding Tax Event or a Tax Event only, the relevant legal opinion referred to in the definition of Withholding Tax Event or Tax Event (as the case may be), which certificate and opinion shall be conclusive and binding on the Holders;

provided that, as regards Conditions 9.7(i) and (iii) above, if, at the time of any redemption, purchase, cancellation, substitution, variation or modification of the Notes, the prevailing Applicable Banking Regulations permit such redemption, purchase, cancellation, substitution, variation or modification only after compliance with one or more additional or alternative preconditions to those set out in Conditions 9.7(i) and (iii) above, the Bank shall comply (in addition or, as the case may be, in the alternative) with such additional and/or alternative precondition(s).

In addition, notwithstanding any other provision of these Conditions, if the Bank has elected to repay the Notes but the Solvency Condition is not satisfied in respect of the relevant payment on the date scheduled for repayment, the relevant repayment notice shall be automatically rescinded and shall be of no force and effect and, accordingly, no repayment of the nominal amount of the Notes or any interest thereon will be due and payable on the scheduled repayment date, and the Notes will continue to remain outstanding on the same basis as if no repayment notice had been given.

9.8 *Trigger Event following notice of redemption, substitution or variation:* If at any time the Bank has given notice that it intends to redeem, substitute or vary the terms of the Notes and, prior to the time of such redemption, substitution or variation, a Trigger Event occurs, the relevant redemption, substitution or variation notice shall be automatically rescinded and shall be of no force and effect. Accordingly, the Notes will not be redeemed, substituted or varied on the proposed date therefor, and instead a Write Down of the Notes will occur in accordance with Condition 7 (*Loss Absorption following a Trigger Event*). The Bank will notify the Holders of such occurrence in accordance with Condition 16 (*Notices*) as soon as reasonably practicable.

9.9 *Notice of redemption following a Trigger Event:* If at any time the Bank has given a Write Down Notice, the Bank shall not subsequently give notice that it intends to redeem the Notes until after the Write Down Date specified in such Write Down Notice shall have passed.

## **10. Payments**

10.1 *Method of payment:* Payments shall be made by credit or transfer to an account in NOK maintained by the payee with, or, at the option of the payee, by a cheque in NOK drawn on, a bank in Oslo. Payments of principal and interest in respect of the Notes will be made to the Holders shown in the records of the VPS in accordance with and subject to the rules and regulations from time to time governing the VPS.

10.2 *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to: (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to Condition 11 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

10.3 *Payments on business days:* If the due date for payment of any amount in respect of any Note is not a Business Day, the Holder shall not be entitled to payment of the amount due until the next succeeding Business Day and shall not be entitled to any further interest or other payment in respect of any such delay.

## **11. Taxation**

11.1 *Gross up:* All payments of principal, interest and any other amounts in respect of the Notes by the Bank will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Norway or any political subdivision or any authority or agency thereof or therein having power to tax unless such withholding or deduction is required by law. In the event of any such withholding or deduction in respect of payments of interest (but not principal or any other amounts) (and subject to Condition 6 (*Interest Cancellation*)), the Bank will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note:

- (i) held by or on behalf of a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Kingdom of Norway other than the mere holding of such Note; or
- (ii) presented for payment more than 30 calendar days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth calendar day assuming that day to have been a Business Day).

11.2 As used herein, the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Holders, on or prior to

such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Holders in accordance with Condition 16 (*Notices*).

## **12. Enforcement**

- 12.1 There are no events of default in respect of the Notes. Holders shall not be entitled at any time to file for liquidation or bankruptcy of the Bank.
- 12.2 If the Bank is liquidated, dissolved or otherwise wound-up by way of public administration, in each case by a court or agency or supervisory authority in the Kingdom of Norway having jurisdiction in respect of the same, the holder of any Note may prove or claim in such proceedings in respect of such Note, such claim being for payment of the Outstanding Principal Amount of such Note at the time of commencement of such winding-up together with any interest accrued and unpaid on such Note (to the extent that the same is not cancelled in accordance with the terms of the Notes) from (and including) the Interest Payment Date immediately preceding commencement of such winding-up and any other amounts payable on such Note (including any damages payable in respect thereof). Such claim shall rank as provided in Condition 4.2 (*Subordination*).
- 12.3 Subject to Condition 12.1 and without prejudice to Condition 12.2, any Holder may, at its discretion and without further notice, institute such proceedings against the Bank as it may think fit to enforce any obligation, condition or provision binding on the Bank under the Notes, provided that the Bank shall not by virtue of the institution of any proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

## **13. Prescription**

The Notes will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

## **14. Agents**

The names of the initial Account Manager and Paying Agent and their initial Specified Offices are set out above.

The Bank is entitled to appoint, vary or terminate the appointment of any Account Manager and/or Paying Agent and/or additional or other Account Managers and/or Paying Agents and approve any change in the Specified Office through which any Account Manager and/or Paying Agent acts, provided that:

- (i) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority there will at all times be a Paying Agent, with a Specified Office in such place as may be required by the rules and regulations of such stock exchange or other relevant authority; and
- (ii) there will at all times be an Account Manager authorised to act as an account operating institution with the VPS.

The Account Manager and Paying Agent act solely as agents of the Bank and do not assume any obligation to, or relationship of agency or trust with, any Holders.

## **15. Meetings of Holders; Modification**

- 15.1 *Meetings of Holders:* Meetings may be convened by the Bank and shall be convened by the Bank if required in writing by Holders holding not less than 5 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding a certificate (dated no earlier than 14 calendar days prior to the meeting) from the VPS (or from the Account Manager) stating that the holder is entered into the records



of the VPS as a Holder and is representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding and providing an undertaking that no transfers or dealing have taken place or will take place in the relevant Notes until the conclusion of the meeting, or at any adjourned meeting one or more persons being or representing Holders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes (including (i) an amendment to any date for payment of interest in respect of the Notes; (ii) a reduction or cancellation in the nominal amount or any other amount payable on redemption of the Notes; (iii) a reduction in the rate of interest in respect of the Notes or a variation in the method of calculating the rate or amount of interest or the basis for calculating any interest amount in respect any Note; (iv) a variation to any basis for calculating the Redemption Amount of any Note; (v) a variation to the currency of payments in respect of the Notes; (vi) modifying the provisions concerning the Write Down and/or Discretionary Reinstatement of the Notes or (vii) certain modifications to the quorum and voting provisions set out under the Meetings Schedule), the quorum shall be one or more persons holding or representing not less than two-thirds in aggregate nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons being Holders whatever the nominal amount of the Notes so held or represented. An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting.

For the purposes of a meeting of Holders, the person named in the certificate from the VPS (or from the Account Manager) described above shall be treated as the holder of the Notes specified in such certificate provided that he has given an undertaking not to transfer the Notes so specified (prior to the close of the meeting).

The provisions for the convening and holding of such meetings of Holders are set out in a Meetings Schedule (the “**Meetings Schedule**”), a copy of which is available to Holders for inspection upon request to the Bank.

15.2 *Modification of Notes:* Without prejudice to any other provision of these Conditions, the Account Manager and the Bank may agree, without the consent of the Holders, to:

- (i) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) to the Notes and/or these Conditions which is not prejudicial to the interests of the Holders;
- (ii) any modification to the Notes and/or these Conditions which is necessary to effect any Benchmark Amendments in the circumstances and as otherwise set out in Condition 5.8; or
- (iii) subject to Condition 9.7 (*Conditions to redemption etc.*), any modification to the Notes and/or these Conditions which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Subject as provided in these Conditions, no other modification may be made to the Notes or these Conditions except with the sanction of an Extraordinary Resolution.

Any such modification shall be binding on the Holders and any such modification shall be notified to the Holders in accordance with Condition 16 (*Notices*) as soon as practicable thereafter.

With respect to Condition 15.2(i) above, the inclusion of a term in the Conditions that prohibits or restricts the Bank’s discretion to cancel payments of interest otherwise scheduled to be paid on an Interest Payment Date following the occurrence of a Capital Event will be treated as a modification which is not prejudicial to the interests of the Holders, provided that the inclusion of such term does not result in the occurrence of a Capital Event, a Withholding Tax Event or a Tax Event.

## 16. Notices

For so long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on the regulated market of Euronext Dublin, notices to Holders will be deemed to have been validly given if published on the website of Euronext Dublin ([www.ise.ie](http://www.ise.ie)) or in such other manner as Euronext Dublin or its rules and regulations may prescribe or accept.

The Bank shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading (which, in the case of the Oslo Stock Exchange, is currently by notice to the Oslo Stock Exchange).

Notices shall also be given in accordance with the procedures of VPS.

## **17. Waiver and Remedies**

No failure to exercise, and no delay in exercising, on the part of the Holder, any right in these Conditions 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. Further Issues**

The Bank shall be at liberty from time to time without the consent of the Holders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single series with the outstanding Notes.

## **19. Governing Law and Submission to Jurisdiction**

- 19.1 The Notes and any non-contractual obligations arising therefrom or in connection therewith are governed by, and shall be construed in accordance with, English law, except that (i) the provisions of Condition 4 (*Status and Subordination*), Condition 7 (*Loss Absorption Following a Trigger Event*), Condition 8 (*Discretionary Reinstatement of the Notes*) and any non-contractual obligations arising therefrom or in connection therewith, (ii) any other write-down or conversion of the Notes in accordance with Norwegian law and regulation applicable to the Bank from time to time and (iii) the provisions of Condition 15.1 (*Meetings of Holders*) relating to bondholder meetings and any non-contractual obligations arising therefrom or in connection therewith, are in each case governed by, and shall be construed in accordance with, the laws of the Kingdom of Norway. The Notes must also comply with the Norwegian Securities Register Act of 5 July 2002 no. 64, as amended or superseded from time to time and the Holders 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 Bank agrees, for the exclusive benefit of the Account Manager, the Paying Agent and the Holders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes (including a dispute relating to any non-contractual obligations arising therefrom or in connection therewith) and that accordingly any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Notes (including any Proceedings relating to any non-contractual obligations arising out of or in connection therewith) may be brought in such courts.
- 19.3 The Bank hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts or the Norwegian courts, as the case may be, shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

- 19.4 Nothing contained in this Condition shall limit any right to take Proceedings against the Bank in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.
- 19.5 The Bank appoints DNB Bank ASA (London Branch) at its registered office for the time being at 8th Floor, The Walbrook Building, 25 Walbrook, London, EC4N 8AF as its agent for service of process, and undertakes that, in the event of DNB Bank ASA (London Branch) ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings.
- 19.6 Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## **20. Contractual Recognition of Norwegian Statutory Loss Absorption Powers**

- 20.1 Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Bank and any Holder (which, for the purposes of this Condition 20, includes each holder of a beneficial interest in the Notes), by its acquisition of any Note, each Holder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:
- (i) the effect of the exercise of any Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise may include and result in (without limitation) any of the following, or a combination thereof:
    - (a) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;
    - (b) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Bank or another person, and the issue to or conferral on the Holder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;
    - (c) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and
    - (d) the amendment or alteration of the duration of the Notes or amendment of the amount of interest payable on the Notes, or the dates on which interest may become payable, including by suspending or cancelling payment for a temporary period; and
  - (ii) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority.

In this Condition 20:

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

**“Relevant Amounts”** means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and additional amounts due on the Notes and any other amounts which may otherwise be or become payable at any time in connection with the Notes. References to such amounts will include

(but are not limited to) amounts that have become due and payable, but which have not been paid, prior to the exercise of any Norwegian Statutory Loss Absorption Powers by the Relevant Resolution Authority; and

“**Relevant Resolution Authority**” means the (or each) resolution authority with the ability to exercise any Norwegian Statutory Loss Absorption Powers in relation to the Bank.

## **21. Rights of Third Parties**

No person shall have any right to enforce any term or Condition in respect of a Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **USE OF PROCEEDS**

The issue of the Notes will form part of the Issuer's capital base and the net proceeds of the issue of the Notes will be applied by the Issuer for its general corporate purposes.

## DESCRIPTION OF THE BANK AND THE DNB GROUP

*In addition to the below, please refer to the information on the Issuer, the Bank Group and the DNB Group in the documents incorporated herein by reference as set out in the “Documents Incorporated by Reference” section above.*

*The financial information contained in this section relating to the three month period ended 31 March 2019 and the financial year ended 31 December 2018 of the Issuer has been extracted from the Issuer’s “First quarter report 2019 (Unaudited)” and the “Annual Report 2018” respectively as incorporated by reference in this Prospectus. Financial information included in the Annual Report 2018 is audited. Financial information contained in the First quarter report 2019 is unaudited.*

### Overview

The Bank Group, which includes the Bank and its subsidiaries, is Norway’s largest bank group as measured by total assets. The Bank offers corporate, retail and investment banking services and products to customers in Norway and internationally. The Bank is the largest company in the DNB Group. As of 31 March 2019, the Bank Group had total assets of NOK 2,471 billion and loans to customers of NOK 1,625 billion, compared to total assets of NOK 2,308 billion and loans to customers of NOK 1,598 billion as of 31 December 2018. The Bank Group’s profit for the three months ended 31 March 2019 was NOK 5.3 billion, compared to NOK 5.4 billion for the corresponding period in 2018, and its profit for the year ended 31 December 2018 was NOK 22.1 billion, compared to NOK 19.8 billion for the previous year.

The Bank Group’s head office is located in Oslo. The Bank is wholly owned by DNB ASA, the holding company of the DNB Group. The DNB Group is Norway’s largest financial services group in terms of total assets with total assets of NOK 2,816 billion as of 31 March 2019 (Source: DNB assessment based on publicly available data). DNB ASA conducts its banking operations through the Bank and offers life insurance and pension saving products, and asset management services through its wholly-owned subsidiaries DNB Livsforsikring AS, and DNB Asset Management, as set forth below in “—Legal Structure of the DNB Group”. DNB’s non-life insurance company, DNB Skadeforsikring AS, was merged with SpareBank 1 Skadeforsikring AS, with effect from 16 January 2019; the new entity is called Fremtind Forsikring AS.

The Group offers a full range of financial services, including loans, savings and investment, payment transfers, advisory services, real estate broking, insurance and pension products for personal and corporate customers. The Bank is among the world’s leading banks within its international priority areas, especially the energy, shipping and seafood sectors. The Bank offers 24/7 customer service and telephone and online banking, and has a physical presence in 19 countries through its branch offices, subsidiaries and representative offices, and throughout Norway through its post offices, in-store postal and banking outlets and its branch offices.

As of 31 March 2019, the DNB Group had approximately 2.1 million private customers, about 221,000 corporate customers and around 1.2 million life and pension insurance customers in Norway.

The Bank wholly owns DNB Boligkreditt, a company which provides loans secured by residential property for up to 75 per cent. of the property’s appraised value. DNB Boligkreditt is licensed to operate as a mortgage institution with the right to issue covered bonds and has a key role in ensuring the DNB Group’s long-term funding.

### History of the Bank

The Bank traces its roots back to 1822, when Norway’s first savings bank, Christiana Sparebank, was founded. The Bank was formed through mergers of several Norwegian banks. The name DnB NOR Bank ASA was adopted in 2003, when DnB Holding ASA and Gjensidige NOR ASA merged. The Bank’s subsidiaries of DNB Holding ASA and Gjensidige NOR ASA, Den norske Bank ASA and Gjensidige NOR Sparebank ASA, respectively, merged on 19 January 2004.

On 11 November 2011, the Bank changed its name from DnB NOR Bank ASA to DNB Bank ASA. On the same date, several other DNB Group companies changed their names, including the holding company of the DNB Group, which changed its name from DnB NOR ASA to DNB ASA.

On 1 October 2012 the merger of the Bank and Nordlandsbanken ASA became effective.

The registered office of the Bank is at Dronning Eufemias gate 30, N-0191 Oslo, Norway and its telephone number is +47 915 04800. The Bank is incorporated as a public limited company (in Norwegian: *allmennaksjeselskap*) under the Norwegian Act on Commercial Banks of 24 May 1961 No. 2 (which was replaced by the Financial Institutions Act from 1 January 2016) with registration number 984 851 006.

### **Recent and Planned Changes**

The Bank Group has observed that almost all of its customers prefer to interact with it via digital channels. Accordingly, the Bank recently implemented extensive measures to adjust its branch structure in Norway to reflect changes in customer behaviour. In parallel, additional resources were allocated to the customer service centre and to the innovation of new digital services, such as expanding the popular 'Vipps' financial transaction mobile wallet application and the 'Spare' savings app.

In mid-February 2017, the Bank entered into an alliance with 105 Norwegian savings banks to cooperate in the development and promotion of Vipps with the aim of it becoming the predominant mobile wallet for the whole of Norway. The Bank teamed up with the SpareBank 1 alliance, the savings banks which are also co-owners of Frende Forsikring, the Eika alliance and Sparebanken Møre as co-owners to establish Vipps as a separate company. This alliance was approved by the Norwegian Competition Authority on 17 March 2017. DNB holds the majority of the shares (approximately 52 per cent.) in the new company, Vipps AS, but does not hold the majority of voting rights. The transaction also required the approval of the Norwegian FSA and the Norwegian Ministry of Finance, which was granted in September 2017. As from end-September 2017, Vipps AS has been incorporated in the financial accounts according to the equity method.

On 17 November 2017, a group of Norwegian banks, including the Bank, Eika and Sparebank 1 Gruppen, announced a preliminary agreement to combine the payment units Vipps, BankAxept and BankID Norge in order to improve their product offering and better place themselves for competition against global tech firms. The merger was registered on 7 July 2018 and the new company VBB AS was established in Oslo with around 100 employees, coming from the three companies.

In August 2016, Nordea Bank AB (publ) and the Bank announced plans to merge their Baltic units. In early March 2017, the parties announced that the Baltic bank would be called Luminor. The merger was granted approval from the regulatory authorities and was completed on 1 October 2017. In September 2018 Nordea Bank AB and the Bank announced that they had agreed to sell a 60 per cent. stake in Luminor to Blackstone private equity consortium. Following the transaction which is expected to be completed in 2019 the Bank's ownership interest in Luminor Group AB will be 20 per cent. Nordea has entered into a forward sale agreement with Blackstone for its remaining 20 per cent. stake expected to be completed over the near to medium term.

The Bank is working continuously to streamline its distribution network and facilitate self-service solutions. The number of active mobile banking users is now approximately 800,000 (as of the first quarter of 2019) and the mobile bank has 600,000 visits daily. As a result of new technology and digital services, the Bank's customers use the Bank in different ways. While the use of digital services has significantly increased in recent years, there has been a prolonged decline in the number of visitors to the Bank's branch offices. According to DNB Markets, 90 per cent. of Norwegian banking customers no longer use branch offices for their daily banking needs. Nine out of ten Norwegians fulfil their banking needs online and an increasing number now use their mobile phone or tablet. Furthermore, changes in customer behaviour are not unique to the personal customer market – corporate customers are also using banks in new ways.

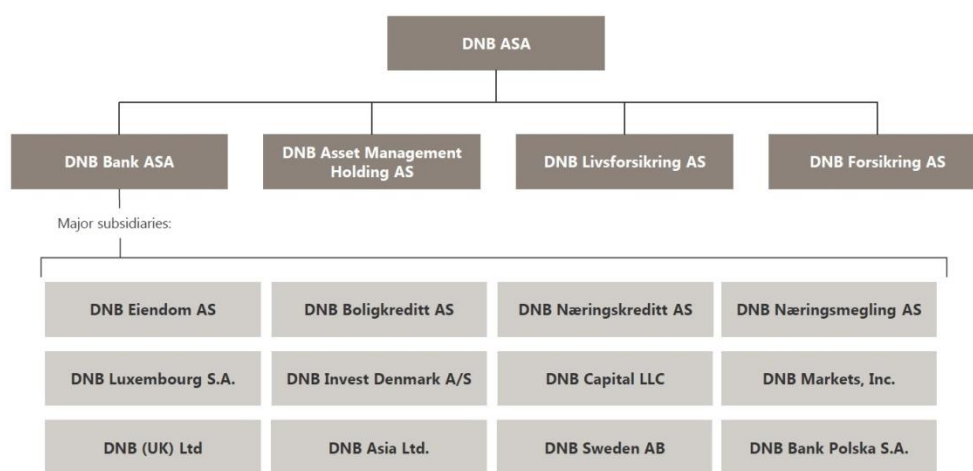
### **Corporate object**

Pursuant to Article 1-2 of the Articles of Association of the Bank, the corporate object of the Bank is to perform all types of business and services that are customary or natural for banks to engage in within the scope of Norwegian legislation in force at any time.

## Legal Structure of the DNB Group

In accordance with the requirements of the Norwegian regulatory authorities, the banking, asset management and insurance activities of the DNB Group are organised as separate limited companies under the holding company DNB ASA. Banking activities are conducted by the Bank and its subsidiaries. All asset management activities are organised under a common holding company, DNB Asset Management. DNB Livsforsikring AS offers life insurance and pension saving products, both products with guaranteed returns and products with a choice of investment profile. DNB's insurance company, DNB Forsikring AS was merged with SpareBank 1 Skadeforsikring AS, with effect from 16 January 2019. The new entity which is called Fremtind Forsikring AS, offers non-life (property and casualty) insurance products as part of a total product package for retail customers and small- and medium-sized companies.

The chart below sets forth the legal structure of the DNB Group as at 31 December 2018:



## Control of the Bank

The Bank is a wholly-owned subsidiary of DNB ASA. DNB ASA is listed on the regulated market of Oslo Børs and is subject to disclosure requirements which ensure adequate transparency of ownership information. In addition, there are statutory measures to prevent abuse of control in place under the Norwegian Public Limited Liability Companies Act and the Financial Institutions Act imposes stricter rules for banks that in practice prevent abuse of ownership and/or control. The Norwegian Ministry of Finance must assess and approve all shareholders that own or acquire a qualified amount (usually 10 per cent. or more) of shares in a financial undertaking.

## Strategy, Vision and Values

The Bank is the main subsidiary of the DNB Group and the Bank's strategy is therefore closely coordinated with the DNB Group's overall strategy.

On 25 September 2017, the DNB Group launched a new strategic platform, which consists of the DNB Group's vision, values and a shared customer value proposition. DNB's overall goal is to create the best possible customer experience and to achieve its financial targets. The new strategic platform identifies four priorities: increasing innovation, capitalising on customer insight, enhancing employee skills and integrating corporate social responsibility in all functions of the DNB Group. The platform shows what should characterise the DNB Group and sets a common direction.

*The Bank's purpose: We are here. So that you can stay ahead.* The Bank has existed for almost 200 years and aims to continue to be a stable and trustworthy partner for customers and society. DNB's new strategy uses



knowledge, customer insight, technology and innovation to seek to improve the daily lives of its customers and, at the same time, to drive development in banking and finance.

*The Bank’s values: Curious, bold and responsible.* The Bank’s values represent the qualities the Bank needs in order to fulfil its purpose, and they describe what is expected from employees and what customers, owners and society can expect from the Bank.

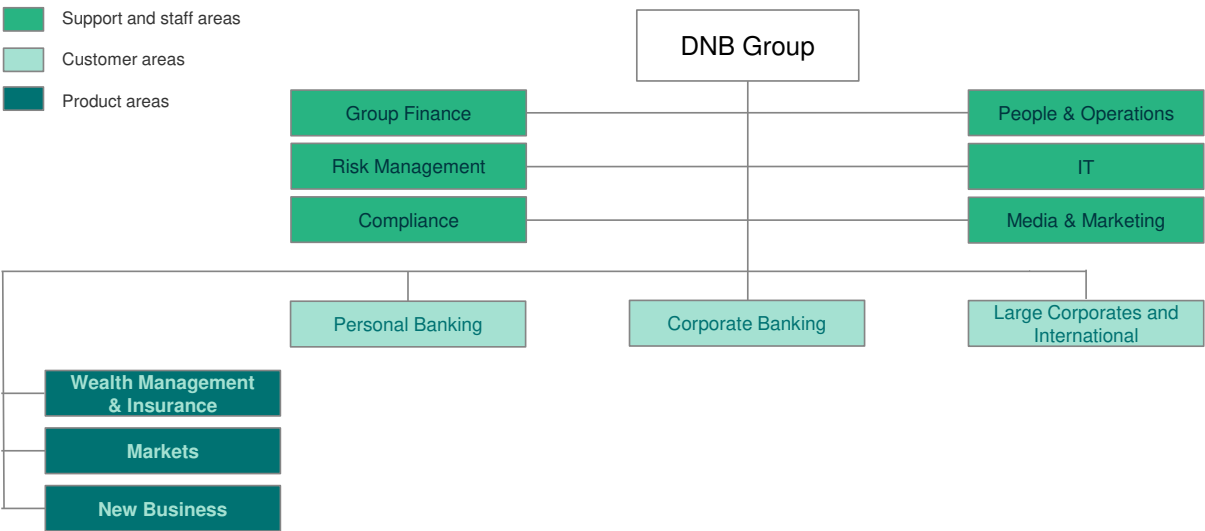
The DNB Group gives priority to long-term value creation for its shareholders and aims to achieve a return on equity, a rate of growth and a market capitalisation which are competitive in relation to its Nordic peers. The Bank is transforming the way it does business through the smarter use of capital, such as investing in capital-light products and reallocating capital, as well as maintaining its competitiveness among debt capital markets, investment grade and high yield issuers in Norway.

**Bank Group and DNB Group Operational Structure**

The Bank Group’s core businesses are retail and corporate banking, which it operates through its Personal Banking, Corporate Banking and Large Corporates and International customer areas, respectively.

The Bank Group also provides investment banking services through DNB Markets and cross-sells certain asset management and life insurance products offered by the Insurance and Asset Management companies, for which the Bank Group receives fee and commission income. The Bank is also a large private settlement bank in Norway. The operational structure of the DNB Group differs from its legal structure. The operational structure is adapted to the DNB Group’s business operations and aims to ensure high-quality customer service and products as well as efficient operations.

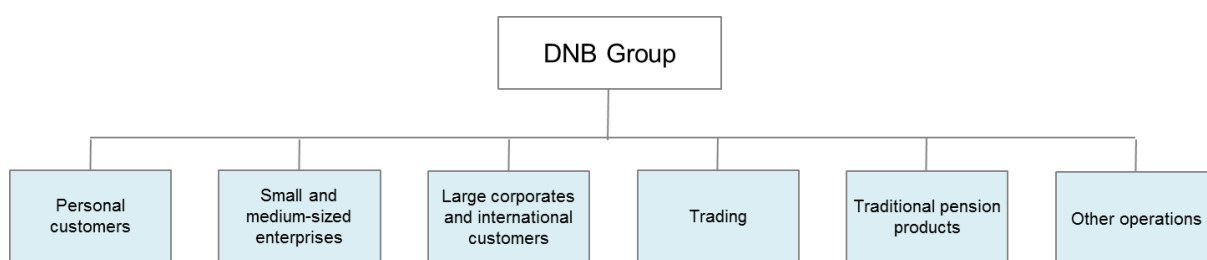
The chart below shows the DNB Group’s operational structure as at the date of this Prospectus:



**DNB Group Reporting Structure – Business Segments**

Financial governance in the DNB Group is adapted to the different segments. The income statements and balance sheets for the segments are presented in accordance with internal financial reporting principles, according to which revenues, costs and capital requirements are allocated to the segments based on a number of assumptions. Reported figures for the different segments thus reflect the DNB Group’s total sales of products and services to the relevant segments. The follow-up of total customer relationships and segment profitability are two important dimensions when making strategic priorities and deciding on where to allocate the DNB Group’s resources.

The chart below shows the DNB Group’s reporting structure as at the date of this Prospectus:



A description of the Bank Group's business segments for financial reporting purposes as of the date of this Prospectus is set out below.

### ***Personal Customers***

This segment includes the Bank Group's 2.1 million personal customers in Norway. The customers are offered a wide range of services through Norway's largest distribution network, comprising branch offices, telephone banking (24/7), digital banking, mobile banking solutions, real estate broking as well as external channels such as post offices and in-store postal outlets.

Personal Customers includes the DNB Group's total sales of products and services to personal customers in Norway, both digital and physical, with the exception of certain fixed interest residential mortgages recorded under Traditional Pension Products, where returns accrue to the policyholders.

Customers' use of digital services is increasing and the Bank is continuing to digitalise its products and services. Further, in response to a higher self-service ratio, a large number of branches have been closed down over the last couple of years. As at 31 December 2018 the Bank had 57 domestic branches.

In the Bank Group's consolidated financial statements, the residential loan portfolio of DNB Boligkreditt is reported as part of Personal Customers. The remaining part of the DNB Boligkreditt business is reported as part of Other operations. Loans to customers booked in DNB Boligkreditt as of 31 December 2018 amounted to NOK 629 billion.

DNB Eiendom AS ("**DNB Eiendom**") is reported within Personal Customers and is Norway's largest real estate broker. The company offers services related to the sale of residential and holiday properties and housing projects, as well as advisory services in connection with the sale of other real estate. In recent years, DNB Eiendom has experienced strong growth in market share and turnover. As of the date of this Prospectus DNB Eiendom has 131 sales offices across Norway.

### ***Small and Medium-Sized Enterprises***

The segment is responsible for product sales and advisory services to small and medium-sized enterprises in Norway. The Bank aspires to be a local bank for the whole of Norway, while offering the products and expertise of a large bank. Customers in this segment range from small businesses and start-up companies to relatively large corporate customers and the product offerings are adapted to the customers' different needs. Small and medium-sized enterprises are served through the Bank Group's physical distribution network throughout Norway as well as digital and telephone banking (24/7). The needs of companies are rapidly becoming more digital. During the last three years, there has been a significant reduction in manual corporate services from branch offices and a majority of all inquiries to the Bank's customer service centre are now being made from digital platforms. Changes in customer behaviour, combined with increasing digitalisation, mean that customers with straightforward needs can be served well and more efficiently through the Bank's digital channels.

For reporting purposes, this segment includes the Bank Group's total sales of products and services to small and medium-sized enterprises in Norway.

### ***Large Corporates and International***

This segment includes the Bank's largest Norwegian corporate customers, public sector and international customers, including all customer segments in Poland.

Large Corporates and International serves large corporate customers in Norway and is responsible for the Bank Group's international operations, including the service of local customers in Poland. Long-term customer relationships based on sound industry and product expertise are key to the success of this business area. International initiatives are based on expertise within the business area's strategic priority areas, which are shipping, energy and seafood.

The Large Corporates and International business area serves Norwegian customers through central customer service departments, financial services and business centres and regional offices in Norway, as well as through the Bank Group's telephone and internet banks. In addition, the Bank Group's corporate clients are offered services internationally through offices and branches in several countries around the world.

### ***Other operations***

With effect from the first quarter of 2018, the Bank Group has changed its reporting segments, as Risk Management, previously reported as "Trading", has been combined with "Other operations".

Various measures implemented by central banks and unexpected international political events contributed to market volatility in 2016. Sound risk management ensured a high level of income from market making and proprietary trading.

### **Litigation**

Due to its extensive operations in Norway and abroad, the Bank Group will regularly be party to a number of legal actions. None of the current disputes are expected to have any material impact on the Bank Group's financial position.

In 2016 the Norwegian Consumer Council filed a class action against DNB Asset Management, a wholly-owned subsidiary of DNB ASA offering asset management services, where it claimed compensation for up to NOK 690 million on behalf of 180,000 investors in three funds managed by DNB Asset Management based on allegations that the funds were charging high fees for active management but were simply tracking an index. On 12 January 2018 the Oslo City Court ruled in favour of DNB Asset Management, rejecting the Norwegian Consumer Council's claim. The verdict was appealed on 12 February 2018, further to which the Norwegian Consumer Council reduced its claim to approximately NOK 431 million. On 9 May 2019 the Borgarting Court of Appeal ruled against DNB Asset Management according the investors a total compensation of approximately NOK 350 million. DNB Asset Management appealed the verdict to the Supreme Court on 7 June 2019. The final outcome of the case is uncertain, and this lawsuit continues to expose the DNB Group to significant liability.

## RISK AND CAPITAL MANAGEMENT

### Risk Management

The ability to manage risk is of crucial importance in the financial service industry and is a prerequisite for value creation over time. The Bank aims to maintain a low risk profile and will only assume risk that is understood and can be monitored. Risk management implies that profitability is considered relative to risk, while ensuring that the DNB Group is secured against unintentional risk. Healthy risk management is based on a strong risk culture, which is characterised by a high level of awareness concerning risk and risk management in the organisation. The DNB Group policy for risk management sets out the principles for all of the DNB Group's risk management activities and defines the ambitions for, attitudes towards and organisation of risk management.

All managers are responsible for risk within their own area of responsibility. Risk is managed through personal authorisations and risk limits. Risk management functions and the development of risk management tools are undertaken by units which are independent of operations in individual business areas.

As an integral part of the DNB Group, the Bank Group is subject to the DNB Group risk management policies as summarised in this section.

### Responsibilities and organisation

Risk management in the DNB Group is based on a model with three lines of defence. Key risk management principles are clear goals and strategies, policies and guidelines, as well as an effective operating structure and transparent reporting.

**The first line of defence** is the operational management's governance and internal control, including processes and activities to reach defined goals relating to operational efficiency, reliable financial reporting and compliance with laws and regulations. The operational management is responsible for all risk associated with the unit's activities and processes. They shall at all times ensure that risk management and risk exposure are within the limits and overarching principles decided by the Board of Directors.

**The second line of defence** represents independent functions which monitor and follow up the operational management's governance and internal control. The functions are established to ensure that the first line of defence is properly designed and functions as intended. The second line of defence is responsible for setting the premises for risk management, for coordination across organisational units and for risk reporting.

**The third line of defence** is Group Audit, which reviews and evaluates group management's overall governance and internal control. Group Audit reviews risk management in the first and second lines of defence, and identifies potential improvements in operations by evaluating risk management and internal control. Group Audit is independent of the Group's executive management and reports to the Board of Directors of DNB ASA.

### *Board of Directors*

The Board of Directors of DNB ASA carries responsibility for ensuring that the Group is adequately capitalised relative to the risk and scope of operations, and that capital requirements stipulated in laws and regulations are met. The Board of Directors of DNB ASA sets long-term targets for the DNB Group's risk profile through the risk appetite framework. The Board of Directors continually monitors the DNB Group's capital situation.

The Board of Directors of DNB ASA annually reviews the DNB Group's principal risk areas and internal control. The review, which is based on reporting from the group chief executive, aims to document the quality of the work performed in key risk areas and to identify any weaknesses and needs for improvement.

The Risk Management Committee monitors the DNB Group's internal control and risk management systems, and makes sure that they function effectively. In addition, the committee advises the Board of Directors with respect to the Group's risk profile, including the current and future risk appetite and strategy. Advice to the Board of

Directors may include strategies for capital and liquidity management, credit risk, market risk, operational risk, risk related to compliance and reputation, as well as other risks within the DNB Group. The committee makes preparations for the Board's monitoring of risk management within the DNB Group, which includes reviewing and assessing group management's risk reporting.

The Audit Committee evaluates the quality of the work performed by DNB Group Audit and the statutory auditors, and shall ensure that the Group has independent and effective external and internal audit procedures, as well as a satisfactory financial reporting in compliance with laws and regulations. The Audit Committee considers and submits a recommendation regarding the choice of statutory auditor for the Group and the statutory auditor's remuneration. The Committee assesses and monitors the independence of the auditor. The committee also supervises the financial reporting process, and reviews the statutory audit of the annual accounts and consolidated accounts. The committee makes preparations for the Board's monitoring of the financial reporting process, and also reviews and assesses the Group's financial reports.

#### *Group chief executive and executive bodies*

The group chief executive is responsible for implementing risk management measures that help achieve targets for operations set by the Board of Directors of DNB ASA, including the development of effective management systems and internal control. The group management meeting is the group chief executive's collegiate body for management at group level. All important decisions concerning risk and capital management will generally be made in consultation with the group management team. Authorisations must be in place for the extension of credit and for position and trading limits in all critical financial areas. All authorisations are personal. Authorisations are determined by the Board of Directors of DNB ASA and the Bank, along with overall limits, and can be delegated in the organisation, though any further delegation must be approved and followed up by the relevant person's immediate superior.

A number of advisory bodies have been established to assist in preparing documentation and implementing monitoring and control within various specialist areas.

### **Group Risk Management**

Group Risk Management is the central, independent risk management unit in DNB Group. The entity is headed by the DNB Group's chief risk officer (the "CRO"), who reports directly to the group chief executive. The CRO sets the premises for risk taking and internal control, and assesses and reports the DNB Group's risk situation. The majority of the DNB Group's risk entities are organised in Group Risk Management, though parts of operative risk management are organised in the business areas.

### **Compliance**

At the end of 2017, Compliance was established as a separate staff area in the DNB Group. The entity is headed by the group executive vice president, who reports directly to the group chief executive. The compliance function is an independent function which identifies, evaluates, advises on, monitors and reports on the DNB Group's compliance risk. All business areas and support units, as well as large subsidiaries and international entities, have a compliance function with responsibility for ensuring compliance with relevant regulations. The compliance functions in international entities and the DNB Group's operations in the Poland report directly to the group executive vice president. The responsibility for ethics in the DNB Group is also organised under the compliance function.

### **Capital Management**

#### *Assessment of risk profile and capital requirements*

Pursuant to the Norwegian Public Limited Liability Companies Act, all companies must at all times have an adequate equity base which takes into account the extent of the company's activities and the risk they involve. Capital adequacy regulations specify a minimum primary capital requirement, which includes credit risk, market

risk and operational risk. In addition to meeting the minimum requirement, the DNB Group must satisfy various buffer requirements. The difference between buffer requirements and minimum requirements lies in the consequences of non-compliance. Non-compliance with minimum requirements could result in the bank being restructured or wound up, while non-compliance with buffer requirements would result in implementing measures to strengthen capitalisation. Non-compliance with buffer requirements will result in restrictions on dividend payments, interest payments on hybrid securities and variable remuneration payments to employees. The Norwegian FSA assesses whether there are any risk elements in the individual institution that are not adequately covered by the basis of calculation for the minimum requirements and the general capital requirements (Pillar 1). These are referred to as the Pillar 2 requirements.

According to the DNB Group's capital strategy and dividend policy, the Group aims to be among the best capitalised financial services groups in the Nordic region based on equal calculation principles. Dividends will be determined based on factors such as the need to maintain satisfactory financial strength and developments in external parameters. The Bank's capitalisation guidelines specify a targeted capitalisation level, the frequency of reviews of the Bank's capital situation and the measurement methods to be used, such as risk-adjusted capital and the use of stress tests. The capitalisation guidelines are reviewed each year based on the Internal Capital Adequacy Assessment Process (the "ICAAP") and feedback from the authorities through SREP.

### ***Stress testing***

Stress testing is an important tool in assessing the capitalisation of the DNB Group and is also used in financial planning. Stress tests are used in the capital planning process in order to determine how changes in the macroeconomic environment will affect the need for capital. The group management team is involved in developing stress tests and considers actions and strategies based on the results.

The Bank took part in the stress tests of European banks in 2011, 2014 and 2016, coordinated by the EBA. The stress tests assess European banks' resilience to severe shocks and losses, such as loan losses, market risk and reductions in net interest income, and the resulting effects on the banks' common equity Tier 1 capital ratios. The Bank also participated in the EBA stress test in the third quarter of 2018 and was described by the EBA as having strong resilience to economic crises compared to its peers tested banks.

The ICAAP stress test assumes a significant deterioration of the macroeconomic situation, and shows how the changed conditions could affect the DNB Group's total risk situation, profit performance and capitalisation. A stress scenario based on relevant risk factors is worked out every year. The scenario is reviewed by the Asset and Liability Committee and approved by the CRO. The stress test uses the Bank's model for risk-adjusted capital to estimate losses.

### ***Risk appetite***

The Board of Directors of DNB ASA sets long-term targets for the DNB Group's risk profile through the risk appetite framework. The risk appetite framework aims to ensure that risk is managed and integrated with the DNB Group's governance processes in a practical, structured, transparent and synchronised manner. The risk appetite framework should provide a holistic and balanced view of the risk in the business. To support the framework a set of governance principles and operational procedures and responsibilities within the DNB Group have been defined. The targeted risk profile will also be reflected in other parts of the risk management framework, including the establishment of authorisations and business limits. The risk appetite framework will be reviewed at least annually. The Board of Directors also regularly reviews risk levels, the framework structure and the reporting of relevant risk categories.

Limits determined on the basis of the DNB Group's risk appetite are put into operation in the DNB Group's business areas and support units. In the DNB Group's governance system, risk appetite is expressed in the form of target figures for selected risk indicators. Monitoring risk indicators that reflect the operations they cover enables the DNB Group to ascertain whether risk remains within the targeted level. Risk indicators will typically be expressed as limits (for quantifiable risk) or qualitative assessments of the risk level. They may not necessarily be expressed by using the same measurement parameters as those used for the DNB Group, though they must support

the same risk types and trends. Continual monitoring of these target figures ensures that the risks that are defined as the most important are also monitored and discussed in the operative parts of the organisation.

### ***Risk categories***

For risk management purposes, the Bank Group distinguishes between the following risk categories:

- *Credit risk (or counterparty risk)* is the risk of financial losses due to failure on the part of the DNB Group's customers (counterparties) to meet their payment obligations towards the DNB Group. Credit risk refers to all claims against customers/counterparties, principally loans, but also obligations related to other approved credits, guarantees, fixed-income securities, undrawn credits and interbank deposits, as well as counterparty risk incurred in connection with derivative trading and settlement.
- *Market risk* is the risk of losses due to unhedged positions in the foreign exchange, interest rate, commodity and equity markets. The risk arises in consequence of fluctuations in profits due to changes in market prices or exchange rates. Market risk includes both risk that arises through ordinary trading activities and risk that arises as part of banking activities and other business operations.
- *Operational risk* is the risk of losses due to deficiencies or errors in internal processes and systems, human errors or external events. Operational risk also includes compliance risk, legal risk, conduct risk and IT risk. Compliance risk is the risk of losses caused by violation of laws and regulations or similar obligations, as well as legal risk, which often arises in connection with the documentation and interpretation of contracts and different legal practices in locations where the DNB Group has operations.
- *Liquidity risk* is the risk that the DNB Group will be unable to meet its obligations as they fall due, and the risk that the DNB Group will be unable to meet its liquidity obligations without a substantial rise in appurtenant costs. Liquidity is vital to financial operations, though this risk category will often be conditional in the respect that it will not materialise until other events give rise to concern regarding the DNB Group's ability to meet its obligations.
- *Business risk* relates to fluctuations in profits due to changes in external factors such as the market situation, government regulations or the loss of income due to a weakened reputation. Reputational risk is often a consequence of other risk categories. The Bank Group's business risk is primarily handled through the strategy process and ongoing efforts to safeguard and improve the Bank Group's reputation. When determining and following up the Bank Group's risk appetite, reputational risk is defined as a separate risk dimension.

In addition to the above-mentioned risk categories the Bank Group is exposed to strategic risk, which can be defined as the risk of a decline in profits if the Bank Group fails to exploit existing strategic opportunities. The Bank Group's strategic risk is not measured or reported individually, but is discussed as part of the annual strategy process.

## MANAGEMENT

### Board of Directors

#### *Responsibilities and organisation*

The Board of Directors establishes, plans and budgets for the Bank's business, remains informed of the Bank's financial position and ensures that the Bank's business, its accounts and the management of its assets and liabilities are subject to adequate control. In order to perform its responsibilities, the Board of Directors must make such inquiries as it considers necessary, and must also supervise the day-to-day management of the Bank and its business in general. In accordance with the Bank's articles of association, the Board of Directors must consist of up to four members, three of whom are elected by the shareholders and one of whom is a representative for the employees. Moreover, the employees have the right to appoint an observer to the Board. Members are elected for terms of up to two years. The Chairman and Vice-chairman are elected separately by the annual general meeting for a term of up to two years. The current Chairman is Olaug Svarva and the current Vice-chairman is Gro Bakstad. At the Annual General Meeting in April 2018, Olaug Svarva took over as chair of DNB Bank's Board of Directors, succeeding Anne Carine Tanum, who held this position for ten years.

Set forth below are details regarding the members of the Bank's Board of Directors:

<b>Name</b>	<b>Current position</b>	<b>Member since</b>	<b>End of current term</b>	<b>Other positions held outside the DNB Group</b>
Olaug Svarva	Chairman	2018	2020	Board Member, Investinor AS
Kim Wahl	Vice-chairman	2013	2021	Chairman of the board, Strømstangen AS Chairman of the board, CEKI AS Chairman of the board, Stiftelsen Voxtra Chairman of the board, Voxtra AS Chair of nomination committee, StrongPoint Board Member, UPM KYMMENE OY
Jens Petter Olsen	Member	2019	2021	-
Lillian Hattrem	Member employee representative	2016	2020	-
Eli Solhaug	Observer - employee representative	2016	2020	-

The business address of the Board of Directors is c/o DNB ASA, Dronning Eufemias gate 30, 0191 Oslo, Norway.

### Board committees

The DNB ASA Board of Directors has established an audit committee, a risk management committee and a compensation committee. The Bank Group's operations are within the purview of these committees.

#### *Audit committee*

The audit committee assists the Board of Directors of the Bank in fulfilling its supervisory responsibilities by, among other things, monitoring the Bank's financial reporting process, the effectiveness of the internal control and risk management systems established by the Board of Directors of the Bank, the Chief Executive Officer (the "CEO") and the Bank's management and the effectiveness of the Bank's internal audit function. The audit committee is further accountable for keeping itself informed as to the statutory audit of the annual and



consolidated accounts and reviewing and monitoring the impartiality and independence of the external auditors and in particular the provision of additional services. In addition, the audit committee is accountable for the guidance and evaluation of the Bank's internal audit function. Members of the audit committee are currently Tore Olaf Rimmereid, Jaan Ivar Semlitsch and Gro Bakstad. The CEO and the Chief Audit Executive are present at meetings with the right to participate in discussions, but without the right to vote. The members of the audit committee are independent of the Bank and the executive management of the Bank.

#### ***Risk Management committee***

The risk management committee monitors the Bank's internal control and risk management systems, as well as the internal audit, and makes sure that they function effectively. In addition, the committee advises the Board of Directors with respect to the Bank's risk profile, including the Bank's current and future risk appetite and strategy. Advice to the Board of Directors may include strategies for capital and liquidity management, credit risk, market risk, operational risk and risk related to compliance and reputation, as well as other risks within the Bank. The committee assists the Board of Directors with risk monitoring and management within the Bank, which includes reviewing and assessing management's risk reporting. The committee's particular focus is on capitalisation (ICAAP), significant changes in models for calculating risk-adjusted capital and risk-adjusted returns, as well as monitoring of risk limits and strategies. The committee consists of four members elected by the Board of Directors for terms of up to two years. The members of the risk management committee are currently Tore Olaf Rimmereid, Jaan Ivar Semlitsch and Gro Bakstad.

#### ***Compensation committee***

The compensation committee is responsible for preparing and presenting proposals on compensation to the Board of Directors. When preparing such proposals, the compensation committee takes into account the long-term interests of shareholders, investors and other stakeholders in the DNB Group. The duties of the compensation committee include preparing proposals regarding the Bank's compensation policy and underlying instructions and guidelines for compensation of the executive officers to be decided by the annual general meeting of shareholders. Furthermore, the committee prepares proposals regarding the compensation of the CEO, other members of the Bank's management as well as the Chief Audit Executive and, based on the proposal by the CEO, of the Group Compliance Officer and the Head of Group Credit Control. The compensation committee follows up annually, as a minimum, on the application of the Bank's compensation policy and underlying instructions through an independent review by the Group Internal Audit as well as an assessment of the Bank's compensation policy and compensation system with the participation of the appropriate DNB Group control functions. The compensation committee also has the duty to monitor annually, evaluate and report to the Board of Directors of the Bank on programmes of variable compensation for members of the Bank's management as well as on the application of the guidelines for compensation of executive officers. At the request of the Board of Directors, the compensation committee also prepares other issues for the consideration of the Board of Directors. Members of the compensation committee are currently Olaug Svarva, Vigdis Mathisen and Karl Christian Agerup. The CEO participates in the meetings, without the right to vote. Further, the CEO does not participate in the consideration of his own employment terms and conditions. The members of the compensation committee are independent of the Bank and the executive management of the Bank. All members are independent of the Bank's major shareholders.

### **Bank Management**

#### ***Responsibilities and organisation***

The Bank's executive management team consists of 13 members. The CEO is appointed at a joint meeting of the Board of Directors and is responsible for the Bank's day-to-day management. Responsibility for the management of the Bank is distributed among the business areas. The table below sets out the name, current position, year of appointment and other positions held outside the DNB Group for each of the members of the executive management team.

<b>Name</b>	<b>Current position</b>	<b>Year of appointment</b>	<b>Other positions held outside the DNB Group</b>
Rune Bjerke*	Chief Executive Officer	2007	<p>Member of corporate assembly, Equinor ASA</p> <p>Member of Council, Stipendienfonds E.ON Ruhrgas</p> <p>Chairman of the board, Doorstep AS</p> <p>Board member, Finansnæringens Servicekontor FNS</p> <p>Board member, Finansnæringens Fellesorganisasjon FNO</p> <p>Board member, FNO Servicekontor</p> <p>Chairman of the board, Vipps AS</p>
Kjerstin Braathen*	Chief Financial Officer	2017	-
Ingjerd Blekeli Spiten	Group executive vice-president Personal Banking	2017	-
Benedicte Schilbred Fasmer	Group executive vice-president  Corporate Banking	2016	<p>Chairman of the board, Oslo Børs VPS Holding ASA</p> <p>Chairman of the board, Oslo Børs ASA</p> <p>Board member, Verdipapirsentralen ASA</p> <p>Board member, UNICEF-komiteen i Norge</p> <p>Member of nomination committee, Lerøy Seafood Group ASA</p> <p>Chairman of the board, Stiftelsen Alvøen Hovedbygning</p> <p>Board member, Vipps AS</p>
Harald Serck-Hanssen	Group executive vice-president  Large Corporations and International	2013	<p>Board member, Toppindustrisenteret AS</p>
Ottar Ertzeid	Group executive vice-president	2003	Deputy chair of the board, Dextra Artes AS

<b>Name</b>	<b>Current position</b>	<b>Year of appointment</b>	<b>Other positions held outside the DNB Group</b>
	DNB Markets		Deputy chair of the board, Verdipapirforetaketenes Sikringsfond Board member, Oslo Børs VPS Holdingstyre Board member, Oslo Børs ASA Chairman of the board, Bankenes Sikringsfond Member of nomination committee, Yara International ASA
Håkon Hansen	Group executive vice-president Wealth Management	2018	
Solveig Hellebust	Group executive vice-president  People & Operations	2009	Chair, Finans Norge Bransjestyre Arbeidsgiver  CEO/deputy member of the board, Guldheim AS
Alf Otterstad	Group executive vice-president IT	2013	-
Thomas Midteide	Group executive vice-president Media & Marketing	2013	-
Rasmus Aage Figenschou	Group executive vice-president  New Business	2017	-
Ida Lerner	Group executive vice-president Risk Management	2017	-
Mirella Wassiluk	Group executive vice-president Compliance	2017	-

*\*As announced by DNB on 13 June 2019, Kjerstin Braathen will on 1 September 2019 take over as new Group Chief Executive from Rune Bjerke, who has notified the Board that he wishes to step down after nearly 13 years in the role.*

The business address for each of the members of the executive management team of the Bank is c/o DNB ASA, Dronning Eufemias gate 30, 0191 Oslo, Norway.

The Bank Group is not aware of any potential conflicts of interest between the duties to the Bank Group of each of the persons listed above under the headings “Board of Directors”, and “Bank Management” and his or her private interests or other duties.

## Shareholders

The Bank is wholly owned by DNB ASA, a publicly traded company on the Oslo Stock Exchange. The following table sets forth as of 31 March 2019 the 20 largest shareholders of DNB ASA, the number of shares held by each shareholder and the percentage of outstanding shares represented by each shareholding:

	Shares in 1,000	Ownership in per cent.
Norwegian Government/Ministry of Trade, Industry and Fisheries	545,485	34.3
DNB Savings Bank Foundation	130,001	8.2
Folketrygdfondet	96,989	6.1
The Vanguard Group	30,374	1.9
BlackRock	30,234	1.9
Fidelity International Limited (FIL)	27,203	1.7
DWS Investment	25,654	1.6
Schroeder Investment	20,088	1.3
Capital World Investors	18,714	1.2
Storebrand Kapitalforvaltning	16,712	1.1
T. Rowe Price	16,193	1.0
Davis Selected Advisers	14,547	0.9
KLP	14,424	0.9
Nordea Funds	12,656	0.8
DNB Asset Management	12,516	0.8
SAFE Investment Company	12,248	0.8
State Street Global Advisors	12,246	0.8
Newton Investment Management	10,767	0.7
Danske Capital (Norway)	10,204	0.6
Polaris Capital Management LLC	10,088	0.6
<b>Total largest shareholders</b>	<b>1,067,342</b>	<b>67.2</b>
Other shareholders	521,142	32.8
<b>Total</b>	<b>1,588,484</b>	<b>100.00</b>

## TAXATION

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

*The following descriptions are general summaries of certain taxation matters based on applicable law and practice currently in effect in the relevant jurisdictions. Nothing in this section constitutes tax, legal or financial advice, and the summaries contained herein are of a general nature and do not cover all aspects of taxation in the relevant jurisdictions that may be relevant to any particular holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications for them of an investment in the Notes.*

### NORWEGIAN TAXATION

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

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

Under present Norwegian law (i) no Norwegian issue tax or stamp duty is payable in connection with the issues of the Notes and (ii) the Notes will not be subject to any Norwegian estate duties.

Persons (both corporate entities and natural persons) considered domiciled in Norway for tax purposes will be subject to Norwegian income tax on interest received in respect of the Notes. At the date of this Prospectus the income tax rate is 23 per cent. Likewise, capital gains or profits realised by such persons on the sale, disposal or redemption of the Notes will be subject to Norwegian taxation.

In October 2015, the Norwegian government issued a white paper describing a tax reform for the period 2016 to 2018, which included a proposal for the introduction of withholding tax on interest payments from Norway. The white paper was discussed in the Norwegian Parliament in May 2016, but no decision to implement such withholding tax was subsequently implemented. In the national budget for 2019 the Norwegian government announced that the Norwegian Ministry of Finance will publish a proposal for the introduction of withholding tax on interest payments from Norway before year-end 2018. However, as at the date of this Prospectus the proposal has not yet been published. As at the date of this Prospectus, it remains uncertain whether or not such proposal will be implemented and, if implemented, the scope of its application. A significant number of existing tax treaties prevent Norway from imposing withholding tax on interest payments, and a re-negotiation of those tax treaties would be required for withholding tax to be applied to interest payments to tax residents in jurisdictions covered by such tax treaties. A withholding tax would however, if implemented, take effect in relation to states with which Norway does not have a tax treaty or where the existing tax treaty does not prevent the introduction of withholding tax.

### IRELAND TAXATION

**THE FOLLOWING IS A SUMMARY BASED ON THE LAWS AND PRACTICES CURRENTLY IN FORCE IN IRELAND OF IRISH WITHHOLDING TAX ON INTEREST AND ADDRESSES THE TAX POSITION OF INVESTORS WHO ARE THE ABSOLUTE BENEFICIAL OWNERS OF THE NOTES. PARTICULAR RULES NOT DISCUSSED BELOW MAY APPLY TO CERTAIN CLASSES OF TAXPAYERS HOLDING NOTES, INCLUDING DEALERS IN SECURITIES AND TRUSTS. THE SUMMARY DOES NOT CONSTITUTE TAX OR LEGAL ADVICE AND THE COMMENTS BELOW ARE OF A GENERAL NATURE ONLY AND IT DOES NOT DISCUSS ALL ASPECTS OF IRISH TAXATION THAT MAY BE RELEVANT TO ANY PARTICULAR HOLDER OF NOTES.**

**PROSPECTIVE INVESTORS IN THE NOTES SHOULD CONSULT THEIR PROFESSIONAL ADVISERS ON THE TAX IMPLICATIONS OF THE PURCHASE, HOLDING, REDEMPTION OR SALE OF THE NOTES AND THE RECEIPT OF PAYMENTS THEREON UNDER THE LAWS OF THEIR COUNTRY OF RESIDENCE, CITIZENSHIP OR DOMICILE.**

**Withholding Tax**

Tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest. The Issuer will not be obliged to withhold Irish income tax from payments of interest on the Notes so long as such payments do not constitute Irish source income. Interest paid on the Notes may be treated as having an Irish source if:

- a) the Issuer is resident in Ireland for tax purposes; or
- b) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which is used to fund the payments on the Notes; or
- c) the Issuer is not resident in Ireland for tax purposes but the register for the Notes is maintained in Ireland or (if the Notes are in bearer form) the Notes are physically held in Ireland.

It is anticipated that, (i) the Issuer is not and will not be resident in Ireland for tax purposes; (ii) the Issuer does not and will not have a branch or permanent establishment in Ireland; (iii) payments under the Notes will not be derived from Irish sources or assets; and (iv) bearer Notes will not be physically located in Ireland and the Issuer will not maintain a register of any registered Notes in Ireland.

**Encashment Tax**

Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) on any interest, dividends or annual payments payable out of or in respect of the stocks, funds, shares or securities of a company not resident in Ireland, where such interest, dividends or annual payments are collected or realised by a bank or encashment agent in Ireland.

Encashment tax does not apply where the holder of the Notes is not resident in Ireland and has made a declaration in the prescribed form to the encashment agent or bank.

**THE PROPOSED FINANCIAL TRANSACTION TAX**

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common financial transaction tax (“**FTT**”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced apply to certain dealings in financial instruments (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional European Union Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## SELLING RESTRICTIONS

DNB Bank ASA is acting as sole manager (the “**Manager**”) in connection with the offering of the Notes.

### Prohibition of sales to EEA Retail Investors

The Manager has agreed that it has not offered, sold or otherwise made available, and will not offer, sell or otherwise make available, any Notes to any retail investor in the European Economic Area. For the purposes of this provision the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
- (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### United Kingdom

The Manager has agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### Norway

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

### United States

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

The Manager has agreed that it will not offer or sell the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (the “**distribution compliance period**”), within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act, and it will send to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements



of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the “**FIEA**”). The Notes will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **General**

No action has been or will be taken in any jurisdiction by the Manager or the Issuer that would or is intended to permit a public offering of the Notes, or possession or distribution of any offering documents or any amendment or supplement thereto or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

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

Prospective investors are also referred to the section headed “*Prohibition on marketing and sales to retail investors*” on page 2 of this Prospectus.

## GENERAL INFORMATION

### 1. Approval, listing and admission to trading

The Central Bank has approved this document as a prospectus for the purposes of Article 5.3 of the Prospectus Directive. Applications have also been made (i) to Euronext Dublin for the Notes to be admitted to trading on the regulated market of Euronext Dublin and to be listed on the Official List and (ii) to the Oslo Stock exchange, *Oslo Børs*, for the Notes to be listed on the regulated market of the Oslo Stock Exchange. The regulated market of Euronext Dublin and the Oslo Stock Exchange are regulated markets for the purposes of Directive 2014/65/EU. The total fees and expenses in connection with the admission of the Notes to trading on the regulated market of Euronext Dublin are expected to be €4,790.

### 2. Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was authorised by a resolution of the Board of Directors passed on 12 December 2018.

### 3. Documents available

For as long as any of the Notes are listed on Euronext Dublin and/or the Oslo Stock Exchange, physical copies of the following documents may be inspected at and will be available, upon request, free of charge, from the registered office of the Issuer and from the specified offices of the Paying Agent (where applicable, with an English translation thereof):

3.1. the constitutional documents of the Issuer;

3.2. this Prospectus and any amendment or supplement hereto (if any, to the extent published after the date hereof);

3.3. the Meetings Schedule referred to in the Terms and Conditions of the Notes;

3.4. the audited consolidated and non-consolidated financial statements of the Issuer for each of the financial years ended 31 December 2018 and 31 December 2017, in each case together with the auditors' report thereon;

3.5. the audited consolidated and non-consolidated financial statements of the Parent for each of the financial years ended 31 December 2018 and 31 December 2017, in each case together with the auditors' report thereon;

3.6. the unaudited consolidated and non-consolidated interim financial statements of the Issuer for the three-month period ended 31 March 2019; and

3.7. the unaudited consolidated and non-consolidated interim financial statements of the Parent for the three-month period ended 31 March 2019.

In addition, this Prospectus will be published on the website of Euronext Dublin ([www.ise.ie](http://www.ise.ie)).

### 4. VPS system

The Notes have been accepted for registration in the VPS and the VPS entities are in charge of keeping the records. The VPS identification number for the Notes is NO0010858749. The address of the VPS is Fred. Olsens gate 1, PO Box 1174 Sentrum, NO-0107 Oslo, Norway.

The Notes will be constituted by their issue in uncertificated, dematerialised book-entry form in the VPS. Legal title to the Notes will be evidenced by book entries in the records of the VPS. On the issue of the Notes, the Issuer will send a letter to the VPS Account Manager (the “**VPS Letter**”), which letter will attach or refer to the Terms and Conditions of the Notes contained in this Prospectus. On delivery of a copy of the VPS

Letter to the VPS and notification to the VPS of the subscribers and their VPS account details by the Manager, the account operator acting on behalf of the Issuer will credit each subscribing account holder with the VPS with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

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

Each person who is for the time being shown in the records of the VPS as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by the VPS as to the nominal amount of such Notes standing to the account of any person shall, save in the case of manifest error, be conclusive and binding for all purposes, including any form of statement or print out of electronic records provided by the VPS in accordance with its usual procedures and in which the holder of a particular nominal amount of such Notes is clearly identified together with the amount of such holding) shall be treated by the Issuer and each paying agent as the holder of such nominal amount of such Notes for all purposes.

The Notes are subject to the procedures in place between the Bank and DNB Bank ASA, Verdipapirservice acting as account manager for the Notes in the VPS.

## **5. Material change**

Since 31 December 2018 there has been no material adverse change in the prospects of the Issuer or the Parent and, since 31 March 2019, there has been no significant change in the financial or trading position of the Issuer, the Bank Group, the Parent or the DNB Group.

## **6. Litigation**

Save as disclosed in “*Description of the Bank and the DNB Group—Litigation*”, neither the Issuer nor any member of the DNB Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Prospectus which may have, or have in such period had, a significant effect on the financial position or profitability of the Issuer, the Bank Group or the DNB Group.

## **7. Independent auditors**

Ernst & Young AS (“**Ernst & Young**”) of Dronning Eufemias gate 6, NO-0191 Oslo, Postboks 1156 Sentrum, NO-0107 Oslo, Norway, audited the financial statements of the Issuer and the Parent in respect of the financial years ended 31 December 2017 and 31 December 2018 without qualification. Ernst & Young is a member of the Norwegian Institute of Public Accountants.

## **8. Listing Agent**

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the listing of the Notes on Euronext Dublin and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the regulated market of Euronext Dublin for the purposes of the Prospectus Directive.

**REGISTERED OFFICE OF THE ISSUER**

**DNB Bank ASA**  
Dronning Eufemias gate 30  
N-0191 Oslo  
Norway

**SOLE MANAGER**

**DNB Bank ASA**  
Dronning Eufemias gate 30  
N-0191 Oslo  
Norway

**ACCOUNT MANAGER**

**DNB Bank ASA, Verdipapirservice**  
Dronning Eufemias gate 30  
N-0191 Oslo  
Norway

**PAYING AGENT**

**DNB Bank ASA**  
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*To the Issuer as to English law*

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*To the Issuer as to Norwegian law*

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Norway

**IRISH LISTING AGENT**

**Arthur Cox Listing Services Limited**  
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Ireland

**AUDITORS**

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