

Summary hybrid instrument termsheet¹

	Features
Issuer	◆ Norwegian bank
Instrument	◆ Hybrid capital instrument
Aggregate Original Principal Amount	◆ NOK[•], being [•] hybrid capital instruments of NOK 500.000 Original Principal Amount each
Maturity	◆ Perpetual
Optional redemption	◆ Redeemable at the option of the Issuer at anytime (subject to approval of the FSA of Norway) ◆ Redemption price: Original Principal Amount
Coupon	◆ Based on Norwegian Government bond rate <ul style="list-style-type: none"> – The Norwegian synthetic 5 year effective Government bond yield, as published by Norges Bank², with a five year lock-in period, or – The Norwegian effective annual yield of Treasury bills, reported as synthetic yields for a maturity of 6 months, as published by Norges Bank³, with a 6 month lock-in period, with a fixed margin of: <ul style="list-style-type: none"> – For a bank in risk class 1: 5.0 percentage points the first four years, 6.0 percentage points in year 5, and 7.0 percentage points in year 6 and thereafter – For a bank in risk class 2: 5.5 percentage points the first four years, 6.5 percentage points in year 5, and 7.5 percentage points in year 6 and thereafter – For a bank in risk class 3: 6.0 percentage points the first four years, 7.0 percentage points in year 5, and 8.0 percentage points in year 6 and thereafter
Cancellation of Coupons	◆ Coupons are non cumulative and payment will not be made in so far as: <ul style="list-style-type: none"> – Insufficient Annual Profit – Issuer's Tier 1 capital ratio or capital adequacy ratio are, or upon payment of Coupons become, less than the sum of the then current minimum regulatory capital requirement plus 0.2% ◆ Coupon payments are compulsory in all other situations and shall be covered until it has either been paid in full or the profit has been exhausted ◆ Following any write-down, Instrument Coupon is paid on written-down amount
Further ongoing loss absorption	◆ Write-down of principal for corporate bank following: <ul style="list-style-type: none"> – Annual loss, after contributed share capital and preference capital from the Norwegian State Finance Fund (NSFF), and pari passu with other hybrid Tier 1 securities – Capital Event, when capital adequacy ratio falls below 8% or Tier 1 capital ratio falls below 5%, then pari passu with contributed share capital and preference capital from NSFF and other hybrid Tier 1 securities ◆ Write-down of principal for savings bank with PCCs following: <ul style="list-style-type: none"> – Annual loss, after contributed PCC capital and preference PCC capital from NSFF, and pari passu with other hybrid Tier 1 securities – Capital Event, when capital adequacy ratio falls below 8% or Tier 1 capital ratio falls below 5%, then pari passu with contributed PCC capital and preference PCC capital from NSFF and other hybrid Tier 1 securities ◆ Instrument is senior to the Savings Bank's Reserve and the Gift Fund in savings banks without PCC capital ◆ Non-reversible write-down of Instrument only after full write-down of share capital / PCC capital / the Savings Bank's Reserve and the Gift Fund ◆ Any other written-down amounts will be reinstated with future profits
Ranking in liquidation	◆ Senior to contributed share capital / contributed PCC capital / the Savings Bank's Reserve and the Gift Fund and preference capital, and pari passu with other Tier 1 securities
Restrictions on common Dividends and other distributions including share buybacks	◆ Distributions on common equity instruments <ul style="list-style-type: none"> – Cannot exceed 50% of Available Distributable Funds – Cannot be paid if Annual Profit is insufficient to pay, in full, Coupons on Instrument and other hybrid Tier 1 securities – Distributions to common equity cannot exceed 50% of Annual Profit (after Coupons on the Instrument and preference share Dividends are paid) ◆ Distributions to common equity for any annual period divided by Book value of equity (net of the Instrument and net of any NSFF preference shares) cannot exceed average interest rate paid on capital contributions made by the NSFF
Voting rights	◆ None
Regulatory treatment	◆ Hybrid Tier 1 capital from NSFF limited to [20%] of Tier 1 capital, total hybrid capital limited to 35%
Governing Law	◆ Norwegian

Notes:

1 Standardised terms represent the main economic features of the instrument. Other terms of the Instrument will be regulated by the standard agreement

2 http://www.norges-bank.no/templates/article_57355.aspx

3 http://www.norges-bank.no/templates/article_57352.aspx