

Summary preference capital termsheet¹

	Features
Issuer	◆ Norwegian bank or holding company of Norwegian bank with listed equity instrument
Instrument	◆ Preference share / Preference PCC
Original Principal Amount	◆ NOK[*], being [*] preference shares / preference PCCs of nominal value NOK[*] each
Maturity	◆ Capital is perpetual
Reference Price	◆ [20] day VWAP per listed share / PCC preceding the issue date ²
Automatic Conversion Price	◆ The Reference Price multiplied by [3/5]
Current Price	◆ [20] day VWAP per listed share / PCC
Optional redemption	<ul style="list-style-type: none"> ◆ Redeemable at the option of the Issuer after year 3 and quarterly thereafter (subject to approval of the FSA of Norway) ◆ Redemption price: Original Principal Amount per instrument multiplied by the Current Price divided by the Reference Price, within: <ul style="list-style-type: none"> – A minimum of 100% and a maximum of [110]% of the Original Principal Amount per share / PCC from the day that is 3 years after the issue date until the day that is 3.5 years after the issue date – A minimum of 105% and a maximum of [115]% of the Original Principal Amount per share / PCC from the day that is 3.5 years after the issue date until the day that is 4.5 years after the issue date – A minimum of 110% and a maximum of [125]% of the Original Principal Amount per share / PCC from the day that is 4.5 years after the issue date
Automatic conversion	<ul style="list-style-type: none"> ◆ The Instruments will be automatically converted into ordinary shares / PCCs at year 5³ ◆ The number of shares / PCCs will be determined at Issue and will be calculated as Original Principal Amount divided by Automatic Conversion Price
Conversion at the option of the Norwegian State Finance Fund (NSFF)	<ul style="list-style-type: none"> ◆ Option to convert into ordinary shares / PCCs if the Instrument represents 50% or more of Book Equity (being common equity / ordinary PCC capital, including the Instrument) and /or the Instrument as a proportion of Book Equity has increased by more than 33% since launch ◆ The number of preference shares / preference PCCs to be converted into ordinary shares / PCCs is calculated as Original Principal Amount divided by Current Price. Conversion at Current Price floored at Automatic Conversion Price
Dividend	<ul style="list-style-type: none"> ◆ 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 Bank⁴, 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 Bank⁵, 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: 6.0 percentage points – For a bank in risk class 2: 6.5 percentage points – For a bank in risk class 3: 7.0 percentage points
Cancellation of Dividend	<ul style="list-style-type: none"> ◆ Dividends are non cumulative and payment will not be made in so far as: <ul style="list-style-type: none"> – Insufficient Annual Profit – Not permitted by relevant company law provisions – Issuer's Tier 1 capital ratio or capital adequacy ratio are, or upon payment of Dividends become, less than the sum of the then current minimum regulatory capital requirement plus 0.2% ◆ Dividend 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 Dividend is paid on written-down amount

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 If the share / PCC has not been traded over the last 20 trading days, other methods will be considered

3 In accordance with Norwegian regulation, conversion will be achieved by a 1:1 share exchange between preference shares / PCCs and ordinary shares / PCCs. At automatic conversion the number of preference shares / PCCs to be converted is calculated as Original Principal Amount / Automatic Conversion Price. Any exceeding shares will be returned to the bank

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

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

Summary preference capital termsheet

Features

Further ongoing loss absorption	<ul style="list-style-type: none"> ◆ Write-down of principal of Instruments for listed corporate banks following: <ul style="list-style-type: none"> – Annual loss recognised in the annual accounts, after exhausting distributable reserves and share premium account, and pari passu with contributed share capital ◆ Write-down of principal of Instruments for savings banks with PCCs following: <ul style="list-style-type: none"> – Annual loss recognised in the annual accounts, after exhausting the Equalisation Fund, the Premium Fund, the Savings Bank's reserve and the Gift Fund, pari passu with contributed PCC capital
Ranking in liquidation	<ul style="list-style-type: none"> ◆ Pari passu with contributed share / PCC capital
Restrictions on common dividends and other distributions including share buybacks	<ul style="list-style-type: none"> ◆ Distributions on common equity / PCC instruments <ul style="list-style-type: none"> – Cannot exceed 50% of Available Distributable Funds – Cannot be paid if Instrument dividends and any hybrid Tier 1 coupons are not paid in full – Distributions to common equity / PCC cannot exceed 50% of Annual Profits distributed to common shareholders / PCC (after preference share dividends and coupons on hybrid capital are paid) ◆ Distributions for any annual period divided by Book value of equity (net of the Instrument and net of any hybrid Tier 1 instruments) cannot be higher than average annual interest rate paid on capital contribution made by the NSFF
Voting rights	<ul style="list-style-type: none"> ◆ None
Pre-emption rights	<ul style="list-style-type: none"> ◆ Pre-emption rights to new preference shares / PCC and new ordinary shares / PCCs
Adjustment of redemption and conversion price	<ul style="list-style-type: none"> ◆ Redemption price and conversion price will be adjusted for share split, reverse share split and bonus issue in accordance with market practice for convertible instruments issued in the Norwegian market
Regulatory treatment	<ul style="list-style-type: none"> ◆ Tier 1 capital without limitation (core Tier 1 capital)
Governing Law	<ul style="list-style-type: none"> ◆ Norwegian