



Sparebanken Vest Boligkreditt AS

(incorporated in Norway)

€8,000,000,000

Covered Bond Programme

Under this €8 billion Covered Bond Programme (the “**Programme**”), Sparebanken Vest Boligkreditt AS (the “**Issuer**”) may from time to time issue covered bonds issued in accordance with Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions, Chapter 2, Sub-Chapter IV and appurtenant regulations (“**Covered Bonds**” which expression shall include VPS Covered Bonds) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Covered Bonds may be issued in bearer form (“**Bearer Covered Bonds**”), registered form (“**Registered Covered Bonds**”) or uncertificated book-entry form cleared through the Norwegian Central Securities Depository, the VPS ASA (the “**VPS Covered Bonds**” and the “**Verdipapirsentralen**” or “**VPS**”, respectively).

The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed €8 billion (or its equivalent in other currencies calculated as described herein). A description of the restrictions applicable at the date of this Base Prospectus relating to the maturity of certain Covered Bonds is set out in “Overview of the Programme — Maturities”.

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

Application has been made to the *Commission de Surveillance du Secteur Financier* (the “**CSSF**”) in its capacity as competent authority under the Luxembourg Act dated 10th July, 2005 relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) for the approval of this document as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “**Prospectus Directive**”). The CSSF assumes no responsibility as to the economic and financial soundness of the transactions contemplated by this Prospectus and the quality or solvency of the Issuer in accordance with Article 7 (7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Covered Bonds issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to trading on the Luxembourg Stock Exchange’s regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. References in this Prospectus to Covered Bonds being “**listed**” (and all related references) shall mean that such Covered Bonds are intended to be admitted to trading on the Luxembourg Stock Exchange’s regulated market and are intended to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange’s regulated market is a regulated market for the purposes of Directive 2004/39/EC (the “**Markets in Financial Instruments Directive**”).

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

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

The Covered Bonds issued under the Programme are expected to be assigned an “AAA” rating by Fitch Ratings Limited (“**Fitch**”), and “Aaa” rating by Moody’s Investors Service Limited (“**Moody’s**”). Fitch and Moody’s are established in the European Union and are registered under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”). As such, Fitch and Moody’s are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by Fitch or Moody’s. The Issuer may also issue Covered Bonds which are either unrated, or rated below “AAA” by Fitch and/or “Aaa” by Moody’s. Details of the ratings of the rating of certain Series of Covered Bonds to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to a relevant Series of Covered Bonds will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

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

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

Arranger

HSBC

Dealers

Barclays

Danske Bank

HSBC

Nordea

Commerzbank

Deutsche Bank

Morgan Stanley

UniCredit Bank

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

The Issuer (the “Responsible Person”) accepts responsibility for the information contained in this Base 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 Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

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

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Arranger as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Programme or the Covered Bonds or their distribution. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer under the Programme.

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

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

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

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

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

In the case of any Covered Bonds which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Covered Bonds).

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

The Bearer Covered Bonds of each Tranche will initially be represented by a temporary global Covered Bond in bearer form (a “Temporary Bearer Global Covered Bond”) which will (i) if the global Covered Bonds are intended to be issued in new global Covered Bond (“NGCB”) form, as specified in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the “Common Safekeeper”) for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, societe anonyme (“Clearstream, Luxembourg”); and (ii) if the global Covered Bonds are not intended to be issued in NGCB form, be delivered on or prior to the original issue date of the Tranche to a common depository (the “Common Depository”) for Euroclear and Clearstream, Luxembourg. The Temporary Bearer Global Covered Bond will be exchangeable, as specified in the applicable Final Terms, for either a permanent global Covered Bond in bearer form (a “Permanent Bearer Global Covered Bond”) or, in certain limited circumstances, Bearer Covered Bonds in definitive form, in each case upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations.

The applicable Final Terms will specify that a Permanent Bearer Global Covered Bond either (i) is exchangeable (in whole but not in part) for definitive Covered Bonds upon not less than 60 days' notice or (ii) is only exchangeable (in whole but not in part) for definitive Covered Bonds following the occurrence of an Exchange Event (as defined under "Form of the Covered Bonds"), all as further described in "Form of the Covered Bonds" below. Bearer Covered Bonds are subject to US tax law requirements, and, subject to certain exceptions, may not be offered, resold or delivered within the United States to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder). See "Subscription and Sale" below.

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

Registered Covered Bonds may be offered and sold in the United States exclusively to persons reasonably believed by the Dealers to qualify as QIBs (as defined herein). Each U.S. purchaser of Registered Covered Bonds is hereby notified that the offer and sale of any Registered Covered Bonds to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. To permit compliance with Rule 144A under the Securities Act in connection with the resales of Registered Covered Bonds, the Issuer is required to furnish, upon request of a holder of a Registered Covered Bond and a prospective purchaser designated by such holder, the information required to be delivered under Rule 144A(d)(4) under the Securities Act. Registered Covered Bonds are not transferable to other holders within the United States except upon satisfaction of certain conditions as described under "Subscription and Sale".

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

be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

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

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

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

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SUPPLEMENT TO THE PROSPECTUS

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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

- (a) the audited annual financial statements of the Issuer for the financial years ended 31 December 2011, 31 December 2010 and 31 December 2009, prepared in accordance with the International Financial Reporting Standards, including the information set out at the following pages of the Issuer's 'Annual Report 2011', 'Annual Report 2010' and 'Annual Report 2009':

<i>Information</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
Profit and loss accounts	8	6	6
Balance sheets	9	7	7
Cashflow statements	10	8	8
Equity movements	11	9	8
Accounting policies and explanatory notes	12-32	9-22	9-24
Auditors' report	34-35	24-25	25

- (b) the unaudited preliminary consolidated financial statements of the Issuer as at, and for the period ended, up to 30 September 2011, prepared in accordance with the International Financial Reporting Standards, including the information set out in the following pages of the Issuer's quarterly reports for 2011:

<i>Information</i>	<i>Q1 2011</i>	<i>Q2 2011</i>	<i>Q3 2011</i>
Income statements	2	2	2
Balance sheets	3	3	3
Cashflow statements	4	4	4
Equity Movements	4	4	4
Accounting policies and explanatory notes	5-10	5-10	5-10

- (c) the audited annual financial statements of Sparebanken Vest for each of the financial years ended 31 December 2010, 31 December 2009 and 31 December 2008, prepared in accordance with the International Financial Reporting Standards, including the information set out at the following pages of Sparebanken Vest's 'Annual Report 2010', 'Annual Report 2009' and 'Annual Report 2008':

<i>Information</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>
Profit and loss accounts	24	22	86
Balance sheets	25	23	87
Cashflow statements	27	25	89
Equity movements	28	26	90
Accounting policies and explanatory notes	29-85	28-83	91-141
Auditors' report	86-87	84	144

- (d) the unaudited interim preliminary consolidated financial statements of Sparebanken Vest as at, and for the period ended, up to 31 December 2011, prepared in accordance with the International Financial Reporting Standards, including the information set out in the following pages of Sparebanken Vest's quarterly reports for 2011:

<i>Information</i>	<i>Q1 2011</i>	<i>Q2 2011</i>	<i>Q3 2011</i>	<i>Q4 2011</i>
Income statements	8	8	9	11
Balance sheets	9	9	10	12
Cashflow statements	10	10	11	13
Equity movements	11	11	12	14
Accounting policies and explanatory notes	11-19	11-19	12-20	14-23

- (e) the sections entitled "Terms and Conditions of the Covered Bonds" and "Terms and Conditions of the VPS Covered Bonds" set out in the prospectuses dated 9 March 2011 (on pages 51 to 99 inclusive), 23 February 2010 (on pages 49 to 97 inclusive) and 17 November 2008 (on pages 48 to 95 inclusive) (for the avoidance of doubt, the applicable Final Terms for a Series or Tranche of Covered Bonds will indicate the Terms and Conditions applicable to such Series or Tranche and unless otherwise indicated in the applicable Final Terms, the Terms and Conditions of all Covered Bonds issued after the date hereof shall be those set out in full in this Prospectus. The remaining portions of the prospectuses dated 9 March 2011, 23 February 2010 and 17 November 2008 are not relevant for prospective investors.)

The annual and interim financial statements incorporated by reference herein can be viewed online at www.spv.no and will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any information not listed in the cross reference list but included in the documents incorporated by reference is given for information purposes only.

OVERVIEW OF THE PROGRAMME

The following is a brief overview only and should be read in conjunction with the rest of this Base Prospectus and, in relation to any Covered Bond, in conjunction with the applicable Final Terms and, to the extent applicable, the Terms and Conditions of the Covered Bonds set out herein. Any decision to invest in the Covered Bonds should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference.

Information relating to the Issuer

Description of the Issuer

Sparebanken Vest Boligkreditt AS, a limited company incorporated under the laws of the Kingdom of Norway as a finance company on 22 May 2008 with registration number 990710691. The registered office of the Issuer is at Kaigaten 4, 5016 Bergen, Norway. On 14 February 2008, the Issuer was granted licence to operate as a mortgage credit institution by the Norwegian Financial Supervisory Authority (the “**NFSA**”).

Business of the Issuer

The Issuer specialises in mortgage lending in Norway. The Issuer is incorporated and domiciled in Norway and is a member of the Sparebanken Vest group (the “**Sparebanken Vest Group**”).

Description of Sparebanken Vest Group

Sparebanken Vest Group is an independent banking and financial services group based in Bergen in the Kingdom of Norway. Sparebanken Vest Group is the second oldest savings bank in Norway and was established in 1823.

Information relating to the Programme

Description

Covered Bond Programme

Arranger

HSBC Bank plc

Dealers

Barclays Bank PLC
Commerzbank Aktiengesellschaft
Danske Bank A/S
Deutsche Bank Aktiengesellschaft
HSBC Bank plc
Morgan Stanley & Co. International plc
Nordea Bank Danmark A/S
UniCredit Bank AG

Fiscal Agent

Deutsche Bank AG, London Branch

VPS Trustee

Norsk Tillitsmann ASA

VPS Agent

Sparebanken Vest

Registrar

Deutsche Bank Luxembourg S.A. and/or Deutsche Bank Trust Company Americas

Transfer Agent

Deutsche Bank Luxembourg S.A. and/or Deutsche Bank Trust Company Americas

Size

Up to €8 billion (or its equivalent in other currencies calculated as described in “General Description of the Programme”)

	<p>outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.</p>
Distribution	<p>Covered Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.</p>
Currencies	<p>Euro, Sterling, U.S. dollars, Yen, Norwegian Kroner and, subject to any applicable legal or regulatory restrictions and any applicable reporting requirements, any other currency agreed between the Issuer and the relevant Dealer (each a “Specified Currency”).</p>
Redenomination	<p>The applicable Final Terms may provide that certain Covered Bonds may be redenominated in euro.</p>
Maturities	<p>Subject to compliance with all relevant laws, regulations and directives, any maturity as agreed between the Issuer and the relevant Dealer(s).</p>
Issue Price	<p>Covered Bonds may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.</p>
Form of Covered Bonds	<p>The Covered Bonds will be issued in bearer form, registered form or, in the case of VPS Covered Bonds, uncertificated book-entry form, as described in “Form of the Covered Bonds” below. VPS Covered Bonds will not be evidenced by any physical covered bond or document of title. Entitlements to VPS Covered Bonds will be evidenced by the crediting of VPS Covered Bonds to accounts with the VPS.</p>
Status of the Covered Bonds	<p>The Covered Bonds are unsubordinated obligations issued in accordance with Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions, Chapter 2, Sub-chapter IV and appurtenant regulations of Norway (the “Financial Institutions Act”) and rank <i>pari passu</i> among themselves and with all other obligations of the Issuer that have been provided the same priority as debt instruments issued pursuant to the Financial Institutions Act. To the extent that claims in relation to the Covered Bonds and related derivative agreements are not met out of the assets of the Issuer that are covered in accordance with the Financial Institutions Act, the residual claims will rank <i>pari passu</i> with the unsecured and unsubordinated obligations of the Issuer. In the event of the Issuer’s bankruptcy, the costs of such bankruptcy will rank ahead of a claim for payment of the Covered Bonds. See also “Summary of Norwegian Legislation relating to Covered Bonds”.</p>
Fixed Rate Covered Bonds	<p>Covered Bonds may provide for interest based on a fixed rate (“Fixed Rate Covered Bonds”). Interest will be payable on Fixed Rate Covered Bonds on such date or dates as may be</p>

Floating Rate Covered Bonds

agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms) and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s).

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

- (i) on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds of the relevant Series); or
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Final Terms.

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

Index Linked Covered Bonds

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

Partly Paid Covered Bonds

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

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

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

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

Dual Currency Covered Bonds

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

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

Zero Coupon Covered Bonds

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

Redemption

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

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

Extended Maturity Date

The applicable Final Terms may provide that an Extended Maturity Date applies to each Series of Covered Bonds.

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

As regards interest on Covered Bonds to which an Extended Maturity Date so applies, if the Issuer fails to redeem the

relevant Covered Bonds in full on the Maturity Date (or within two Business Days thereafter), the Covered Bonds will bear interest on the principal amount outstanding of the Covered Bonds from (and including) the Maturity Date to (but excluding) the earlier of the Interest Payment Date after the Maturity Date on which the Covered Bonds are redeemed in full or the Extended Maturity Date and will be payable in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date in arrear or as otherwise provided for in the applicable Final Terms on each Interest Payment Date after the Maturity Date at the rate provided for in the applicable Final Terms.

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

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

as set out in the applicable Final Terms.

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

Denomination of Covered Bonds

Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms save that the minimum denomination of each Covered Bond admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency at the time of issue) or such other amount as may be allowed or required from time to time by the relevant regulatory authority or any laws or regulations applicable to the relevant Specified Currency.

Taxation

All payments in respect of the Covered Bonds will be made

without deduction for or on account of withholding taxes imposed within the Kingdom of Norway, subject as provided in Condition 6 (Taxation).

Over-collateralisation

Pursuant to the Financial Institutions Act, the Issuer is required to ensure that the prudent market value (determined in accordance with the Financial Institutions Act) of the Cover Pool does not at any time fall below the aggregate outstanding principal amount of all Covered Bonds issued under the Programme and any other mortgage covered bonds of the Issuer in issue at such time.

Negative Pledge

The Covered Bonds will not contain a negative pledge provision.

Cross Default and other Events of Default

The Covered Bonds will not contain a cross-default provision or any other events of default entitling holders of Covered Bonds to demand immediate redemption.

Approval, Listing and Admission to Trading

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

Applications may be made to list VPS Covered Bonds on the Oslo Stock Exchange or on the Alternative Bond Market operated by Oslo Børs. Any such applications will be in accordance with applicable laws and regulations governing the listing of VPS Covered Bonds on the Oslo Stock Exchange or on the Alternative Bond Market from time to time.

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

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

Governing Law

The Covered Bonds and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law, except that the provisions of the Covered Bonds under (in the case of Covered Bonds other than VPS Covered Bonds) Condition 2 and (in the case of VPS Covered Bonds) VPS Condition 2 will be governed by, and construed in accordance with, Norwegian law.

VPS Covered Bonds must comply with the Norwegian Securities Register Act of 5 July 2002 no. 64, as amended from time to time and the holders of VPS Covered Bonds will be entitled to the rights and are subject to the obligations and liabilities which arise under this Act and any related regulations and legislation.

Selling Restrictions

There are selling restrictions on the offer, sale and transfer of the Covered Bonds in the United States, the European Economic Area (including the United Kingdom and Norway) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Covered Bonds.

See “Subscription and Sale” below.

United States Selling Restrictions

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

Risk Factors

There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Covered Bonds issued under the Programme. These are set out under “Risk Factors” on page 17.

RISK FACTORS

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

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

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

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

Economic activity in Norway

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

Financial instruments issued by the Kingdom of Norway are rated "AAA" by S&P, "Aaa" by Moody's and "AAA" by Fitch. Norway has relatively strong public finances and macroeconomic fundamentals (for example a competitive export sector, a high level of investment in natural resources such as oil and gas, a low unemployment rate (currently 2.8 per cent.) and a moderate rate of inflation. Interest rates in Norway have been historically low during the financial turmoil but the central bank has increased the interest rates several times due to increased activity in the Norwegian economy. The creditworthiness of Norway is further supported by financial assets accumulated through investing the revenues arising from oil and gas extraction, a well educated labour force and a high standard of living.

Risks relating to the Norwegian mortgage market

The financial position of many households in Norway has improved considerably in recent years. Incomes have generally grown and house prices have recovered from the drop experienced during late 2008. Relatively low interest rates and a strong increase in disposable income have reduced the financial strain on most households and led to a continued strong growth in demand for loans, especially in the residential mortgage market. Strong growth in levels of indebtedness has increased the potential financial vulnerability of some mortgage borrowers, especially some of the young and/or low-income households. Furthermore, the prevailing high activity levels in the building of new homes could affect the price level of the existing buildings. Norwegian customers prefer floating rate mortgages and increased interest rates could affect the

liquidity situation of some borrowers. The Issuer takes into account (among other factors) a possible point increase in interest rates when calculating each customer's ability to meet payment obligations in respect of a mortgage loan.

Competition

The Sparebanken Vest Group faces intense competition in the residential mortgage market in Norway, primarily from financial institutions based in Norway and the Nordic region. Some of the Sparebanken Vest Group's competitors may be larger and better capitalised. The Sparebanken Vest Group may face pricing pressure in certain areas of its operations in the future as competitors seek to obtain market shares by reducing prices or offering new services at low prices. The Norwegian banking market in particular has witnessed intensifying competition, which has resulted in narrower lending spreads. While the Issuer believes the Sparebanken Vest Group is positioned to compete effectively with these competitors, there can be no assurance that existing or increased competition will not adversely affect the Sparebanken Vest Group and the Issuer. The demand for the Sparebanken Vest Group's products is also dependant on levels of customer confidence, prevailing market rates and other factors that have an influence on the customers' economic situation.

Business risk factors

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

Risks relating to the Issuer's collateral

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

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

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

Covered Bonds are obligations of the Issuer only

The Covered Bonds will constitute obligations of the Issuer which have the benefit of a statutory preference under Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions, Chapter 2, Sub-chapter IV and appurtenant regulations (the “**Financial Institutions Act**”) on the pool of assets maintained by the Issuer (the “**Cover Pool**”). An investment in the Covered Bonds involves a reliance on the creditworthiness of the Issuer. The Covered Bonds are not guaranteed by any member of the Sparebanken Vest Group or any other person. In addition, an investment in the Covered Bonds involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer may adversely affect the market value of the relevant Covered Bonds. There can be no assurance that the Covered Bonds will be sufficient to pay in full the amounts payable under the Covered Bonds.

Non-compliance with matching rules and bankruptcy of the Issuer

The Financial Institutions Act requires the value of the assets in the Cover Pool to at all times exceed the value on the claims on the Cover Pool. See “*Summary of Norwegian Legislation Relating to Covered Bonds*” below for further details.

A breach of the matching requirements prior to the Issuer’s bankruptcy in the circumstances where no additional assets are available to the Issuer or the Issuer lacks the ability to acquire additional assets could result in the Issuer being unable to issue further Covered Bonds.

In the event of bankruptcy of the Issuer, timely payments shall be made on the Covered Bonds provided the Cover Pool is essentially in compliance with the statutory requirement. Bankruptcy or negotiation of debt or public administration of a mortgage credit institution shall not in itself be sufficient cause for termination or similar remedy by holders of Covered Bonds or swap counterparties. The bankruptcy administrator and the creditors’ committee (the “**Creditors’ Committee**”) may take any action considered necessary to ensure that the holders of the Covered Bonds and the swap counterparties receive agreed and timely payments on the Covered Bonds and the swaps, including selling assets in the Cover Pool and issuing new Covered Bonds and entering into new derivative instruments with a right of priority in respect of the assets of the Cover Pool.

The Creditors’ Committee is required to notify Covered Bondholders and swap counterparties of all decisions that are deemed to be of material significance to them.

If it is not possible to make the contractual payments due to Covered Bondholders and swap counterparties up to the agreed redemption or termination date and an imminent change that would ensure such contractual payments is unlikely, then the Creditors’ Committee shall set a date to halt payments. A halt to payments shall be introduced even if the Cover Pool assures timely on-going payments in the short term. Where a halt to payments is introduced, the further administration in respect of the Issuer shall continue in accordance with Norwegian bankruptcy law. The Creditors’ Committee shall inform the Covered Bondholders if applicable, and the swap counterparties of the halt to payments and the date on which such halt to payments will be introduced at the earliest opportunity, and it will consult with them in relation to any material decisions in respect thereof.

The amount of claims with a right of priority over the assets in the Cover Pool will be calculated as at the date on which the halt to payments was introduced. The calculation shall represent the present value of the relevant claim, as duly discounted in accordance with the terms of the Financial Institutions Act and appurtenant regulations. This provides that settlement of interest rate and foreign exchange contracts shall be at a prudent market value based on the pricing of comparable interest rate contracts and foreign exchange contracts (although investors should note that any termination payment under the relevant swap agreement shall be calculated in accordance with the terms of such swap agreement), and settlement of amounts due on the Covered Bonds shall include payment of accrued interest and costs, as well as the agreed future cash flow

(principal and interest) to the Maturity Date (excluding, for this purpose, any applicable Extended Maturity Date except where the Extended Maturity Date has already been invoked in respect of those Covered Bonds), discounted by the market rate for comparable covered bonds in the relevant currency.

To the extent that Covered Bondholders are not fully paid from the proceeds of the liquidation of the assets comprising the Cover Pool, they will be able to prove for the balance of their claims as unsecured creditors of the Issuer, and will be entitled to receive payment from the proceeds of the liquidation of the other assets of the Issuer not comprising the Cover Pool. The Covered Bondholders would in such case rank, *pari passu*, with any other Covered Bondholders, swap counterparties and the other unsecured, unsubordinated creditors of the Issuer.

In the event of the Issuer's bankruptcy, if timely payments continue to be made, the Creditors' Committee may dispose of all of the assets in the Cover Pool if this is deemed necessary for the payment of the claims of other creditors of the Issuer, provided that the consideration obtained enables no less than full payment to the Covered Bondholders and the swap counterparties. In this context, the Financial Institutions Act and appurtenant regulations provide that "**full payment**" means settlement of interest rate contracts and foreign exchange contracts at market value based on the pricing of comparable interest rate contracts and foreign exchange contracts (although investors should note that any termination payment under the relevant swap agreement shall be calculated in accordance with the terms of such swap agreement), and settlement of amounts due on the Covered Bonds shall include payment of accrued interest and costs, as well as the agreed future cash flow (principal and interest) to the Maturity Date (excluding, for this purpose, any applicable Extended Maturity Date except where the Extended Maturity Date has already been invoked in respect of those Covered Bonds), discounted by the market rate for comparable covered bonds in the relevant currency.

No due diligence

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

Limited description of the Cover Pool

Covered Bondholders will not receive detailed statistics or information in relation to the loans or other assets contained or to be contained in the Issuer's Cover Pool, as it is expected that the constitution of the Cover Pool may change from time to time due to, for example, the purchase of further loans by the Issuer from time to time. However, an independent inspector appointed under the Financial Institutions Act shall monitor the Issuer's compliance with the requirements of the Financial Institutions Act.

Over-collateralisation

The Issuer's intention is to maintain a value of the Cover Pool at all times that exceeds, by a certain margin, the aggregate value of claims that may be asserted against the Issuer in relation to the Covered Bonds (taking into account the effects of derivative contracts) ("**Over-collateralisation**").

The ability of the Issuer to maintain the Over-collateralisation may be dependent on factors which are beyond the control of the Issuer, for example, the performance of the Norwegian housing market. The ratings of the Covered Bonds are based on an assumption of Over-collateralisation; if the Over-collateralisation is not maintained for any reason, the rating of the Covered Bonds may change accordingly.

Impact of regulatory changes

The Issuer is subject to financial services laws, regulations, administrative actions and policies in Norway and in each other jurisdiction in which the Issuer carries on business. Changes in supervision and regulation, in

particular in Norway, could materially affect the Issuer's business, the products and services offered or the value of its assets. Although the Issuer works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Issuer.

U.S. Foreign Account Tax Compliance Withholding

The Issuer and other non-U.S. financial institutions through which payments on the Covered Bonds are made may be required to withhold U.S. tax at a rate of 30% on all, or a portion of, payments made on or after 1 January 2017 in respect of (i) any Covered Bonds issued on or after 1 January 2013 and (ii) any Covered Bonds which are treated as equity for U.S. federal tax purposes, whenever issued, pursuant to the U.S. Foreign Account Tax Compliance Act (FATCA) or similar law implementing an intergovernmental approach to FATCA. This withholding tax may be triggered if (i) the Issuer is a foreign financial institution (FFI) (as defined in FATCA) that enters into and complies with an agreement with the U.S. Internal Revenue Service (IRS) to provide certain information on its account holders (making the Issuer a Participating FFI), (ii) the Issuer has a positive "passthru percentage" (as defined in FATCA), and (iii)(a) an investor does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of such Issuer, or (b) any FFI through which payment on such Covered Bonds is made is not a Participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Covered Bonds is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Covered Bonds, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Covered Bonds, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Covered Bonds should consult their own tax advisers on how these rules may apply to payments they receive under the Covered Bonds.

The application of FATCA to Covered Bonds issued on or after 1 January 2013 (or whenever issued, in the case of Covered Bonds treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a Supplement to the Offering Circular, as applicable.

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

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

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Covered Bonds, the merits and risks of investing in the relevant Covered Bonds and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement to this Base Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Covered Bonds and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies, or where

the currency for principal or interest payments is different from the currency in which such potential investor's financial activities are principally denominated;

- (iv) understand thoroughly the terms of the relevant Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

Risks related to the structure of a particular issue of Covered Bonds

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

Covered Bonds subject to optional redemption by the Issuer

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

The Issuer may be expected to redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Covered Bonds and Dual Currency Covered Bonds

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

- (i) the market price of such Covered Bonds may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Covered Bonds or even zero;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

- (vi) if a Relevant Factor is applied to Covered Bonds in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

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

Partly-paid Covered Bonds

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

Variable rate Covered Bonds with a multiplier or other leverage factor

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

Inverse Floating Rate Covered Bonds

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

Fixed/Floating Rate Covered Bonds

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

Covered Bonds issued at a substantial discount or premium

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

Extendable obligations under the Covered Bonds

The applicable Final Terms may provide that an Extended Maturity Date (as defined below) applies to each Series of Covered Bonds.

If the Issuer fails to redeem the relevant Covered Bonds in full on the Maturity Date (or within two Business Days thereafter) the maturity of the principal amount outstanding of the Covered Bonds not redeemed will automatically extend on a monthly basis up to but not later than 12 months from the Maturity Date, subject as otherwise provided for in the applicable Final Terms (the “**Extended Maturity Date**”). In that event, the Issuer may redeem all or part of the principal amount outstanding of the Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date, up to and including the Extended Maturity Date or as otherwise provided for in the applicable Final Terms. In that event also, the Covered Bonds will bear interest on the principal amount outstanding of the Covered Bonds in accordance with the applicable Final Terms, save in respect of Zero Coupon Covered Bonds.

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

Risks related to Covered Bonds generally

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

No events of default

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

Non-compliance with the Financial Institutions Act

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

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

Conflicting interests of other creditors

The rights of the holders of Covered Bonds and counterparties to derivatives agreements included in the Cover Pool rank *pari passu* with the claims of all other creditors of the Issuer (other than those preferred by law) but have a preferential right against the Cover Pool save for costs incurred in connection with the operation, management, collection and realisation of the Cover Pool which shall be covered before the claims of the holders of Covered Bonds and claims relating to the fees and expenses of a bankruptcy estate, which pursuant to the Norwegian Liens Act are secured by a first priority lien over all of the bankruptcy estate’s

assets. Such liens will be limited to 700 times the standard Norwegian court fee (which at present is approximately NOK 615,000) in respect of each Cover Pool.

Insolvency of the Issuer

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

Meetings of Covered Bondholders

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

EU Savings Directive

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

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Implementation of and/or changes to the Basel II framework may affect the capital requirements and/or the liquidity associated with a holding of the Covered Bonds for certain investors

In 1988, the Basel Committee on Banking Supervision (the "**Basel Committee**") adopted capital guidelines that explicitly link the relationship between a bank's capital and its credit risks. In June 2006 the Basel Committee finalised and published new risk-adjusted capital guidelines ("**Basel II**"). Basel II includes the application of risk-weighting and depends upon, amongst other factors, the external or, in some circumstances and subject to approval of supervisory authorities, internal credit rating of the counterparty. The revised requirements also include allocation of risk capital in relation to operational risk and supervisory review of the process of evaluating risk measurement and capital ratios.

Basel II has not been fully implemented in all participating jurisdictions. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Covered Bonds for investors who are or may become subject to capital adequacy requirements that follow the framework. The Basel II framework is implemented in the European Union by the Capital Requirements Directive.

It should also be noted that the Basel Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as "**Basel III**") and on 1 June 2011 issued its final guidance, which envisages a substantial strengthening of existing capital rules, including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards and a minimum leverage ratio for financial institutions. In particular, the changes include, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio). Member countries will be required to implement the new capital standards from January 2013, the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The Basel Committee is also considering introducing additional capital requirements for systematically important institutions from 2016. The changes approved by the Basel Committee may have an impact on the capital requirements in respect of the Covered Bonds and/or incentives to hold the Covered Bonds for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Covered Bonds.

The European authorities support the work of the Basel Committee on the approved changes in general and, on 20 July 2011, the European Commission adopted a legislative package of proposals (known as "CRD IV") to implement the changes through the replacement of the existing Capital Requirements Directive with a new Directive and Regulation. As with Basel III, the proposals contemplate the entry into force of the new legislation from January 2013, with full implementation by January 2019; however the proposals allow individual Member States to implement the stricter definition and/or level of capital more quickly than is envisaged under Basel III.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Covered Bonds and as to the consequences for and effect on them of any changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Change of law

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

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

Risks related to the market generally

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

The secondary market generally

Covered Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Covered Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Covered Bonds that are especially sensitive to interest rate,

currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Covered Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Covered Bonds.

Exchange rate risks and exchange controls

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

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

Interest rate risks

Interest rate risk occurs when the interest rate payable on assets and liabilities for a fixed period do not coincide. Investment in Fixed Rate Covered Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Covered Bonds. Investments in Floating Rate Covered Bonds involves the risk of adverse changes in the interest rate payable on the Floating Rate Covered Bonds.

Lack of liquidity in the secondary market may adversely affect the market value of the Covered Bonds

Generally weak global credit market conditions could contribute to a lack of liquidity in the secondary market for instruments similar to the Covered Bonds. In addition, the current liquidity crisis has limited the primary market for a number of financial products, including instruments similar to the Covered Bonds. While some measures have been taken by governments, there can be assurance that the market for securities similar to the Covered Bonds will recover at the same time or to the same degree as such other recovering global credit market sectors.

A failure of the market for securities similar to Covered Bonds to recover could adversely affect the market value of the Covered Bonds.

Credit ratings may not reflect all risks

Fitch and Moody's are expected to each assign a credit rating to the Covered Bonds issued under the Programme although the Issuer may also issue unrated Covered Bonds. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Covered Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Ratings of the Covered Bonds

In general, European regulated investors (such as investment firms, insurance and reinsurance undertakings, UCITS funds and certain hedge fund managers) are restricted under Regulation (EC) No. 1060/2009 (the

CRA Regulation) from using credit ratings issued by a credit rating agency for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings referred to in this Prospectus, is set out in "Overview of the Programme – Ratings" of this Prospectus.

Reliance on Swap Providers

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

Legal investment considerations may restrict certain investments

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

GENERAL DESCRIPTION OF THE PROGRAMME

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

This Base Prospectus and any supplement to this Base Prospectus will only be valid for listing Covered Bonds on the Luxembourg Stock Exchange, or any other stock exchange in the European Economic Area, in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Covered Bonds previously or simultaneously issued under the Programme, does not exceed €8 billion or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Covered Bonds issued under the Programme from time to time:

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

FORM OF THE COVERED BONDS

The Covered Bonds of each Series will be in bearer form, registered form or, in the case of VPS Covered Bonds, uncertificated book-entry form.

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

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

The applicable Final Terms will specify that either (i) a Permanent Bearer Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Covered Bonds with, where applicable, Receipts, Coupons and Talons attached upon not less than 60 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Covered Bond) to the Fiscal Agent as described therein or (ii) a Permanent Bearer Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Covered Bonds with, where applicable, Receipts, Coupons and Talons attached only upon the occurrence of an Exchange Event as described therein. “**Exchange Event**” means (i) the Issuer has been notified that either Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other

than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system satisfactory to the Issuer, the Fiscal Agent, the other Paying Agents and the Covered Bondholders is available or, unless otherwise specified in the applicable Final Terms, (ii) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 6 (Taxation) which would not be required were the Covered Bonds represented by the Permanent Bearer Global Covered Bond in definitive bearer form and a certificate to such effect signed by two Directors of the Issuer has been given to the Fiscal Agent. The Issuer will promptly give notice to Covered Bondholders in accordance with Condition 12 (Notices) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Covered Bond) or the Covered Bondholders may give notice to the Fiscal Agent requesting exchange and in the event of the occurrence of an Exchange Event as described in (ii) above, the Issuer may also give notice to the Fiscal Agent and the Covered Bondholders requesting exchange. Any such exchange shall occur not later than 30 days after the date of receipt of the first relevant notice by the Fiscal Agent.

As long as the Covered Bonds are represented by a Temporary Global Covered Bond or a Permanent Global Covered Bond and Euroclear and/or Clearstream, Luxembourg so permit, the Covered Bonds will be tradeable only in the minimum authorised denomination of €100,000 and higher integral multiples of €1,000 notwithstanding that no definitive Covered Bonds will be issued with a denomination above €199,000.

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

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

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

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

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

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

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

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

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

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

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

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

Settlement of sale and purchase transactions in respect of VPS Covered Bonds in the VPS will take place three Oslo business days after the date of the relevant transaction. Transfers of interests in the relevant VPS Covered Bonds will take place in accordance with the rules and procedures for the time being of the VPS.

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

FORM OF FINAL TERMS

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

[Date]

Sparebanken Vest Boligkreditt AS
Issue of [Aggregate Nominal Amount of Tranche] [Title of Covered Bonds]
under the €8,000,000,000 Covered Bond Programme

PART A — CONTRACTUAL TERMS

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

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

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

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

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

- | | | |
|---|----------------------|----------------------------------|
| 1 | Issuer: | Sparebanken Vest Boligkreditt AS |
| 2 | (i) Series Number: | [•] |
| | (ii) Tranche Number: | [•] |

		<i>(If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible)</i>
3	Specified Currency or Currencies:	[●]
4	Aggregate Nominal Amount of Covered Bonds admitted to trading:	[●]
	[Series:	[●]
	[Tranche:	[●]
5	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [<i>insert date</i>] (<i>if applicable</i>)]
6	(i) Specified Denominations:	[●]
		<i>[(Note – where multiple denominations above [€100,000] or equivalent are being used, the following sample wording should be followed: “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Covered Bonds in definitive form will be issued with a denomination above €199,000”)]</i>
	(ii) Calculation Amount:	[●]
7	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[●]
	(a) Period to Maturity Date:	[●]
	(b) Period from Maturity Date up to Extended Maturity Date:	[Not Applicable] [Maturity Date]
8	(i) Maturity Date:	[Fixed rate – specify date/Floating Rate – Interest Payment Date falling in or nearest to [<i>specify month and year</i>]]
	(ii) Extended Maturity Date:	[Applicable/Not Applicable] [<i>insert date</i>] ¹ [<i>Extended Maturity Date may be applicable to all issues of Covered Bonds.</i>] [The Extended Maturity Date is [●] In accordance with the Conditions and these Final Terms, if the Issuer fails to redeem the Covered Bonds in full on the Maturity Date or within two Business Days thereafter, the maturity of the principal amount outstanding of the Covered Bonds will automatically be extended up to one year to the Extended Maturity Date without constituting an event of default or giving holders of the Covered Bonds any right to accelerate

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

payments on the Covered Bonds. In that event, the interest rate payable on and the interest periods and Interest Payment Dates, in respect of, the Covered Bonds, will change from those that applied up to the Maturity Date and the Issuer may redeem all or part of the principal amount outstanding of those Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date, all in accordance with the Conditions and these Final Terms. See Conditions 3(f) and 5(k).]

- 9 Interest Basis:
- (i) Period to (and including) Maturity Date: [[●] per cent. Fixed Rate]
 [[LIBOR/EURIBOR] +/- [●] per cent. Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 (further particulars specified below)
- (ii) Period from (but excluding) Maturity Date up to (and including) Extended Maturity Date: [Not Applicable]
 [[●] per cent. Fixed Rate]
 [[LIBOR/EURIBOR] +/- [●] per cent. Floating Rate]
 [Index Linked Interest]
 (further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 [Dual Currency]
 [Partly Paid]
 [Instalment]
 [specify other]
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal amount, the Covered Bonds will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to Commission Regulation (EC) No. 809/2004 (the “Prospectus Regulation”) will apply)*
- 11 Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Covered Bonds into another Interest Basis or Redemption/Payment Basis]
- 12 Put/Call Options: [Investor Put]
 [Issuer Call]
 [(further particulars specified below)]
- 13 Status of the Covered Bonds: The Covered Bonds are unsubordinated obligations issued in accordance with Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions,

Chapter 2, Sub-chapter IV and appurtenant regulations (the “**Financial Institutions Act**”) and rank *pari passu* among themselves and with all other obligations of the Issuer that have been provided the same priority as debt instruments issued pursuant to the Financial Institutions Act. To the extent that claims in relation to the Covered Bonds and relating derivative contracts are not met out of the assets of the Issuer that are covered in accordance with the Financial Institutions Act, the residual claims will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer.

14 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE (TO MATURITY DATE)

15 Fixed Rate Covered Bond Provisions: [Applicable/Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]

(i) Rate(s) of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]

(ii) Interest Payment Date(s): [●] in each year up to and including the Maturity Date/[specify other]
(N.B. This will need to be amended in the case of long or short coupons)

(iii) Fixed Coupon Amount(s): [●] per Calculation Amount

(iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]

(v) Day Count Fraction (subject to paragraph 30): [Actual/Actual (ICMA) or 30/360 or [specify other]]

(vi) Determination Date(s): [●] in each year
[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]
N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration

N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)]

(vii) Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds: [None/Give details]

16 Floating Rate Covered Bond Provisions: [Applicable/Not Applicable]

[If not applicable, delete the remaining sub-paragraphs of this paragraph]

(i) Specified Period(s)/Specified [●]

- Interest Payment Dates:
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*[specify other]*]
 - (iii) Additional Business Centre(s): [●]
 - (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*[specify other]*]
 - (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent): [●]
 - (vi) Screen Rate Determination:
 - Reference Rate: [●]
(Either LIBOR, EURIBOR or other, although additional information is required if other – including the fall back provisions in the Agency Agreement)
 - Interest Determination Date(s): [●]
(Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: [●]
(In the case of EURIBOR, if not Reuters Screen EURIBOR01 (or any successor page) ensure it is a page which shows a composite rate or amend the fall back provisions appropriately)
 - (vii) ISDA Determination:
 - Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
 - (viii) Margin(s): [+/-][●] per cent. per annum
 - (ix) Minimum Rate of Interest: [●] per cent. per annum
 - (x) Maximum Rate of Interest: [●] per cent. per annum
 - (xi) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365
Actual/365 (Fixed)]

Actual/365 (Sterling)

Actual/360

30/360

30E/360

30E/360 (ISDA)

Other]

(See Condition 3 for alternatives)

- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions: [•]

- 17 Zero Coupon Covered Bond Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: [•] per cent. per annum
- (ii) Reference Price: [•]
- (iii) Any other formula/basis of determining amount payable: [•]
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 5(e)(iii) and 5(j) apply/specify other]
(Consider applicable day count fraction if not U.S. dollar denominated)
- Index Linked Interest Covered Bond Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent responsible for calculating the principal and/or interest due (address): [•]
- (iii) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable: *(Need to include a description of market disruption or settlement disruption events and adjustment provisions)*
- (iv) Specified Period(s)/Specified Interest Payment Dates: [•]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/

- specify other*]
- (vi) Additional Business Centre(s): [●]
- (vii) Minimum Rate of Interest: [●] per cent. per annum
- (viii) Maximum Rate of Interest: [●] per cent. per annum
- (ix) Day Count Fraction: [●]
- 19 Dual Currency Covered Bond Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest payable (address): [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *(Need to include a description of market disruption or settlement disruption events and adjustment provisions)*
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE (FROM MATURITY DATE UP TO EXTENDED MATURITY DATE)

- 20 Fixed Rate Covered Bond Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [Not Applicable] [●] per cent. per annum [payable annually/semi-annually/quarterly] in arrear
- (ii) Interest Payment Date(s): [Not Applicable] [●] in each month up to and including the Extended Maturity Date/[specify other]
(N.B. This will need to be amended in the case of coupons which are not on a monthly basis)
- (iii) Fixed Coupon Amount(s): [Not Applicable] [●] per Calculation Amount
- (iv) Broken Amount(s): [Not Applicable] [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction (subject to paragraph 30): [Not Applicable] [Actual/Actual (ICMA) or 30/360 or *specify other*]
- (vi) Determination Date(s): [Not Applicable]
[●] in each year
[Insert extended regular interest payment dates, ignoring maturity date or extended maturity date in the

		<i>case of a long or short first or last coupon</i>
		<i>N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration</i>
		<i>N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)]</i>
	(vii) Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds:	[None/Give details]
21	Floating Rate Covered Bond Provisions:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Specified Period(s)/Specified Interest Payment Dates:	[Not Applicable] [●]
	(ii) Business Day Convention:	[Not Applicable] [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
	(iii) Additional Business Centre(s):	[Not Applicable] [●]
	(iv) Manner in which the Rate of Interest and Interest Amount is to be determined:	[Not Applicable] [Screen Rate Determination/ISDA Determination/[specify other]]
	(v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent):	[Not Applicable] [●]
	(vi) Screen Rate Determination:	[Not Applicable]
	– Reference Rate:	[●] <i>(Either LIBOR, EURIBOR or other, although additional information is required if other – including the fall back provisions in the Agency Agreement)</i>
	– Interest Determination Date(s):	[●] <i>(Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)</i>
	– Relevant Screen Page:	[●] <i>(In the case of EURIBOR, if not Reuters EURIBOR01 (or any successor page) ensure it is a page which</i>

		<i>shows a composite rate or amend the fall back provisions appropriately)</i>
	(vii) ISDA Determination:	[Not Applicable]
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
	(viii) Margin(s):	[Not Applicable] [+/-][●] per cent. per annum
	(ix) Minimum Rate of Interest:	[Not Applicable] [●] per cent. per annum
	(x) Maximum Rate of Interest:	[Not Applicable] [●] per cent. per annum
	(xi) Day Count Fraction:	[Not Applicable] [Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 Other] <i>(See Condition 3 for alternatives)</i>
	(xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions:	[Not Applicable] [●]
22	Index Linked Interest Covered Bond Provisions:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraph of this paragraph)</i>
	(i) Index/Formula:	[Not Applicable] [give or annex details]
	(ii) Calculation Agent responsible for calculating the principal and/or interest due (address):	[Not Applicable] [●]
	(iii) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[Not Applicable] <i>(Need to include a description of market disruption or settlement disruption events and adjustment provisions)</i>
	(iv) Specified Period(s)/Specified Interest Payment Dates:	[Not Applicable] [●]
	(v) Business Day Convention:	[Not Applicable] [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
	(vi) Additional Business Centre(s):	[Not Applicable] [●]

	(vii) Minimum Rate of Interest:	[Not Applicable] [●] per cent. per annum
	(viii) Maximum Rate of Interest:	[Not Applicable] [●] per cent. per annum
	(ix) Day Count Fraction:	[Not Applicable] [●]
23	Dual Currency Covered Bond Provisions:	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining sub-paragraph of this paragraph)</i>
	(i) Rate of Exchange/method of calculating Rate of Exchange:	[Not Applicable] [give or annex details]
	(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest payable (address):	[Not Applicable] [●]
	(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[Not Applicable] <i>(Need to include a description of market disruption or settlement disruption events and adjustment provisions)</i>
	(iv) Person at whose option Specified Currency(ies) is/are payable:	[Not Applicable] [●]
PROVISIONS RELATING TO REDEMPTION		
24	Issuer Call:	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii) If redeemable in part:	
	Minimum Redemption Amount:	[●] per Calculation Amount
	Higher Redemption Amount:	[●] per Calculation Amount
	(iv) Notice period (if other than as set out in the Conditions):	[●]
		<i>(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent or the Covered Bondholders)</i>
25	Investor Put:	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Covered Bond and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) Notice period (if other than as set out in the Conditions): [●]
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent or the Covered Bondholders)
- 26 Final Redemption Amount of each Covered Bond: [●] per Calculation Amount
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal amount, the Covered Bonds will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Regulation will apply)
- 27 Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 5(e)): [●]

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

- 28 Form of Covered Bonds:
- (i) Form: [Bearer Covered Bonds:
 Temporary Bearer Global Covered Bond exchangeable for a Permanent Bearer Global Covered Bond which is exchangeable for Definitive Bearer Covered Bonds [on not less than 60 days' notice given at any time/only upon an Exchange Event]]
 [Temporary Bearer Global Covered Bond exchangeable for Definitive Covered Bonds on and after the Exchange Date on [●] days' notice given at any time]
 [Registered Covered Bonds: Reg S Global Covered Bond [●] nominal amount registered in the name of a nominee for DTC/a common depository for Euroclear and Clearstream, Luxembourg/ a common safekeeper for Euroclear and Clearstream Luxembourg/Rule 144A Global Covered Bond [●] nominal amount registered in the name of a nominee for DTC/a common depository

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

- 37 If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- 38 (i) Whether TEFRA D rules applicable or TEFRA rules not applicable, and [TEFRA D/TEFRA not applicable]
(ii) whether Rule 144A and private placement sales in the United States are permitted to be made: [Yes/No]
- 39 Additional selling restrictions: [Not Applicable/*give details*]

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Covered Bonds described herein pursuant to the €8,000,000,000 Covered Bond Programme of Sparebanken Vest Boligkreditt AS.

RESPONSIBILITY

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

Signed on behalf of the Issuer:

.....

By: [●]
Duly authorised

PART B — OTHER INFORMATION

1 LISTING AND ADMISSION TO TRADING:

- (i) Listing: Official list of the Luxembourg Stock Exchange
- (ii) Admission to trading: [Application has been made for the Covered Bonds to be admitted to trading on [●] with effect from [●].]
[Not Applicable.]
- (iii) Estimate of total expenses related to admission to trading: [●]

2 RATINGS:

The Covered Bonds have been assigned the following ratings:

[Fitch: [●]]

[Moody's: [●]]

(The above disclosure should reflect the rating allocated to Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.) N.B. consult the relevant Rating Agencies in relation to Covered Bonds which may have a Final Redemption Amount of less than 100 per cent. of the nominal value.

[[*Insert credit rating agency*] is established in the European Union and has applied for registration under Regulation (EU) No 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[*Insert credit rating agency*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) and it is included in the list of credit rating agencies published by the European Securities and Markets Association in accordance with such regulation.]

[[*Insert credit rating agency*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended).]

[[*Insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. However, the application for registration under Regulation (EC) No. 1060/2009 of [*insert the legal name of the relevant EU CRA entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal*

name of the relevant non-EU CRA entity]. While notification of the corresponding endorsement decision has not yet been provided by the relevant competent authority, the European Securities and Markets Association has indicated that a transitional period ending on 30 April 2012 shall apply with respect to ratings intended to be endorsed.]

[[*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings [[have been]/[are expected to be]] endorsed by [*insert the legal name of the relevant EU-registered CRA entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU CRA entity*] is established in the European Union and registered under the CRA Regulation.]

[[*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended), but it is certified in accordance with such Regulation.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended) (the **CRA Regulation**) unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused. Each of Moody's Investors Service Limited and Fitch Ratings Limited is established in the European Union and are registered under the CRA Regulation.

3 **[NOTIFICATION:**

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

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

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

are other interests]

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

[(i) Reasons for the offer: [●]

[(ii) Estimated net proceeds: [●]

[(iii) Estimated total expenses: [●]

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

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

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

7 **[PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING: (Index-Linked Covered Bonds only)**

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

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

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

(Need to include a description of market disruption or settlement disruption events and adjustment provisions)

8 **[PERFORMANCE OF RATE[S] OF EXCHANGE: (Dual Currency Covered Bonds only)**

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

9 **OPERATIONAL INFORMATION:**

(i) ISIN Code: [●]

(ii) Common Code: [●]

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

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

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

DTC INFORMATION — REGISTERED COVERED BONDS

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

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

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

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

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

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

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

TERMS AND CONDITIONS OF THE COVERED BONDS (OTHER THAN THE VPS COVERED BONDS)

The following are the Terms and Conditions of the Covered Bonds (other than VPS Covered Bonds) (the “Conditions”) which will be incorporated by reference into each global Covered Bond and each definitive Covered Bond, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such definitive Covered Bond will have endorsed thereon or attached thereto such Conditions. Part A of the applicable Final Terms in relation to any Tranche of Covered Bonds may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Conditions, replace or modify the following Conditions for the purpose of such Covered Bonds. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each global Covered Bond and definitive Covered Bond. Reference should be made to “Form of the Covered Bonds” for a description of the content of the Final Terms which will specify which of such terms are to apply in relation to the relevant Covered Bonds.

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by Sparebanken Vest Boligkreditt AS (the “**Issuer**”) pursuant to an amended and restated Agency Agreement (as amended or supplemented from time to time, the “**Agency Agreement**”) dated 9 March 2011 between the Issuer and the Fiscal Agent and the other agents named in it and with the benefit of a Deed of Covenant (as amended or supplemented from time to time, the “**Deed of Covenant**”) dated 17 November 2008 executed by the Issuer in relation to the Covered Bonds.

The Issuer and its parent, Sparebanken Vest (the “**Lender**”), have entered into a revolving credit facility agreement dated 26 January 2010 (as amended and restated on 22 March 2012 (the “**Agreement**”). The facility can be used by the Issuer to make repayment/prepayment of covered bonds issued by the Issuer and payment of connected derivative contracts. See also “*Shareholders*”.

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

- (i) in relation to any Covered Bonds represented by a global Covered Bond, units of the lowest Specified Denomination in the Specified Currency;
- (ii) (in the case of Bearer Covered Bonds) definitive Bearer Covered Bonds issued in exchange (or part exchange) for a global Covered Bond;
- (iii) (in the case of Registered Covered Bonds) definitive Registered Covered Bonds; and
- (iv) any global Covered Bond,

and shall exclude Covered Bonds cleared through the Norwegian Central Securities Depository, the *Verdipapirsentralen* (“**VPS Covered Bonds**” and the “**VPS**”, respectively).

The fiscal agent, the paying agents, the registrar, the exchange agents, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent), the “**Registrar**”, the “**Exchange Agents**”, the “**Transfer Agents**” and the “**Calculation Agent(s)**”.

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

or talons. Definitive Bearer Covered Bonds repayable in instalments have receipts (“**Receipts**”) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Covered Bonds, in definitive or global form, do not have Receipts or Coupons attached on issue.

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

In these Conditions, “**Covered Bondholders**” means the holders for the time being of the Covered Bonds, and such expression shall, in relation to any Covered Bonds represented by a global Covered Bond; “**Receiptholders**” means the holders of the Receipts; and “**Couponholders**” means the holders of the Coupons, and such expression shall, unless the context otherwise requires, include the holders of Talons).

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

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

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

1 Form, Denomination and Title

The Covered Bonds are in bearer form (“**Bearer Covered Bonds**”) or registered form (“**Registered Covered Bonds**”) as specified in the applicable Final Terms and, in the case of definitive Covered Bonds, serially numbered, in the Specified Currency and the Specified Denomination(s), provided that in the case of any Covered Bonds which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination

shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Covered Bonds). Save as provided in Condition 9 (Transfer and Exchange of Registered Covered Bonds), Covered Bonds of one Specified Denomination may not be exchanged for Covered Bonds of another Specified Denomination.

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

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

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

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

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

Subject as set out below, title to the Bearer Covered Bonds, Receipts and Coupons will pass by delivery and title to the Registered Covered Bonds will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and the Replacement Agent (as defined in the Agency Agreement), the Registrar, any Transfer Agent and any Paying Agent may deem and treat the bearer of any Bearer Covered Bond, Receipt or Coupon and the registered holder of any Registered Covered Bond as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Covered Bond, without prejudice to the provisions set out in the next succeeding paragraph, and the expressions “**Covered Bondholder**” and “**holder of Covered Bonds**” and related expressions shall be construed accordingly.

For so long as any of the Covered Bonds is represented by a bearer global Covered Bond held on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”), or for so long as The Depository Trust Company (“**DTC**”) or its nominee is the registered holder of a Registered Global Covered Bond, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg or DTC, as the case may be, as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by such clearing system as to the nominal amount of such Covered Bonds standing to the account of any person shall, save in the case of manifest error, be conclusive and binding for all purposes, including any form of statement or print out of electronic records provided by the relevant clearing system in accordance with its usual procedures and in which the holder of a particular nominal amount of such Covered Bonds is clearly identified together with the amount of such holding) shall be treated by the

Issuer, the Fiscal Agent, the Replacement Agent and any other Paying Agent as the holder of such nominal amount of such Covered Bonds for all purposes other than with respect to the payment of principal or interest on the Covered Bonds, for which purpose, in the case of Covered Bonds represented by a bearer global Covered Bond, the bearer of the relevant bearer global Covered Bond or, in the case of a Registered Global Covered Bond registered in the name of DTC or its nominee, DTC or its nominee shall be treated by the Issuer, the Fiscal Agent and any other Paying Agent as the holder of such Covered Bonds in accordance with and subject to the terms of the relevant global Covered Bond and the expressions “**Covered Bondholder**” and “**holder of Covered Bonds**” and related expressions shall be construed accordingly.

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

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

2 Status of the Covered Bonds

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

3 Interest

(a) Interest on Fixed Rate Covered Bonds

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

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

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

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

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

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

In these Conditions:

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

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

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

(i) Interest Payment Dates

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

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

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

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

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

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

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to interest payable in euro,

a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the “**TARGET2 System**”) is open.

(ii) Rate of Interest

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

(A) ISDA Determination for Floating Rate Covered Bonds

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent under an interest rate swap transaction if the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent were acting as Calculation Agent (as such term is defined in the ISDA Definitions) for that swap transaction under the terms of an agreement incorporating the 2002 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds (the “**ISDA Definitions**”) and under which:

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

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

(B) Screen Rate Determination for Floating Rate Covered Bonds

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

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

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent. If five or

more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

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

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

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

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 3(b)(ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 3(b)(ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest Rate.

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

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

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

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

- (i) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (ii) if “Actual/365” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iv) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (v) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (vi) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

- (vii) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(viii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(v) Notification of Rate of Interest and Interest Amounts

The Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, (in the case of the Calculation Agent) the Fiscal Agent, each of the other Paying Agents, the Covered Bondholders and any stock exchange on which the relevant Floating Rate Covered Bonds or Index Linked Interest Covered Bonds are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 12 (Notices) as soon as possible after their determination but in no event later than the fourth London Business Day (as defined below) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Covered Bonds or Index Linked Interest Covered Bonds are for the time being listed and to the Covered Bondholders in accordance with Condition 12 (Notices). For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vi) Determination or Calculation by Fiscal Agent

If for any reason at any relevant time where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent defaults in its obligation to determine the Rate of Interest or any Interest Amount in accordance with the above provisions or as otherwise specified in the applicable Final Terms, as the case may be, and in each case in accordance with Condition 3(b)(iv) above, the Fiscal Agent shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Fiscal Agent shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

(vii) Certificates to be Final

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

(c) *Dual Currency Covered Bonds*

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

(d) *Partly Paid Covered Bonds*

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

(e) *Accrual of Interest*

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

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

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

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

- (ii) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Covered Bonds and the maturity of those Covered Bonds is extended beyond the Maturity Date in accordance with Condition 5(k) (Extension of Maturity up to Extended Maturity Date), the rate of interest payable from time to time in respect of the principal amount outstanding of the Covered Bonds on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date will be as specified in the applicable Final Terms and, where applicable, determined by the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified, two Business Days after the Maturity Date in respect of the first such Interest Period and thereafter as specified in the applicable Final Terms.
- (iii) In the case of Covered Bonds which are Zero Coupon Covered Bonds up to (and including) the Maturity Date and for which an Extended Maturity Date is specified under the applicable Final Terms, for the purposes of this Condition 3(f) the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.
- (iv) This Condition 3(f) shall only apply to Covered Bonds to which an Extended Maturity Date is specified in the applicable Final Terms and if the Issuer fails to redeem those Covered Bonds (in full) on the Maturity Date (or within two Business Days thereafter) and the maturity of those Covered Bonds is automatically extended up to the Extended Maturity Date in accordance with Condition 5(k) (Extension of Maturity up to Extended Maturity Date).

4 Payments

(a) *Method of Payment*

Subject as provided below:

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

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, but without prejudice to the provisions of Condition 6 (Taxation); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. References to “Specified Currency” will include any successor currency under applicable law.

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

Payments of principal in respect of definitive Bearer Covered Bonds will (subject as provided below) be made in the manner provided in Condition 4(a) above only against presentation and surrender (or in the case of part payment of any sum due only, endorsement) of definitive Bearer Covered Bonds, and payments of interest in respect of definitive Bearer Covered Bonds will (subject as provided below) be made as aforesaid only against presentation and surrender (or in the case of part payment of any sum due only, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal in respect of definitive Bearer Covered Bonds (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 4(a) above against presentation and surrender (or in the case of part payment of any sum due only, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 4(a) above only against presentation and surrender (or in the case of part payment of any sum due only, endorsement) of the relevant definitive Bearer Covered Bond in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Covered Bond to which it appertains. Receipts presented without the definitive Bearer Covered Bonds to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Covered Bond becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

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

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

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

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

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

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

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

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

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

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars

at such specified offices outside the United States of the full amount of principal and interest on the Covered Bonds in the manner provided above when due;

- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

Payments of principal (other than instalments of principal (if any) prior to the final instalment) in respect of Registered Covered Bonds (whether in definitive or global form) will be made in the manner provided in Condition 4(a) above to the persons in whose name such Covered Bonds are registered at (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, the close of business on the business day (being for this purpose a day on which banks are open for business in the city where the Registrar is located) immediately prior to the relevant payment date against presentation and surrender (or, in the case of part payment of any sum due only, endorsement) of such Covered Bonds at the specified office of the Registrar or a Transfer Agent in Luxembourg.

Payments of interest due on a Registered Covered Bond (whether in definitive or global form) and payments of instalments (if any) of principal on a Registered Covered Bond, other than the final instalment, will be made in the manner specified in Condition 4(a) to the person in whose name such Covered Bond is registered at (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, the close of business on the 15th day (whether or not such 15th day is a business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) (the “**Record Date**”)) prior to such due date. In the case of payments by cheque, cheques will be mailed to the holder (or the first named of joint holders) at such holder’s registered address on the business day (as described above) immediately preceding the due date.

If payment in respect of any Registered Covered Bonds is required by credit or transfer as referred to in Condition 4(a) above, application for such payment must be made by the holder to the Registrar not later than the relevant Record Date.

(c) *Payment Day*

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

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) the relevant place of presentation;
 - (B) London;
 - (C) any Additional Financial Centre specified in the applicable Final Terms; and

- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(d) *Interpretation of Principal and Interest*

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

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

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

5 Redemption and Purchase

(a) *At Maturity*

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

(b) *Redemption for Tax Reasons*

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Covered Bond is neither a Floating Rate Covered Bond nor an Index Linked Interest Covered Bond) or on any Interest Payment Date (if this Covered Bond is either a Floating Rate Covered Bond or an Index Linked Interest Covered Bond), on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with Condition 12 (Notices), the Covered Bondholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Covered Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 (Taxation) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Norway or any political subdivision or any authority thereof or any authority or agency therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Covered Bonds; and
 - (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,
- provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Covered Bonds then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

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

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

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

- (i) not less than 15 nor more than 30 days' notice to the Covered Bondholders in accordance with Condition 12 (Notices); and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Fiscal Agent and (in the case of a redemption of Registered Covered Bonds) the Registrar,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Covered Bonds then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Covered Bonds, the Covered Bonds (or, as the case may be, parts of Registered Covered Bonds) to be redeemed ("**Redeemed Covered Bonds**") will be selected individually by lot without involving any part only of a Bearer Covered Bond, in the case of Redeemed Covered Bonds represented by definitive Covered Bonds, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or the DTC in the case of Redeemed Covered Bonds represented by a global Covered Bond, in each case not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Covered Bonds represented by definitive Covered Bonds, a list of the serial numbers of such Redeemed Covered Bonds will be published in accordance with Condition 12 (Notices) not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Covered Bonds

represented by definitive Covered Bonds shall bear the same proportion to the aggregate nominal amount of all Redeemed Covered Bonds as the aggregate nominal amount of definitive Covered Bonds outstanding bears to the aggregate nominal amount of the Covered Bonds outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Calculation Amount, and the aggregate nominal amount of Redeemed Covered Bonds represented by a global Covered Bond shall be equal to the balance of the Redeemed Covered Bonds. No exchange of the relevant global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 5(c) and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with Condition 12 (Notices) at least five days prior to the Selection Date.

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

If Investor Put is specified in the applicable Final Terms, upon the holder of any Covered Bond giving to the Issuer in accordance with Condition 12 (Notices) not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Covered Bond on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

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

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

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

(e) *Early Redemption Amounts*

For the purpose of Condition 5(b) above, the Covered Bonds will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Covered Bonds with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

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

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

where:

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

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

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

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

(f) *Instalments*

Instalment Covered Bonds will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 5(e) above.

(g) *Partly Paid Covered Bonds*

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

(h) *Purchases*

The Issuer, Sparebanken Vest or any of their respective subsidiaries may at any time purchase beneficially or procure others to purchase beneficially for its account Covered Bonds (provided that, in the case of definitive Bearer Covered Bonds, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise.

(i) *Cancellation*

All Covered Bonds which are redeemed will forthwith be cancelled (together with, in the case of definitive Bearer Covered Bonds, all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). The details of all Covered Bonds so cancelled (together, in the case of definitive Bearer Covered Bonds, with all unmatured Receipts and Coupons cancelled therewith) shall be forwarded to the Fiscal Agent.

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

If the amount payable in respect of any Zero Coupon Covered Bond upon redemption of such Zero Coupon Covered Bond pursuant to Condition 5(a), 5(b), 5(c) or 5(d) above is improperly withheld or

refused, the amount due and repayable in respect of such Zero Coupon Covered Bond shall be the amount calculated as provided in Condition (e)(iii) above as though the references therein to the date fixed for the redemption were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Covered Bonds has been received by the Fiscal Agent or the Registrar and notice to that effect has been given to the Covered Bondholders in accordance with Condition 12 (Notices).

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

- (i) An Extended Maturity Date may be specified in the applicable Final Terms as applying to each Series of Covered Bonds.
- (ii) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Covered Bonds and the Issuer fails to redeem all of those Covered Bonds in full on the Maturity Date or within two Business Days thereafter, the maturity of the Covered Bonds and the date on which such Covered Bonds will be due and repayable for the purposes of these Conditions will be automatically extended up to but no later than the Extended Maturity Date, subject as otherwise provided for in the applicable Final Terms. In that event, the Issuer may redeem all or any part of the principal amount outstanding of the Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date or as otherwise provided for in the applicable Final Terms. The Issuer shall give to the Covered Bondholders (in accordance with Condition 12 (Notices)) and the Paying Agents, notice of its intention to redeem all or any of the principal amount outstanding of the Covered Bonds in full at least five Business Days prior to the relevant Interest Payment Date or, as applicable, the Extended Maturity Date.
- (iii) In the case of Covered Bonds which are Zero Coupon Covered Bonds up to (and including) the Maturity Date to which an Extended Maturity Date is specified under the applicable Final Terms, for the purposes of this Condition 5(k) the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.
- (iv) Any extension of the maturity of Covered Bonds under this Condition 5(k) shall be irrevocable. Where this Condition 5(k) applies, any failure to redeem the Covered Bonds on the Maturity Date or any extension of the maturity of Covered Bonds under this Condition 5(k) shall not constitute an event of default for any purpose or give any Covered Bondholder any right to receive any payment of interest, principal or otherwise on the relevant Covered Bonds other than as expressly set out in these Conditions.
- (v) In the event of the extension of the maturity of Covered Bonds under this Condition 5(k), interest rates, interest periods and interest payment dates on the Covered Bonds from (and including) the Maturity Date to (but excluding) the Extended Maturity Date shall be determined and made in accordance with the applicable Final Terms and Condition 3(f) (Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Covered Bonds up to the Extended Maturity Date).
- (vi) If the Issuer redeems part and not all of the principal amount outstanding of Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date, the redemption proceeds

shall be applied rateably across the Covered Bonds and the principal amount outstanding on the Covered Bonds shall be reduced by the level of that redemption.

- (vii) If the maturity of any Covered Bonds is extended up to the Extended Maturity Date in accordance with this Condition 5(k), subject as otherwise provided for in the applicable Final Terms, for so long as any of those Covered Bonds remains in issue, the Issuer shall not issue any further covered bonds, unless the proceeds of issue of such further covered bonds are applied by the Issuer on issue in redeeming in whole or in part the relevant Covered Bonds in accordance with the terms hereof.
- (viii) This Condition 5(k) shall only apply to Covered Bonds to which an Extended Maturity Date is specified in the applicable Final Terms and if the Issuer fails to redeem those Covered Bonds in full on the Maturity Date (or within two Business Days thereafter).
- (ix) For the avoidance of doubt, Clause 14 of the Agency Agreement (“**Clause 14**”) imposes an obligation on:
 - (1) the Issuer to notify the Fiscal Agent of the Issuer’s intention with respect to redemption of the Covered Bonds on, or extension of, the Maturity Date no later than three Business Days (as defined in Clause 14) prior to the Maturity Date of the Covered Bonds;
 - (2) the Fiscal Agent to notify Euroclear and Clearstream, Luxembourg of the Issuer’s instructions under (1) above promptly upon receipt thereof (and in any event by no later than three Business Days (as defined in Clause 14) prior to the Maturity Date of the Covered Bonds; and
 - (3) the Fiscal Agent to notify Euroclear and Clearstream, Luxembourg of the Issuer’s intention to redeem the Covered Bonds on any Interest Payment Date falling in any month after the Maturity Date up to (and including) the Extended Maturity Date (or as otherwise provided for in the applicable Final Terms) promptly upon receipt of the Issuer’s notification as required under this Condition 5(k).

6 Taxation

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

- (i) presented for payment in Norway; or
- (ii) presented for payment by or on behalf of a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such Covered Bond, Receipt or Coupon by reason of his having some connection with the Kingdom of Norway other than the mere holding of such Covered Bond, Receipt or Coupon; or

- (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4(c) (Payment Day)); or
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Covered Bond, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 12 (Notices).

7 Prescription

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

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

8 Replacement of Covered Bonds, Receipts, Coupons and Talons

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

9 Transfer and Exchange of Registered Covered Bonds

(a) *Form of Registered Covered Bonds*

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

Beneficial interests in a Reg S Global Covered Bond may be held only through DTC directly, by a participant in DTC, or indirectly, through a participant in DTC, including Euroclear or Clearstream, Luxembourg.

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

Registered Covered Bonds in definitive form and Restricted Covered Bonds shall bear the legend set forth in the Restricted Global Covered Bond (the “**Legend**”), such Covered Bonds being referred to herein as “**Legended Covered Bonds**”. Upon the transfer, exchange or replacement of Legended Covered Bonds, or upon specific request for removal of the Legend, the Registrar shall (save as provided in Condition 9(f) (Exchanges and transfers of Registered Covered Bonds generally)) deliver only Legended Covered Bonds or refuse to remove such Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

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

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

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

(c) *Transfers of Restricted Global Covered Bonds*

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

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

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

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

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

In the case of (i) above, such transferee may take delivery through a Legended Covered Bond in global or definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Reg S Covered Bonds may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

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

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

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

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

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

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

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

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

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

Upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Covered Bond in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms) by the holder or holders surrendering the Registered Covered Bond for registration of the transfer of the Registered Covered Bond (or the relevant part of the Registered Covered Bond) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and upon the Registrar or, as the case may be, the relevant Transfer Agent, after due and careful enquiry, being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer, the Fiscal Agent and the Registrar, or as the case may be, the relevant Transfer Agent prescribe, including any restrictions imposed by the Issuer on transfers of Registered Covered Bonds originally sold to a U.S. person. Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three Business Days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by mail to such address as the transferee may request, a new Registered Covered Bond in definitive form of a like aggregate nominal amount to the Registered Covered Bond (or the relevant part of the Registered Covered Bond) transferred. In the case of the transfer of part only of a Registered Covered Bond in definitive form, a new Registered Covered Bond in definitive form in respect of the balance of the Registered Covered Bond not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

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

(g) *Registration of transfer upon partial redemption*

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

(h) *Closed Periods*

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

(i) *Costs of exchange or registration*

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

10 Fiscal Agent, Paying Agents, Transfer Agents and Registrar

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

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

- (i) so long as the Covered Bonds are listed on any stock exchange or admitted to listing by any other relevant authority there will at all times be a Paying Agent (which may be the Fiscal Agent), in the case of Bearer Covered Bonds, and a Transfer Agent (which may be the Registrar), in the case of Registered Covered Bonds, with a specified office in such place as may be required by the rules and regulations of such stock exchange or other relevant authority;
- (ii) there will at all times be a Paying Agent (which may be the Fiscal Agent) with a specified office in a city in continental Europe outside Norway;
- (iii) there will at all times be a Fiscal Agent;
- (iv) there will at all times be a Transfer Agent having a specified office in a place approved by the Fiscal Agent;
- (v) so long as any of the Registered Global Covered Bonds are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in London;
- (vi) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the eleventh paragraph of Condition 4(b) (Presentation of Covered Bonds, Receipts and Coupons).

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, or where the Agent is a "foreign financial institution" as such term is defined pursuant to Sections 1471 through 1474 of the Code and any regulations thereunder or official interpretations thereof and does not become, or ceases to be, a "participating foreign financial institution" as from the relevant effective date of withholding on "passthru payments" (as such terms are defined pursuant to Sections 1471 through 1474 of the Code and any regulations thereunder or official interpretations thereof) and that has not elected withholding pursuant to Section 1471(b)(3) of the Code, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Covered Bondholders in accordance with Condition 12 (Notices).

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

11 Exchange of Talons

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

12 Notices

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

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

Notices to be given by any holder of the Covered Bonds shall be in writing and given by lodging the same, together with the relative Covered Bond or Covered Bonds, with the Fiscal Agent. Whilst any of the Covered Bonds is represented by a global Covered Bond, such notice may be given by any holder of a Covered Bond to the Fiscal Agent and/or Registrar via Euroclear and/or Clearstream, Luxembourg or DTC, as the case may be, in such manner as the Fiscal Agent and/or Registrar and/or Euroclear and/or Clearstream, Luxembourg or DTC, as the case may be, may approve for this purpose.

13 Meetings of Covered Bondholders

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

14 Further Issues

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

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

15 Contracts (Rights of Third Parties) Act 1999

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

16 Provision of Information

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

17 Governing law and submission to jurisdiction

- (a) The Covered Bonds, the Receipts and the Coupons, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law except that the provisions of the Covered Bonds under Condition 2 are governed by, and shall be construed in accordance with, Norwegian law.
- (b) The Issuer agrees, for the exclusive benefit of the Covered Bondholders, the Receiptholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Covered Bonds, the Receipts and/or the Coupons, including a dispute relating to any non-contractual obligations in connection with the Covered Bonds, the Receipts and the Coupons, and that accordingly any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Covered Bonds, the Receipts and/or the Coupons may be brought in such courts (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Covered Bonds, the Receipts and/or the Coupons.

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

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

The Issuer appoints DnB NOR Bank ASA at its London branch for the time being at 20 St. Dunstan's Hill, London EC3R 8HY as its agent for service of process, and undertakes that, in the event of DnB NOR Bank ASA ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Fiscal Agent as its agent for service of process in England in respect of any Proceedings.

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

TERMS AND CONDITIONS OF THE VPS COVERED BONDS

The following are the Terms and Conditions of the VPS Covered Bonds (the “VPS Conditions”). VPS Covered Bonds will not be evidenced by any physical covered bond or document of title other than statements of account made by the VPS. Ownership of VPS Covered Bonds will be recorded and transfer effected only through the book-entry system and register maintained by the VPS. Part A of the applicable Final Terms in relation to any Tranche of VPS Covered Bonds may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following VPS Conditions, replace or modify the following VPS Conditions for the purpose of such VPS Covered Bonds. Reference should be made to “Form of the Covered Bonds” for a description of the content of the Final Terms which will specify which of such terms are to apply in relation to the relevant VPS Covered Bonds.

This VPS Covered Bond is one of a Series (as defined below) of VPS Covered Bonds issued by Sparebanken Vest Boligkreditt AS (the “**Issuer**”) pursuant to the trustee agreement (such trustee agreement as modified and/or supplemented and/or restated from time to time, the “**VPS Trustee Agreement**”) dated 17 November 2008 made between the Issuer and Norsk Tillitsmann ASA (the “**VPS Trustee**”, which expression shall include any successor as VPS Trustee).

References herein to the “**VPS Covered Bonds**” shall be references to the VPS Covered Bonds of this Series and shall mean Covered Bonds cleared through the Norwegian Central Securities Depository, the *Verdipapirsentralen* (“**VPS Covered Bonds**” and the “**VPS**”, respectively).

The VPS Covered Bonds have the benefit of a VPS Agency Agreement (as amended or supplemented from time to time, the “**VPS Agency Agreement**”) dated 17 November 2008 between the Issuer and Sparebanken Vest (the “**VPS Agent**”, which expression shall include any successor as VPS Agent).

The VPS Trustee, the VPS Agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**VPS Trustee**”, the “**VPS Agent**” and the “**Calculation Agent**”. Each Tranche of VPS Covered Bonds will be created and held in uncertificated book-entry form in accounts with the VPS. The VPS Agent will act as agent of the Issuer in respect of all dealings with the VPS in respect of VPS Covered Bonds.

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

The VPS Trustee acts for the benefit of the VPS Covered Bondholders in accordance with the provisions of the VPS Trustee Agreement and these VPS Conditions.

In these VPS Conditions, “**VPS Covered Bondholders**” means the holders for the time being of the VPS Covered Bonds; the “**Terms and Conditions of the Covered Bonds**” means the terms and conditions of Covered Bonds (other than VPS Covered Bonds) issued by the Issuer pursuant to the amended and restated agency agreement (and as amended or supplemented from time to time) dated 9 March 2011 entered into between the Issuer and the fiscal agent and the other agents named therein (such agency agreement, the “**Agency Agreement**”); “**Covered Bonds**” means (i) Bearer Covered Bonds (as defined in the Terms and Conditions of the Covered Bonds) and Registered Covered Bonds (as defined in the Terms and Conditions of the Covered Bonds) issued by the Issuer pursuant to the Agency Agreement, and (ii) VPS Covered Bonds; and

“**Covered Bondholders**” shall have the meaning ascribed to it under the Terms and Conditions of the Covered Bonds.

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

Copies of the VPS Trustee Agreement and the VPS Agency Agreement are obtainable during normal business hours at the specified office of the VPS Agent and at the registered office for the time being of the VPS Trustee at Haakon VII's Gate 1, 0116 Oslo, Norway. Copies of the applicable Final Terms may be obtained, upon request, free of charge, from the registered office of the Issuer, the specified office of the VPS Agent and at the registered office for the time being of the VPS Trustee save that, if this VPS Covered Bond is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under Directive 2003/71/EC (the “**Prospectus Directive**”), the applicable Final Terms will only be obtainable by a VPS Covered Bondholder holding one or more VPS Covered Bonds and such VPS Covered Bondholder must produce evidence satisfactory to the Issuer, the VPS Agent and/or the VPS Trustee as to its holding of such VPS Covered Bonds and identity. The VPS Covered Bondholders are deemed to have notice of all the provisions of the VPS Trustee Agreement, the VPS Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these VPS Conditions include summaries of, and are subject to, the detailed provisions of the VPS Trustee Agreement and the VPS Agency Agreement.

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

1 Form, Denomination and Title

The VPS Covered Bonds are in uncertificated book-entry form in the Specified Currency and the Specified Denomination(s), provided that in the case of any VPS Covered Bonds which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €50,000 (or its equivalent in any other currency as at the date of issue of the relevant VPS Covered Bonds). VPS Covered Bonds of one Specified Denomination may not be exchanged for Covered Bonds, VPS or otherwise, of another Specified Denomination. VPS Covered Bonds will be registered with a separate securities identification code in the VPS.

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

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

Where the applicable Final Terms specifies that an Extended Maturity Date applies to a Series of VPS Covered Bonds, those VPS Covered Bonds may be Fixed Rate Covered Bonds, Floating Rate Covered Bonds,

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

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

The holder of a VPS Covered Bond will be the person evidenced as such by a book entry in the records of the VPS. Title to the VPS Covered Bonds 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 Issuer as the holder of the relevant VPS Covered Bond.

For so long as the Covered Bond is a VPS Covered Bond, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of the VPS as the holder of a particular nominal amount of such VPS Covered Bonds (in which regard any certificate or other document issued by such clearing system as to the nominal amount of such VPS Covered Bonds standing to the account of any person shall, save in the case of manifest error, be conclusive and binding for all purposes, including any form of statement or print out of electronic records provided by such clearing system in accordance with its usual procedures and in which the holder of a particular nominal amount of such VPS Covered Bonds is clearly identified together with the amount of such holding) shall be treated by the Issuer, the VPS Trustee and the VPS Agent as the holder of such nominal amount of such VPS Covered Bonds for all purposes.

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

2 Status of the VPS Covered Bonds

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

3 Interest

(a) Interest on Fixed Rate Covered Bonds

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

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount

to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount(s) so specified.

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

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

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

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

In these VPS Conditions:

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

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

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

(i) Interest Payment Dates

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

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

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

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

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

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

- (C) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
 - (D) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to interest payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the “**TARGET2 System**”) is open.
- (ii) Rate of Interest

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

(A) ISDA Determination for Floating Rate Covered Bonds

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the VPS Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent under an interest rate swap transaction if the VPS Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent were acting as Calculation Agent (as such term is defined in the ISDA Definitions) for that swap transaction under the terms of an agreement incorporating the 2002 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the VPS Covered Bonds (the “**ISDA Definitions**”) and under which:

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

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

(B) Screen Rate Determination for Floating Rate Covered Bonds

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

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

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

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

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

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

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 3(b)(ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 3(b)(ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest Rate.

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

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

The VPS Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent will calculate the amount of interest (the “**Interest Amount**”) payable per Calculation Amount in respect of the Floating Rate Covered Bonds or Index Linked Interest

Covered Bonds for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

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

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

The VPS Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the VPS Trustee, (in the case of the Calculation Agent) the VPS Agent, the VPS Covered Bondholders and any stock exchange on which the relevant Floating Rate Covered Bonds or Index Linked Interest Covered Bonds are for the time being listed and the VPS (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with VPS Condition 11 (Notices) as soon as possible after their determination but in no event later than the fourth London Business Day (as defined below) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of

adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Covered Bonds or Index Linked Interest Covered Bonds are for the time being listed and to the VPS Covered Bondholders in accordance with VPS Condition 10 (Notices). For the purposes of this paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London. The notification of any rate or amount, if applicable, shall be made to the VPS in accordance with and subject to the VPS rules and regulations for the time being in effect.

(vi) Determination or Calculation by VPS Agent

If for any reason at any relevant time where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent defaults in its obligation to determine the Rate of Interest or any Interest Amount in accordance with the above provisions or as otherwise specified in the applicable Final Terms, as the case may be, and in each case in accordance with Condition 3(b)(iv) above, the VPS Agent shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this VPS Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the VPS Agent shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

(vii) Certificates to be Final

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

(c) *Dual Currency Covered Bonds*

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

(d) *Partly Paid Covered Bonds*

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

(e) *Accrual of Interest*

Subject as provided in VPS Condition 3(f) (Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the VPS Covered Bonds up to the Extended Maturity Date), each VPS Covered Bond (or in the case of the redemption of part only of a VPS Covered Bond, that part

only of such VPS Covered Bond) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue in accordance with these VPS Conditions.

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

- (i) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of VPS Covered Bonds and the maturity of those VPS Covered Bonds is extended beyond the Maturity Date in accordance with VPS Condition 5(k) (Extension of Maturity up to Extended Maturity Date), the VPS Covered Bonds shall bear interest from (and including) the Maturity Date to (but excluding) the earlier of the relevant Interest Payment Date after the Maturity Date on which the VPS Covered Bonds are redeemed in full or the Extended Maturity Date, subject to VPS Condition 3(e) (Accrual of Interest). In that event, interest shall be payable on those VPS Covered Bonds at the rate determined in accordance with VPS Condition 3(f)(ii) on the principal amount outstanding of the VPS Covered Bonds in arrear on the Interest Payment Date in each month after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date, subject as otherwise provided in the applicable Final Terms. The final Interest Payment Date shall fall no later than the Extended Maturity Date.
- (ii) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of VPS Covered Bonds and the maturity of those VPS Covered Bonds is extended beyond the Maturity Date in accordance with VPS Condition 5(k) (Extension of Maturity up to Extended Maturity Date), the rate of interest payable from time to time in respect of the principal amount outstanding of the VPS Covered Bonds on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date will be as specified in the applicable Final Terms and, where applicable, determined by the VPS Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified, two Business Days after the Maturity Date in respect of the first such Interest Period and thereafter as specified in the applicable Final Terms.
- (iii) In the case of VPS Covered Bonds which are Zero Coupon Covered Bonds up to (and including) the Maturity Date and for which an Extended Maturity Date is specified under the applicable Final Terms, for the purposes of this VPS Condition 3(f) the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these VPS Conditions.
- (iv) This VPS Condition 3(f) shall only apply to VPS Covered Bonds to which an Extended Maturity Date is specified in the applicable Final Terms and if the Issuer fails to redeem those VPS Covered Bonds (in full) on the Maturity Date (or within two Business Days thereafter) and the maturity of those VPS Covered Bonds is automatically extended up to the Extended Maturity Date in accordance with VPS Condition 5(k) (Extension of Maturity up to Extended Maturity Date).

4 Payments

(a) *Method of Payment*

Subject as provided below:

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

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, but without prejudice to the provisions of VPS Condition 6 (Taxation); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. References to “Specified Currency” will include any successor currency under applicable law.

(b) *Payments in respect of VPS Covered Bonds*

Payments of principal and interest in respect of VPS Covered Bonds and notification thereof to VPS Covered Bondholders will be made to the VPS Covered Bondholders shown in the records of the VPS and will be effected through and in accordance with and subject to the rules and regulations from time to time governing the VPS. The VPS Agent and any Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any VPS Covered Bondholder. The Issuer reserves the right at any time with the approval of the VPS Trustee to vary or terminate the appointment of the VPS Agent or any Calculation Agent and to appoint additional or other agents provided that the Issuer shall at all times maintain (i) a VPS Agent authorised to act as an account operating institution with the VPS, (ii) one or more Calculation Agent(s) where the VPS Conditions so require and the applicable Final Terms specifies a Calculation Agent for so long as the related VPS Covered Bonds are outstanding and (iii) such other agents as may be required by any other stock exchange on which the VPS Covered Bonds may be listed in each case.

Notice of any such change or of any change of any specified office shall promptly be given to the VPS Covered Bondholders in accordance with VPS Condition 10 (Notices).

(c) *Payment Day*

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

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) the relevant place of presentation;
 - (B) London;
 - (C) any Additional Financial Centre specified in the applicable Final Terms; and

- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(d) *Interpretation of Principal and Interest*

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

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

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

5 Redemption and Purchase

(a) *At Maturity*

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

(b) *Redemption for Tax Reasons*

The VPS Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this VPS Covered Bond is neither a Floating Rate Covered Bond nor an Index Linked Interest Covered Bond) or on any Interest Payment Date (if this VPS Covered Bond is either a Floating Rate Covered Bond or an Index Linked Interest Covered Bond), on giving not less than 30 nor more than 60 days' notice to the VPS Trustee and the VPS Agent and, in accordance with VPS Condition 10 (Notices), the VPS Covered Bondholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the VPS Covered Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in VPS Condition 6 (Taxation) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Norway or any political subdivision or any authority thereof or any authority or agency therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the VPS Covered Bonds; and
 - (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,
- provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the VPS Covered Bonds then due.

Prior to the publication of any notice of redemption pursuant to this VPS Condition, the Issuer shall deliver to the VPS, the VPS Trustee and the VPS Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

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

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

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

- (i) not less than 15 nor more than 30 days' notice to the VPS Covered Bondholders in accordance with VPS Condition 10 (Notices); and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the VPS Trustee and the VPS Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the VPS Covered Bonds then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of VPS Covered Bonds, the VPS Covered Bonds to be redeemed (“**Redeemed Covered Bonds**”) will be selected in accordance with the rules and procedures of the VPS in relation to such VPS Covered Bonds, such not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the “**Selection Date**”).

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

If Investor Put is specified in the applicable Final Terms, upon the holder of any VPS Covered Bond giving to the Issuer in accordance with VPS Condition 10 (Notices) not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such VPS Covered Bond

on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of the VPS Covered Bonds, the holder of the VPS Covered Bonds must, within the notice period, give notice to the VPS Agent and the VPS Trustee of such exercise in accordance with the standard procedures of the VPS from time to time.

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

(e) *Early Redemption Amounts*

For the purpose of Condition 5(b) above, the VPS Covered Bonds will be redeemed at the Early Redemption Amount calculated as follows:

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

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

where:

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

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

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

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

(f) *Instalments*

Instalment Covered Bonds will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 5(e) above.

(g) *Partly Paid Covered Bonds*

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

(h) *Purchases*

The Issuer, Sparebanken Vest or any of their respective subsidiaries may at any time purchase beneficially or procure others to purchase beneficially for its account VPS Covered Bonds at any price in the open market or otherwise. Such VPS Covered Bonds purchased by or on behalf of the Issuer, Sparebanken Vest or any of their respective subsidiaries may be cancelled by causing such VPS Covered Bonds to be deleted from the records of the VPS.

(i) *Cancellation*

All VPS Covered Bonds which are redeemed will forthwith be cancelled. The details of all VPS Covered Bonds so cancelled shall be deleted from the records of the VPS and cannot be reissued or resold.

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

If the amount payable in respect of any Zero Coupon Covered Bond upon redemption of such Zero Coupon Covered Bond pursuant to Condition 5(a), (b), (c) or (d) above is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Covered Bond shall be the amount calculated as provided in Condition 5(e)(iii) above as though the references therein to the date fixed for the redemption were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Covered Bonds has been received by the VPS Trustee or the VPS Agent and notice to that effect has been given to the VPS Covered Bondholders in accordance with VPS Condition 10 (Notices).

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

- (i) An Extended Maturity Date may be specified in the applicable Final Terms as applying to each Series of VPS Covered Bonds.
- (ii) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of VPS Covered Bonds and the Issuer fails to redeem all of those VPS Covered Bonds in full on the Maturity Date or within two Business Days thereafter, the maturity of the VPS Covered Bonds and the date on which such VPS Covered Bonds will be due and repayable for the purposes of these VPS Conditions will be automatically extended up to but no later than the Extended Maturity Date, subject as otherwise provided for in the applicable Final Terms. In that event, the Issuer may redeem all or any part of the principal amount outstanding of the VPS Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date or as otherwise provided for in the applicable Final Terms. The Issuer shall give to the VPS Covered Bondholders (in accordance with VPS Condition 10 (Notices)), the VPS Trustee and the VPS Agent, notice of its intention to redeem all or any of the principal amount outstanding of the VPS Covered Bonds in full at least five Business Days prior to the relevant Interest Payment Date or, as applicable, the Extended Maturity Date. Any failure by the Issuer to notify such persons shall not affect the validity or effectiveness of any redemption by the Issuer on the relevant Interest Payment Date or as applicable, the Extended Maturity Date or give rise to rights in any such person.
- (iii) In the case of VPS Covered Bonds which are Zero Coupon Covered Bonds up to (and including) the Maturity Date to which an Extended Maturity Date is specified under the

applicable Final Terms, for the purposes of this VPS Condition 5(k) the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these VPS Conditions.

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

6 Taxation

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

- (i) presented for payment in Norway; or
- (ii) presented for payment by or on behalf of a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such VPS Covered Bond by reason of his having some connection with the Kingdom of Norway other than the mere holding of such VPS Covered Bond; or

- (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in VPS Condition 4(c) (Payment Day)); or
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

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 of the VPS Covered Bonds 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 VPS Covered Bondholders in accordance with VPS Condition 10 (Notices).

7 Prescription

The VPS Covered Bonds will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in VPS Condition 6 (Taxation)) therefor.

8 Transfer and Exchange of VPS Covered Bonds

(a) Transfers of Interests in VPS Covered Bonds

Settlement of sale and purchase transactions in respect of VPS Covered Bonds will take place three Business Days after the date of the relevant transaction. VPS Covered Bonds may be transferred between accountholders at the VPS in accordance with the procedures and regulations, for the time being, of the VPS. A transfer of VPS Covered Bonds which is held in the VPS through Euroclear or Clearstream, Luxembourg is only possible by using an account operator linked to the VPS.

(b) Registration of transfer upon partial redemption

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

(c) Costs of registration and administration of the VPS

VPS Covered Bondholders will not be required to bear the costs and expenses of effecting any registration, transfer or administration in relation to the VPS, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

9 VPS Agent and VPS Trustee

The names of the initial VPS Agent and the initial VPS Trustee and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of the VPS Agent or any Calculation Agent and/or appoint additional or another VPS Agents or Calculation Agents and/or approve any change in the specified office through which any VPS Agent, VPS Trustee or Calculation Agent acts, provided that:

- (i) there will at all times be a VPS Agent authorised to act as an account operating institution with the VPS and one or more Calculation Agent(s) where the VPS Conditions of the relevant VPS Covered Bonds so require and a VPS Trustee; and
- (ii) so long as the Covered Bonds are listed on any stock exchange or admitted to listing by any other relevant authority there will at all times be a VPS 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.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Covered Bondholders in accordance with VPS Condition 10 (Notices).

In acting under the VPS Agency Agreement, the VPS Agent acts solely as agent of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any VPS Covered Bondholders.

10 Notices

Notices to the VPS Covered Bondholders shall be valid if the relevant notice is given to the VPS for communication by it to the VPS Covered Bondholders and, so long as the VPS Covered Bonds are listed on a stock exchange, the Issuer shall ensure that notices are duly published in a manner which complies with the rules of such exchange. Any such notice shall be deemed to have been given on the date two days after delivery to the VPS.

11 Meetings of VPS Covered Bondholders

(a) Holders of VPS Covered Bonds

The VPS Trustee Agreement contains provisions for convening meetings of the VPS Covered Bondholders to consider any matter affecting their interests, including the sanctioning by a majority of votes (as more fully set out in the VPS Trustee Agreement) of a modification of the VPS Covered Bonds or any of the provisions of the VPS Trustee Agreement (or, in certain cases, sanctioning by a majority of two-thirds of votes). Such a meeting may be convened by the VPS Trustee or at the request of the Issuer, Oslo Børs or the VPS Covered Bondholders holding not less than 10 per cent. in nominal amount of the VPS Covered Bonds for the time being outstanding. The quorum at any such meeting for passing a resolution is one or more persons holding not less than 50 per cent. in nominal amount of the VPS Covered Bonds for the time being outstanding or at any adjourned meeting one or more persons being or representing VPS Covered Bondholders whatever the nominal amount of the VPS Covered Bonds so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the VPS Covered Bonds, the VPS Trustee Agreement (including modifying the date of maturity of the VPS Covered Bonds or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the VPS Covered Bonds or altering the currency of payment of the VPS Covered Bonds), the quorum shall be one or more persons holding or representing not less than two-thirds in aggregate nominal amount of the VPS Covered Bonds for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in aggregate nominal amount of the VPS Covered Bonds for the time being outstanding. A Resolution passed at any meeting of the VPS Covered Bondholders shall be binding on all the VPS Covered Bondholders, whether or not they are present at the meeting.

(b) Modification

The VPS Trustee Agreement provides that:

- (i) in order to make the following amendments, a majority of at least two-thirds of the votes cast in respect of Voting VPS Covered Bonds is required:
 - (a) modification of the Maturity Date of the VPS Covered Bonds specified in the applicable Final Terms, or reduction or cancellation of the nominal amount payable upon maturity;
 - (b) reduction or calculation of the amount payable, or modification of the payment date in respect of any interest in relation to the VPS Covered Bonds or variation of the method of calculating the rate of interest in respect of the VPS Covered Bonds;
 - (c) reduction of any Minimum Interest Rate and/or Minimum Interest Rate specified in the applicable Final Terms;
 - (d) modification of the currency in which payments under the VPS Covered Bonds are to be made;
 - (e) modification of the majority requirement to pass a resolution in respect of the matters listed in this paragraph (i);
 - (f) an alteration of Clause 10.17 of the VPS Trustee Agreement (which sets out the matters for which a majority vote is required);
 - (g) the transfer of rights and obligations under the VPS Conditions and the VPS Trustee Agreement to another Issuer; and/or
 - (h) a change of VPS Trustee;
- (ii) save as set out in Condition 11(b)(i) above, the VPS Trustee, without providing prior written notice to, or consultation with, the VPS Covered Bondholders may make decisions binding on all VPS Covered Bondholders relating to the VPS Conditions, the VPS Agency Agreement and the VPS Trustee Agreement including amendments which in the opinion of the VPS Trustee are not materially prejudicial to the interests of the VPS Covered Bondholders; and
- (iii) save as set out in Conditions 11(b)(i) and 11(b)(ii) above, the VPS Trustee may reach decisions binding for all VPS Covered Bondholders provided that prior notification is given to the VPS Covered Bondholders containing (a) a proposal of the amendment; (b) the VPS Trustee's evaluation of the proposed amendment, and (c) a statement that the VPS Trustee may not reach a decision that is binding for all VPS Covered Bondholders in the event that any VPS Covered Bondholder submits a written protest against the proposal within a deadline set by the VPS Trustee (such deadline may not be less than five Business Days after the date of such notification).

12 VPS Trustee

Save where to do so would adversely affect the credit rating of the then outstanding Covered Bonds, the VPS Trustee Agreement contains provisions for the indemnification of the VPS Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction. VPS Covered Bondholders are deemed to have accepted and will be bound by the VPS Conditions and the terms of the VPS Trustee Agreement.

13 Further Issues

The Issuer shall be at liberty from time to time without the consent of the VPS Covered Bondholders to create and issue further covered bonds ("**Further Covered Bonds**") having terms and conditions the same as the

VPS Covered Bonds or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding VPS Covered Bonds.

14 Contracts (Rights of Third Parties) Act 1999

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

15 Governing law and submission to jurisdiction

- (a) The VPS Covered Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law except that the provisions of the VPS Covered Bonds under VPS Condition 2 are governed by, and shall be construed in accordance with, Norwegian law. VPS Covered Bonds must comply with the Norwegian Securities Register Act of 5 July 2002 no. 64, as amended from time to time and the holders of VPS Covered Bonds will be entitled to the rights and are subject to the obligations and liabilities which arise under this Act and any related regulations and legislation. The VPS Trustee Agreement and the VPS Agency Agreement are governed by, and shall be construed in accordance with, Norwegian law.
- (b) The Issuer agrees, for the exclusive benefit of the VPS Trustee and the VPS Covered Bondholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the VPS Covered Bonds including a dispute relating to any non-contractual obligations in connection with them and that accordingly any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the VPS Covered Bonds may be brought in such courts.

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

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

The Issuer appoints DnB NOR Bank ASA at its London branch for the time being at 20 St. Dunstan's Hill, London EC3R 8HY as its agent for service of process, and undertakes that, in the event of DnB NOR Bank ASA 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.

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

SUMMARY OF NORWEGIAN LEGISLATION RELATING TO COVERED BONDS

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

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

Legislation

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

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

The Register

The Credit Institution must maintain a register (the “**Register**”) of the issued covered bonds, the related derivatives agreements, and the Cover Pool pertaining to such covered bonds and derivatives agreements. In accordance with the Financial Institutions Act, a Credit Institution may establish a separate Register for the issue of covered bonds relating to a different Cover Pool. If there is more than one Cover Pool, the Credit Institution must identify which Cover Pool a covered bondholder will hold a preferential claim over. Where a Credit Institution has issued two or more covered bonds not conferring a preferential claim over the same

Cover Pool, derivative agreements and substitute assets shall be held in a separate bank account for each Cover Pool.

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

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

Benefit of a prioritised claim

Pursuant to the Financial Institutions Act, if a Credit Institution which has issued covered bonds is declared bankrupt (*konkurs*), enters into debt negotiations pursuant to the Norwegian Bankruptcy Act, is liquidated, or is placed under public administration, the holders of covered bonds issued by the relevant Credit Institution and the counterparties to the relevant derivatives agreements will have an exclusive, equal and *pro rata* prioritised claim over the Cover Pool. The prioritised claims will rank ahead of all other claims, save for claims relating to the fees and expenses of a bankruptcy estate. According to the provisions of section 6-4 of the Norwegian Liens Act and section 2-35 of the Financial Institutions Act, a future bankruptcy estate of the Credit Institution will have a first priority lien over all of the assets included in the Cover Pool, as security for fees and expenses incurred by the bankruptcy administrator and creditors' committee in connection with the administration of the bankruptcy estate, ranking ahead of the claims of holders of covered bonds and of the counterparties to the relevant derivatives agreements. Such liens will, however, be limited to 700 times the standard Norwegian court fee (approximately NOK 615,000 (€77,000)) in respect of each Cover Pool. Payment of expenses on operation, management, recovery and realisation of the Cover Pool may also be demanded before the covered bondholders and counterparties to related derivative agreements receive payment from the Cover Pool.

By virtue of the priority established by the Financial Institutions Act, claims of the holders of covered bonds and of the counterparties to the relevant derivatives agreements against a Credit Institution which has issued covered bonds will rank ahead of claims of all other creditors of the Credit Institution with respect to the Cover Pool (save for the priority described above granted to a bankruptcy estate in respect of fees and expenses). The preferential claims shall also apply to funds which are subsequently remitted in accordance with terms of contract applying to assets included in the Cover Pool, provided that certain administrative procedures have been complied with.

Pursuant to the Financial Institutions Act, loans and receivables included in the Cover Pool may not be assigned by way of security, pledged, or made subject to any set-off, nor subject to any execution, attachment or other enforcement proceedings. However, an exemption regarding the prohibition against set-off has been made in relation to derivative agreements, as further described in the Regulation.

Cover Pool — composition of assets

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

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

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

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

Loan to value ratios (and other restrictions)

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

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

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

Additional provisions regarding quantitative and qualitative requirements placed on the assets forming part of the Cover Pool are set out in the Regulation. In order to qualify for inclusion in the Cover Pool all legislative requirements must be met. However, if the Cover Pool assets at a later stage ceases to meet the requirements of the Financial Institutions Act and/or the Regulation in relation to ratios, risk categories or proportion limits, such assets may nevertheless form part of the Cover Pool, but will be excluded from the calculation (which is required by the Financial Institutions Act and described below) of the value of the Cover Pool.

Valuations

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

The calculation of the value of the Cover Pool assets consisting of loans secured by real estate or other registered assets is required to be made on a prudent basis, and such prudent value may not exceed the market value of each individual asset. The estimation of the value is required to be made by a competent and independent person (i.e. a person without involvement in the credit granting process) and be documented, and such documentation is required to include information on who performed the calculation and the principles on

which the calculation was based. The value of residential real property may, however, be based on generally applicable price levels, when this is considered justifiable based on the market situation.

Balance and liquidity requirements

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

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

Inspector

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

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

Cover Pool administration in the event of bankruptcy

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

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

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

If the bankruptcy estate is unable to make timely payments to the covered bond holders or the counterparties to related derivatives agreement, the Bankruptcy Administrator must set a date for suspension of payments, and inform interested parties of this as soon as possible. If suspension of payments is initiated, the further handling of the bankruptcy estate will be conducted in accordance with general Norwegian bankruptcy

legislation. The claims of the covered bondholders and counterparties to related derivatives agreement will continue to have the prioritised claim against the Cover Pool.

VALUATION OF ASSETS IN COVER POOL

Valuation of assets

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

Overcollateralisation

Pursuant to the Financial Institutions Act, the Issuer is required to ensure that the prudent market value (determined in accordance with the Financial Institutions Act) of the Cover Pool does not at any time fall below the aggregate outstanding principal amount of all Covered Bonds issued under the Programme and any other mortgage covered bonds of the Issuer in issue at such time.

USE OF PROCEEDS

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

DESCRIPTION OF THE ISSUER

The Issuer of Covered Bonds under the Programme is Sparebanken Vest Boligkreditt AS. The Issuer is a wholly-owned subsidiary of Sparebanken Vest (“**Sparebanken Vest**”).

The Issuer is a limited company incorporated under the laws of Norway and was originally established as a finance company on 22 May 2008. The Issuer's organisation number is 990 710 691, its registered office is Bergen and the place of registration is Norway. The Issuer's registered address is Kaigaten 4, 5016 Bergen, Norway and the Issuer's telephone number is +47 9150 5555. The Norwegian Financial Supervisory Authority granted the Issuer licence to become a Mortgage Credit Institution on 14 February 2008.

The Issuer's objective is to acquire or purchase mortgages, which is primarily financed by issuing Covered Bonds. The Issuer arranges the purchase and transfer of mortgages from Sparebanken Vest or other Norwegian savings banks and markets the Covered Bonds to prospective investors.

Operations

Mortgages are issued by Sparebanken Vest or other Norwegian savings banks. To obtain a mortgage, prospective borrowers must complete an application form which includes providing certain information about themselves, such as household income, current employment details, bank account information, current mortgage information (if any) and certain other personal information. Information on prospective borrowers' income is obtained from the public tax register and through a credit reference agency (Lindorff) search which details public information such as any economic related country court judgments and bankruptcy. An internal credit score is also generated by an automated system in respect of each applicant to assist in the process of their credit application.

The guidelines adopted by the Issuer's board of directors with respect to the eligibility of loans for transfer and the transfer procedure are set out in the Issuer's credit policy (the “**Credit Policy**”). Eligible loans are assets which are eligible for inclusion in the Cover Pool, as determined by the Financial Institutions Act and Regulations (as amended, varied or supplemented from time to time) and the Credit Policy (“**Eligible Loans**”). The Credit Policy may put limits on Eligible Loans depending on: type of loan products; type of property; customer creditworthiness; and any other criteria the Issuer's board of directors may, from time to time, think necessary.

The Issuer has entered into a transfer and servicing agreement with Sparebanken Vest to purchase and transfer Eligible Loans from Sparebanken Vest or other Norwegian savings banks to the Issuer (the “**Transfer and Servicing Agreement**”). The Transfer and Servicing Agreement provides that Sparebanken Vest will continue to be the servicer of all mortgages transferred to the Issuer and that Sparebanken Vest retains the responsibility for any demands made by a borrower in respect of its transferred Eligible Loan and for any losses incurred by a borrower due to operational errors by Sparebanken Vest.

In some instances where Sparebanken Vest is not adequately servicing the mortgages the servicing function may be transferred to a third party bank, either temporarily or permanently. The Transfer and Servicing Agreement can only be terminated by Sparebanken Vest provided that the Issuer consents to such termination.

Derivatives arrangement

The Issuer has entered into derivatives arrangements with international banks and other parties, comprising interest rate swaps and currency swaps, for the purpose of controlling interest rate and currency risk relating to the Issuer's funding and lending operations.

Financial Information

The Issuer was initially established as a finance company in Bergen under the name Sparebanken Vest Boligkreditt AS and with a share capital of NOK 50mn. Operations commenced in August 2008 and the share capital has increased in six steps. By 31 December 2011 the share capital was NOK 1,700mn.

As at 31 December 2011, the Issuer has NOK 31.1bn in outstanding loans and has issued covered bonds worth NOK 28.3bn and has debt to financial institutions of NOK 2.5bn.

The audited financial statements of the Issuer for the financial year ended 31 December 2011 are available in the Issuer's 2011 Annual Report and the unaudited interim financial statements up to 30 September 2011 prepared by the management are also available from the Issuer (see also "Documents incorporated by reference").

Board of Directors

The Issuer's board of directors consists of five members elected by the annual shareholders' meeting. The current directors are as follows:

Knut Ravnå	Chairman (former CEO of Sparebanken Vest)
Pål Pedersen	Deputy Chairman (Director – Legal of Sparebanken Vest)
Inga Lise Lien Moldestad	(Deputy Managing Director and Partner of Holberg Fondsforvaltning AS)
Vibeke Knudsen	(General Manager of Sparebanken Vest)
Eivind Areklett Norebø	(CFO of Sparebanken Vest)

The business address of the five members of the Issuer's board of directors is the registered address of the Issuer.

Management

Egil Mogleiv is the Managing Director of the Issuer. Until March 2007, Mr Mogleiv was the Head of International Activities, Treasury and Trading Operations in Sparebanken Vest.

Fredrik Skarsvåg is the Risk Manager of the Issuer. Mr Skarsvåg was formerly the Head of Analysis in Lindorff Decision AS.

Auditors

Deloitte AS (“**Deloitte**”) are the auditors of the Issuer since 18 March 2010 when the Sparebanken Vest Group changed auditors from PricewaterhouseCoopers. The auditor in charge is Helge Roald Johnsen. The responsible partners at Deloitte are members of the Norwegian Institute of Public Accountants.

Deloitte has also been appointed by the Financial Supervisory Authority of Norway as the independent examiner pursuant to section 2-34, sub-section 1, of the Financial Institutions Act.

Conflict of interest within administration, management and supervisory bodies

Sparebanken Vest employs three of the five members of the Issuer’s board of directors. However, since the Issuer is a wholly-owned subsidiary of Sparebanken Vest, and the Issuer’s primary business will be to issue Covered Bonds under the Programme on behalf of Sparebanken Vest, there are no existing or potential conflicts of interest between any duties owed to the Issuer by its management and the private interests and/or other external duties owed by any director.

Jurisdiction

The Issuer is organised under the laws of the Kingdom of Norway.

SHAREHOLDERS

The Issuer is a wholly-owned subsidiary of Sparebanken Vest. Sparebanken Vest's equity consists of equity certificates ("ECs") which are publicly traded on the Oslo Stock Exchange, primary capital, the reserve for unrealised gains, other group equity and minority interests. ECs are very similar to shares in a bank, being traded and taxed according to the same statutory provisions. The ECs account for approximately 21.5% of the Bank's total equity. However, although the holders of the ECs are entitled as owners to any dividends paid, they do not give any rights to the assets of the bank. As of 31 December 2011, the largest owner of ECs in Sparebanken Vest was Sparebankstiftinga Hardanger which held 29.48% of the ECs issued, related to the merger of Sparebank 1 Hardanger. The twenty largest owners of ECs in sum accounted for 72.50% of the ECs issued.

The Issuer and its parent, Sparebanken Vest (the "**Lender**"), entered into a revolving credit facility agreement dated 26 January 2010 (as amended and restated on 22 March 2012 (the "**Agreement**")). The facility can be used by the Issuer to make repayment/prepayment of covered bonds issued by the Issuer and payment of connected derivative contracts. The facility available under the Agreement shall at all times be equal to the Issuer's payment obligations for the next 12 months in respect of covered bonds, including interest, principal and any connected derivative agreements entered into for hedging purposes. The facility is not limited to a specific maximum amount. The facility will be in place until a date falling not earlier than 3 months after the last maturity date of any covered bond issued by the borrower. The Lender may not declare outstanding amounts in default during the term of the facility. The Lender does not have any right to terminate the Agreement. The obligations owed by the Issuer towards the Lender under the Agreement, will be unsecured obligations of the Issuer ranking *pari passu* with other unsecured senior claims, but with no right to the assets in the cover pool of the Issuer. At the request of the Lender, the Issuer shall issue covered bonds to the Lender in an aggregate amount not exceeding any utilisation outstanding under the Agreement.

DESCRIPTION OF THE SPAREBANKEN VEST GROUP

Sparebanken Vest Group

Sparebanken Vest is an independent banking and financial services group based in Bergen in the Kingdom of Norway (“**Norway**”). Sparebanken Vest is the second oldest savings bank in Norway and its history goes back to 1823 when Bergen Sparebank was established. Sparebanken Vest was established in 1982 when Bergen Sparebank merged with 12 other savings banks in the Hordaland county of Norway. Sparebanken Vest was incorporated on 12 February, 1823 for indefinite duration and operates under the Savings Bank Act 1961 and since 1982, Sparebanken Vest has merged with further savings banks in the Hordaland and Sogn & Fjordane and Rogaland. Sparebanken Vest also acquired 5 offices in Sogn & Fjordane from Fokus Bank, established an office in Sandnes (Rogaland County) in 2007 and opened an office in Stavanger (Rogaland County) in May 2008. On 25 June 2009 the two Supervisory Boards of Sparebanken Vest and Sparebanken Hardanger approved a proposed merger between the banks. Sparebanken Hardanger had 32 employees and branches in Ullensvang, Odda, Eidfjord, Ulvik, Granvin og Kvam. Its total assets amounted to NOK 3,980 million at the end of the third quarter 2011. With effect from 15 February 2012, the branches of Sparebanken Hardanger were fully integrated as Sparebanken Vest branches.

Aside from the Issuer, Sparebanken Vest has two further subsidiaries. Eiendomsmegler Vest AS is a major real estate broker company in the Bergen area, and Sparebanken Vest Eiendom AS is a real estate company, owning and operating Sparebanken Vest’s real estate properties.

In 1996, Sparebanken Vest was a founding member of the SpareBank 1 Alliance. In October 2002, Sparebanken Vest decided to withdraw from the SpareBank 1 Alliance with effect from 1 January 2004. Sparebanken Vest is now the largest independent regional bank in Norway.

Sparebanken Vest

Sparebanken Vest is registered in Norway under number NO 832 554 332 and has its registered office at Kaigaten 4, 5020 Bergen, Norway, Phone (+47 915) 05555. Sparebanken Vest operated under the Norwegian Savings Bank Act and the Act relating to Financial Institutions and Financing Activities, and is under the supervision of the Financial Supervisory Authority of Norway. Sparebanken Vest carries a long-term rating of A2 with stable outlook and a short-term rating of P-1 with a stable outlook ratings from Moody’s Investors Service Limited, and long-term A- and short-term F2, both stable outlook ratings from Fitch Ratings Limited.

Principal activities

Sparebanken Vest’s primary function is to supply financial and insurance services to customers in the west of Norway. Sparebanken Vest provides a full range of banking products and services to its retail customers and small and medium-sized corporate customers. These include deposits, loans and payments as well as cash management services.

Sparebanken Vest also distributes and sells a wide range of insurance, financing and savings-related products, such as fund management products, to its customer base. These products are supplied by the Frende insurance companies, Norne Securities and Brage Finans, (as described below).

The Sparebanken Vest Group consists of Sparebanken Vest, the Issuer and two other subsidiaries: Eiendomsmegler Vest AS, a major real estate broker company in the Bergen area, and Sparebanken Vest Eiendom AS, a real estate company, owning and operating Sparebanken Vest's real estate properties.

Market Position of the Sparebanken Vest Group

Retail Customers: With over 220,000 full service retail customers and 63 branches and offices firmly rooted in local market areas, Sparebanken Vest is the largest retail bank in the county of Hordaland and in the areas where Sparebanken Vest has a presence in the county of Sogn & Fjordane and Rogaland (based on number of customers in relation to the number of people living in Sparebanken Vest's marked area). Based on number of potential customers in the two counties Sparebanken Vest has a market share of around 25 per cent.

Corporate Customers: Sparebanken Vest has around 8,500 full service corporate customers, which are mainly small and medium-sized companies. Sparebanken Vest currently has a market share of around 19 per cent. in Hordaland, Sogn & Fjordane and Rogaland based on number of customers. Sparebanken Vest's market share in its area of operation based on capital is 18 per cent.

Sparebanken Vest has a higher market share in the counties where it has been operating for many years, and a low market share in Rogaland County and parts of Sogn & Fjordane County where Sparebanken Vest recently has opened offices.

Strategic Objectives of the Sparebanken Vest Group

Sparebanken Vest's strategic goal is to be positioned as the leading and most preferred provider of financial services in Western Norway. Sparebanken Vest's goal is to be a full service bank providing banking and insurance products to its customers through all channels (call-centre, internet banking and branch offices).

In the retail market, Sparebanken Vest's objective is to maintain its leading market position by providing the largest number of current accounts in its market areas and providing its retail clients with lifelong service. In addition to the constant effort to enhance the services Sparebanken Vest offers with respect to deposits, loans and payments, the degree of self-service continues to rise.

Together with 13 other independent Norwegian savings banks Sparebanken Vest has established two insurance companies (Frende life and Frende non-life) which commenced operations in the first half of 2008, and a securities company, Norne Securities, in 2009.

In December 2010, Brage Finans, a new leasing/financing company, became operative. Sparebanken Vest and nine of the owners of Frende own the company and it functions as a distribution platform.

Eight of the independent savings banks collaborating on Frende, Norne and Brage, has in cooperation with Sparebanken Vest, established Verd Boligkreditt AS (**Verd**). This company is a home mortgages company without rating that issues covered bonds in the Norwegian market and the company is operated by Sparebanken Vest.

Board of Directors

The board of directors of Sparebanken Vest consists of nine members. The current board members are as follows:

Trygve Bruvik Chairman

Marit Solberg	Deputy Chairman
Øyvind A. Langedal	Board Member
Yvonne Torgersen Hetlevik	Board Member
Richard Rettedal	Board Member
Arild Bødal	Board Member
Sivert Sørnes	Board Member
Anne-Marit Hope	Employee Representative
Tone Mattson	Employee Representative

The business address of the nine members of the board of directors of Sparebanken Vest is the registered address of the Sparebanken Vest.

Management

Stein Klakegg is the Managing Director of Sparebanken Vest. Mr Klakegg was formerly Group Director with Rieber & Søn ASA and has held various board positions with Norwegian and foreign companies.

Jan Erik Kjerpeseth is the Deputy Managing Director of Sparebanken Vest since 2006 having joined Sparebanken Vest as a market manager in 1999.

Siren Sundland is the Director of Corporate Communications since April 2009. Ms Sundland joined Sparebanken Vest in 2007.

Pål Pedersen is the Director of Legal since 1994. Mr Pedersen is a law graduate from the University of Bergen and was formerly an assistant judge and lawyer in private practice.

Kate Henriksen is the Director of Retail Market. Ms. Henriksen joined Sparebanken Vest in 2003 as the general manager responsible for the retail division of Sparebanken Vest.

Henning Nordgulen is the Director of Corporate Market. Mr Nordgulen joined Sparebanken Vest in 2003 as general manager for marine shipping in the corporate division.

Gro Hatleskog is the Director of Personnel and Competence since January 2012. Mrs Hatleskog is a graduate from The University of Bergen.

Hallgeir Isdahl is the Director of SPV Markets. Mr Isdahl joined Sparebanken Vest in 2009 and is a graduate of The University of Bergen.

Auditors

Deloitte AS (“**Deloitte**”) are the auditors of Sparebanken Vest. The auditor in charge is Helge Roald Johnsen. The responsible partners at Deloitte are members of the Norwegian Institute of Public Accountants.

Conflict of interest within administration, management and supervisory bodies

Sparebanken Vest employs three of the five members of the Issuer's board of directors. However, since the Issuer is a wholly-owned subsidiary of Sparebanken Vest, and the Issuer's primary business will be to issue Covered Bonds under the Programme on behalf of Sparebanken Vest, Sparebanken Vest believes that it is unlikely that conflicts will arise.

Jurisdiction

Sparebanken Vest is organised under the laws of the Kingdom of Norway.

TAXATION

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

UNITED STATES TAXATION

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS BASE PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

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The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Covered Bonds by a U.S. Holder (as defined below). This summary does not address the material U.S. federal income tax consequences of every type of Covered Bond which may be issued under the Programme, and the relevant Final Terms will contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Covered Bond as appropriate. This summary deals only with purchasers of Covered Bonds that are U.S. Holders and that will hold the Covered Bonds as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Covered Bonds by particular investors, and does not address state, local, foreign or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Covered Bonds as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar). Moreover, the summary deals only with Covered Bonds with a term of 30 years or less. The U.S. federal income tax consequences of owning Covered Bonds with a longer term will be discussed in the applicable Final Terms.

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

The U.S. federal income tax treatment of a partner in a partnership that holds Covered Bonds will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships

should consult their tax adviser concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Covered Bonds by the partnership.

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

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

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

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE COVERED BONDS, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Holders of Covered Bonds should also be aware of changes proposed to U.S. taxation legislation in the U.S. Foreign Account Tax Compliance Act, as to which see the Risk Factor headed “*U.S. Foreign Account Tax Compliance Withholding*”.

Payments of Interest

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

Original Issue Discount

General

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

A Covered Bond, other than a Covered Bond with a term of one year or less (a “**Short-Term Covered Bond**”), will be treated as issued with OID (a “**Discount Covered Bond**”) if the excess of the Covered Bond’s “stated redemption price at maturity” over its issue price is equal to or more than a de minimis amount (0.25 per cent. of the Covered Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified

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

U.S. Holders of Discount Covered Bonds must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Covered Bonds. The amount of OID includible in income by a U.S. Holder of a Discount Covered Bond is the sum of the daily portions of OID with respect to the Discount Covered Bond for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Covered Bond (“accrued OID”). The daily portion is determined by allocating to each day in any “accrual period” a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Covered Bond may be of any length selected by the U.S. Holder and may vary in length over the term of the Covered Bond as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Covered Bond occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Covered Bond’s adjusted issue price at the beginning of the accrual period and the Discount Covered Bond’s yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Covered Bond allocable to the accrual period. The “adjusted issue price” of a Discount Covered Bond at the beginning of any accrual period is the issue price of the Covered Bond increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Covered Bond that were not qualified stated interest payments.

Acquisition Premium

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

Short-Term Covered Bonds

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

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

Market Discount

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

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

the portion of the market discount allocable to the days on which the Market Discount Covered Bond was held by the U.S. Holder.

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

Variable Interest Rate Covered Bonds

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

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

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

does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

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

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

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

Once the Variable Interest Rate Covered Bond is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Covered Bond will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to

have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Covered Bond during the accrual period.

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

Covered Bonds Purchased at a Premium

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

Election to Treat All Interest as Original Issue Discount

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

Purchase, Sale and Retirement of Covered Bonds

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

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

Holder's holding period in the Covered Bonds exceeds one year. Gain or loss realised by a U.S. Holder on the sale or retirement of a Covered Bond generally will be U.S. source.

Foreign Currency Covered Bonds

Interest

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

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

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

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

OID

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

Market Discount

Market discount on a Covered Bond that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or

OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Covered Bond, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Bond Premium

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

Sale or Retirement

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

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

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

Backup Withholding and Information Reporting

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

Recently enacted legislation may require individual U.S. Holders to report to the IRS certain information with respect to their beneficial ownership of certain foreign financial assets, such as the Covered Bonds, if the

aggregate value of such assets exceeds U.S.\$ 50,000. U.S. Holders who fail to report required information could be subject to substantial penalties.

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Covered Bonds as a reportable transaction if the loss exceeds U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders. In the event the acquisition, holding or disposition of Covered Bonds constitutes participation in a reportable transaction for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Accordingly, if a U.S. Holder realizes a loss on any Covered Bond (or, possibly, aggregate losses from the Covered Bonds) satisfying the monetary thresholds discussed above, the U.S. Holder could be required to file an information return with the IRS, and failure to do so may subject the U.S. Holder to the penalties described above. In addition, the Issuer and its advisers may also be required to disclose the transaction to the IRS, and to maintain a list of U.S. Holders, and to furnish this list and certain other information to the IRS upon written request. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules to the acquisition, holding or disposition of Covered Bonds.

NORWEGIAN TAXATION

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

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

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

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

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

LUXEMBOURG TAXATION

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Covered Bonds should therefore consult their own

professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

(i) Non-resident holders of Covered Bonds

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

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

(ii) Resident holders of Covered Bonds

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

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

EU SAVINGS DIRECTIVE

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

with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland). In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

If a payment were to be made or collected through a Member State or dependent or associated territory which has opted for a withholding system and as a consequence of such a system, an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer, any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Covered Bond as a result of the imposition of such withholding tax. However, the Issuer is required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive or any other law implementing or complying with, or introduced in order to conform to, such Directive (if any).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

SUBSCRIPTION AND SALE

The Dealers have in a Programme Agreement (the “**Programme Agreement**”) dated 17 November 2008 as amended and restated on 23 February 2010 and as further amended and restated on 9 March 2011 agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Covered Bonds. Any such agreement will extend to those matters stated under “Form of the Covered Bonds” and “Terms and Conditions of the Covered Bonds” above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future updates of the Programme and the issue of Covered Bonds under the Programme.

United States

The Covered Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer represents and agrees that it has not offered or sold, and will not offer or sell, any Covered Bonds constituting part of its allotment except in accordance with Rule 903 of Regulation S under the Securities Act or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act.

To the extent that any Covered Bonds are sold in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer, sell or deliver Covered Bonds of any Series (i) as part of its general distribution at any time or (ii) until 40 days after the later of the commencement of the offering and the completion of the distribution, as determined by the Paying Agents, of all Covered Bonds of the Tranche of which such Covered Bonds are a part within the United States or to, or for the account or benefit of, U.S. persons and only in accordance with Rule 903 of Regulation S under the Securities Act. Each Dealer has further agreed that it will have sent to each dealer to which it sells the Covered Bonds during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons. Until the expiration of the applicable Distribution Compliance Period, an offer or sale of Registered Covered Bonds within the United States by any dealer whether or not participating in the offering may violate the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S of the Securities Act.

Any resale or other transfer, or attempted resale or other transfer of Covered Bonds made other than in compliance with the restrictions set out above and below shall not be recognised by the Issuer or any of its agents.

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

Bearer Covered Bonds

Bearer Covered Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions

permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and Treasury regulations thereunder.

Registered Covered Bonds

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

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

Registered Covered Bonds will be offered in the United States only by approaching prospective purchasers on an individual basis. No general solicitation or general advertising (as such terms are used in Rule 502 under the Securities Act) will be used in connection with the offering of the Covered Bonds in the United States and no directed selling efforts (as defined in Regulation S) shall be used in connection with the offering of the Covered Bonds outside of the United States.

No sale of Registered Covered Bonds in the United States to any one purchaser will be for less than U.S.\$100,000 (or its foreign currency equivalent) principal amount and no Registered Covered Bond will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$100,000 (or its foreign currency equivalent) principal amount of Registered Covered Bonds.

Each Restricted Covered Bond shall contain a legend in substantially the following form: “THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY OTHER APPLICABLE US STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER

JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.”

By its purchase of any Covered Bonds, each investor in the United States shall be deemed to have agreed to the restrictions contained in any legend endorsed on the Covered Bond purchased by it (to the extent still applicable) and each such purchaser shall be deemed to have represented to the Issuer, the seller and the Dealer, if applicable, that it is a QIB that is acquiring the Covered Bonds for its own account for investment and not with a view to the distribution thereof. Each investor (other than an investor in Reg. S Covered Bonds following expiry of the applicable Distribution Compliance Period), by its purchase of any Covered Bonds, also agrees to deliver to the transferee of any Covered Bond a notice substantially to the effect of the above legend.

Each prospective investor in the United States is hereby offered the opportunity to ask questions of, and receive answers from, the Issuer and the Dealers concerning the terms and conditions of the offering.

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

Each prospective purchaser of Covered Bonds offered in the United States or who is a U.S. person, by accepting delivery of this Prospectus, will be deemed to have represented and agreed as follows:

- (a) such offeree acknowledges that this Prospectus is personal to such offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Covered Bonds other than pursuant to Rule 144A or Section 4(2) of the Securities Act or in offshore transactions in accordance with Regulation S. Distribution of this Prospectus, or disclosure of any of its contents to any person other than such offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such offeree agrees to make no photocopies of this Prospectus or any documents referred to herein.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer:

- (a) if the applicable Final Terms in relation to the Covered Bonds specify that an offer of those Covered Bonds may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Covered Bonds which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has

subsequently been completed by the applicable Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or applicable Final Terms, as applicable;

- (b) at any time to any entity which is qualified investor as defined in the Prospective Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

For the purposes of this provision, the expression an “**offer of Covered Bonds to the public**” in relation to any Covered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU..

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

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

Norway

No offering material in relation to any Covered Bonds has been or will be approved by the Oslo Stock Exchange or registered in the Norwegian Register of Business Enterprises. Accordingly, each Dealer represents and agrees that:

- (a) Covered Bonds denominated in Norwegian Kroner may not be offered or sold within Norway or outside Norway to Norwegian citizens abroad; and
- (b) that Covered Bonds denominated in a currency other than Norwegian Kroner may not be sold within Norway,

in each case without the Covered Bonds prior thereto having been registered in the Norwegian Central Securities Depository.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, the “**FIEA**”) and each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer or sell any Covered Bonds, 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 Control Law (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

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

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

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

GENERAL INFORMATION

Authorisation

The establishment and the subsequent updates of the Programme, the increase in the aggregate amount of the Programme and the issue of Covered Bonds have been duly authorised by a resolution of the meeting of the Board of Directors of the Issuer dated 25 August 2008.

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

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

Documents Available

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

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

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

- (i) a copy of this Prospectus and any Final Terms relating to Covered Bonds which are admitted to trading on the Luxembourg Stock Exchange's regulated market; and
- (ii) any future prospectuses, information memoranda and supplements to the Prospectus and any other documents incorporated herein or therein by reference.

Clearing Systems

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

The address of Euroclear is 3 Boulevard du Roi Albert III, B.1210 Brussels, Belgium; the address of Clearstream, Luxembourg is 42 Avenue J. F. Kennedy, L-1855 Luxembourg; the address of DTC is 55 Water Street, New York, NY 10041-0099, USA and the address of the VPS is Biskop Gunnerusgate, 14A, 0185 Oslo.

Conditions for Determining Price

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

No Material or Significant Change

Since 31 December 2011 there has been no material adverse change in the prospects of the Issuer, and, since 31 December 2011, there has been no significant change in the financial position of the Issuer.

Since 31 December 2010 there has been no material adverse change in the prospects of Sparebanken Vest or the Sparebanken Vest Group and, since 31 December 2011, there has been no significant change in the financial position of Sparebanken Vest or the Sparebanken Vest Group.

Litigation

Neither the Issuer nor any member of the Sparebanken Vest 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 or the Sparebanken Vest Group.

Auditors

The auditors of the Issuer are Deloitte AS (“**Deloitte**”), authorised public accountants, who have audited the Issuer’s accounts, without qualification, in accordance with generally accepted auditing standards in the Kingdom of Norway as of and for the financial years ended 31 December 2011, 31 December 2010 and 31 December 2009. The audited accounts of the Issuer for the financial year ended 31 December 2011 are set out in the Issuer’s ‘Annual Report 2011’. The auditors of the Issuer have no material interest in the Issuer. The responsible partners at Deloitte are members of the Norwegian Institute of Public Accountants.

Post-issuance Information

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

APPENDIX GLOSSARY

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

Accrual Period	shall mean the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date.
Administrator	shall mean the administrator of the bankruptcy estate appointed by the bankruptcy court in the case where a Financial Institution is declared bankrupt.
Agency Agreement	shall mean the agency agreement (as amended or supplemented from time to time) between the Issuer, Fiscal Agent and the other agents on 17 November 2008 and as amended and restated on and 9 March 2011.
Agreement	shall mean the revolving credit facility agreement between the Issuer and Sparebanken Vest dated 26 January 2010 as amended and restated on 22 March 2012.
Amortised Face Amount	shall have the meaning given to it in the Terms and Conditions of the Covered Bonds.
Applicable Procedures	shall mean, in relation to the transfer and/or exchange of a beneficial interest in the Registered Global Covered Bond, the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.
Bearer Covered Bonds	shall mean Covered Bonds issued in bearer form.
Business Day	shall have the meaning given to it in Condition 3 (Interest) of the Terms and Conditions of the Covered Bonds.
Calculation Agent	shall mean the calculation agent appointed under the related Calculation Agency Agreement.
Calculation Agency Agreement	shall mean any calculation agency agreement entered into from time to time between the Issuer and a calculation agent in respect of a Series and/or Tranche of Covered Bonds.
Clearstream, Luxembourg	shall mean Clearstream Banking, societe anonyme.
Code	shall mean the Internal Revenue Code of 1986, as amended.
Commercial Mortgages	shall mean mortgages over other real property to the extent not Residential Mortgages.
Common Depository	shall mean the common depository who receives the Temporary Bearer Global Covered Bonds (which are not intended to be issued in NGCB form) on or prior to the original issue date of the Tranche.
Common Safekeeper	shall mean the common safekeeper who receives the Temporary Bearer Global Covered Bonds (which are intended to be issued in NGCB form) on or prior to the original issue date of the

	Tranche.
Conditions	shall mean the terms and conditions of the Covered Bonds (other than VPS Covered Bonds).
Contingent Principal Covered Bonds	shall mean Dual Currency Covered Bonds together with the Index Linked Covered Bonds.
Couponholders	shall mean the holders of the Coupons, and unless the context requires otherwise, the holders of Talons.
Coupons	shall mean the interest coupons on interest-bearing definitive Bearer Covered Bonds.
Covered Bondholder	shall mean the holder of Covered Bonds.
Covered Bonds	shall mean those covered bonds (including VPS Covered Bonds) issued by the Issuer under the Programme in accordance with the Financial Institutions Act.
Cover Pool	shall mean the cover pool maintained by the Issuer in accordance with the Financial Institutions Act.
Day Count Fraction	shall have the meaning given to it in Condition 3 (Interest) of the Terms and Conditions of the Covered Bonds.
Deed of Covenant	shall mean the deed of covenant (as amended or supplemented from time to time) executed by the Issuer in relation to the Covered Bonds on 17 November 2008.
Dealer	shall mean each entity specified as such in the Programme.
Determination Period	shall mean the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after such date).
Distribution Compliance Period	shall mean the period that ends 40 days after completion of the distribution of each Tranche of Covered Bonds, as certified by the relevant Dealer or, as the case may be, the Lead Manager.
Dual Currency Covered Bonds	shall mean Covered Bonds which provide for principal payments to be contingent upon the value of an exchange rate.
DTC	shall mean The Depository Trust Company.
EEA	shall mean European Economic Area.
EURIBOR	shall mean the Euro-zone inter-bank offered rate.
Euroclear	shall mean Euroclear Bank SA/NV.
Exchange Act	shall mean the United States Securities Exchange Act of 1934 as amended.
Exchange Date	shall mean the date on which interests in the Temporary Bearer Global Covered Bond are exchanged either for interests in a Permanent Bearer Global Covered Bond or for definitive Bearer Covered Bonds as the case may be.

Exchange Event	shall mean (i) the Issuer has been notified that either Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system satisfactory to the Issuer, the Fiscal Agent, the other Paying Agents and the Covered Bondholder is available or, unless otherwise specified in the applicable Final Terms, (ii) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 6 (Taxation) which would not be required were the Covered Bonds represented by the Permanent Bearer Global Covered Bond in definitive bearer form and a certificate to such effect signed by two Directors of the Issuer has been given to the Fiscal Agent.
Extended Maturity Date	shall mean the automatic monthly extension to the Maturity Date up to but not later than 12 months from the Maturity Date, subject as otherwise provided for in the applicable Final Terms, where the Issuer has failed to redeem the relevant Covered Bonds in full on the Maturity Date (or within two Business Days thereafter).
Financial Institutions	shall mean the Norwegian financial institutions as defined in the Financial Institutions Act which may issue covered bonds.
Financial Institutions Act	shall mean Norwegian Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions, Chapter 2, Sub-chapter IV and appurtenant regulations.
Fiscal Agent	shall mean Deutsche Bank AG, London Branch or any successor agent appointed in accordance with the Agency Agreement.
Fitch	shall mean Fitch Ratings Limited.
Fixed Interest Period	shall mean the period from (and including) as Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.
Fixed Rate Covered Bond	shall mean Covered Bonds which provide for interest based on a fixed rate.
Floating Rate Covered Bond	shall mean Covered Bonds which provide for interest based on a floating rate.
Further Covered Bonds	shall mean further covered bonds created and issued by the Issuer from time to time having terms and conditions the same as the Covered Bonds or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds.
IRS	shall mean the United States Internal Revenue Service.
Index Linked Covered Bonds	shall mean Covered Bonds which provide for principal payments to be contingent upon the value of an index.

Index Linked Interest Covered Bonds	shall mean Covered Bonds which provide for payments of interest to be linked to an index.
Index Linked Redemption Covered Bonds	shall mean Covered Bonds which provide for redemption amounts to be linked to an index.
Indirect Participants	shall mean participants who clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly.
Inspector	shall mean the independent inspector appointed under the Financial Institutions Act.
Instalment Covered Bonds	shall mean Covered Bonds which provide for gradual redemption by the Issuer in instalments.
Interest Amount	shall mean the amount of interest payable per Calculation Amount on the Floating Rate Covered Bonds or Index Linked Interest Covered Bonds for the relevant Interest Period as calculated by the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent.
Interest Payment Date	shall have the meaning given to it in Condition 3 (Interest) of the Terms and Conditions of the Covered Bonds.
Investor's Currency	shall mean the currency or currency unit in which an investor's financial activities are denominated principally, other than a Specified Currency.
Investor Put	shall mean the option of the Covered Bondholders to redeem certain Covered Bonds.
ISDA Rate	shall have the meaning given to it in Condition 3 (Interest) of the Terms and Conditions of the Covered Bonds.
ISDA Definitions	shall have the meaning given to it in Condition 3 (Interest) of the Terms and Conditions of the Covered Bonds.
Issuer	shall mean Sparebanken Vest Boligkreditt AS.
Issuer Call	shall mean the option of the Issuer to redeem certain Covered Bonds.
Legislation	shall mean the Financial Institutions Act and the Regulation.
LIBOR	shall mean the London inter-bank offered rate.
London Business Day	shall mean a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.
Long Maturity Covered Bond	shall mean a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond shall cease to be a Long Maturity Covered Bond on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Covered Bond.

Markets in Financial Instruments Directive	shall mean Directive 2004/39/EC.
Maturity Date	shall mean the scheduled maturity date of such Covered Bonds as set out in the applicable Final Terms.
Ministry	shall mean the Norwegian Ministry of Finance.
Moody's	shall mean Moody's Investors Service Limited.
Mortgages	shall mean the various types of mortgages which, pursuant to the Financial Institutions Act, may be the subject of security for loans that can be included in the Cover Pool.
NGCB	shall mean those global Covered Bonds which are issued in new global Covered Bond form.
Non-exempt Offer	shall mean an offer where the applicable Final Terms in relation to the Covered Bonds specify that an offer of those Covered Bonds may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State.
Non-U.S. Dollar Covered Bond	shall mean a Covered Bond denominated in a currency other than the U.S. dollar.
Non-U.S. Holders	shall mean the beneficial owners of Non-U.S. Dollar Covered Bonds.
Norwegian Regulations	shall mean the Regulations on mortgage credit institutions which issue bonds conferring a preferential claim over a cover pool consisting of public sector loans and loans secured on residential property or other real property (Covered Bonds).
Norwegian Supplementary Regulations	shall mean any regulations laid down pursuant to the Financial Institutions Act supplementary to the Norwegian Regulations.
OECD	shall mean the Organisation for Economic Co-operation and Development.
Partly Paid Covered Bonds	shall mean Covered Bonds which are issued partly paid.
Paying Agent	shall mean the Fiscal Agent and any additional or successor paying agent(s) appointed in accordance with the terms of the Agency Agreement.
Paying Agents	shall mean the Paying Agent and the Fiscal Agent.
Payment Day	shall have the meaning given to it in Condition 4 (Payments) of the Terms and Conditions of the Covered Bonds.
Permanent Bearer Global Covered Bond	shall mean a permanent global Covered Bond.
Proceedings	shall mean any suit, action or proceedings arising out of or in connection with the Agency Agreement, the Covered Bonds, the Receipts and/or the Coupons.
Programme	shall mean the €5 billion Covered Bond Programme of the Issuer.
Programme Agreement	shall mean the Programme Agreement between the Issuer, HSBC

	Bank plc, Morgan Stanley & Co. International plc and the other dealers named therein dated 17 November 2008 as amended and restated on 9 March 2011.
Prospectus Directive	shall mean Directive 2003/71/EC.
QIBs	shall mean qualified institutional buyers within the meaning of Rule 144A under the Securities Act.
Rating Agencies	shall mean Moody's and Fitch
Receipts	shall mean the receipts for the payment of the instalments of principal (other than the final instalment) of Definitive Bearer Covered Bonds.
Receiptholders	shall mean the holders of the Receipts.
Record Date	shall have the meaning ascribed to it in Condition 4(b) (Presentation of Covered Bonds, Receipts and Coupons) of the Terms and Conditions of the Covered Bonds.
Redeemed Covered Bonds	shall mean Covered Bonds (or, as the case may be, parts of Registered Covered Bonds) to be redeemed.
Registered Covered Bonds	shall mean Covered Bonds issued in registered form.
Registrar	shall mean Deutsche Bank Luxembourg S.A. and/or Deutsche Bank Trust Company Americas or any successor registrar appointed in accordance with the Agency Agreement.
Register	shall mean the register of the Covered Bonds and the Cover Pool maintained by the Issuer in accordance with the terms of the Financial Institutions Act.
Reg S Global Covered Bond	shall mean a permanent global Covered Bond in registered form, without interest coupons sold outside the United States in reliance on Regulation S of the Securities Act.
Relevant Date	shall mean the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent or the Registrar or, in the case of VPS Covered Bonds, the holders of the VPS Covered Bonds, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with the Condition 12 (Notices) or in the case of VPS Covered Bonds, Condition 10 (Notices).
Relevant Factor	shall mean an index or formula, changes in the prices of securities or commodities, movements in currency exchange rates or other factors, each being reference factors used to determine principal or interest of Covered Bonds.
Relevant Member State	shall mean each Member State of the EEA which has implemented the Prospectus Directive.
Relevant Implementation Date	shall mean the date on which the Prospective Directive is implemented in that Relevant Member State.

Restricted Global Covered Bonds	shall mean a restricted permanent global covered bond in registered form, without interest coupons sold in private transactions to QIBs.
SEC	shall mean the United States Securities and Exchange Commission.
Securities Act	shall mean the Securities Act of 1933, as amended.
Selection Date	shall have the meaning given to it in Condition 5 (Redemption and Purchase) of the Terms and Conditions of the Covered Bonds.
Series	shall mean a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.
Short-Term Covered Bond	shall mean a Covered Bond which has a fixed maturity date not more than one year from the date of issue.
Specified Currency	shall mean each Euro, Sterling, U.S. dollars, Yen, Norwegian Kroner and, subject to any applicable legal or regulatory restrictions and any applicable reporting requirements, any other currency agreed between the Issuer and the relevant Dealer.
Talons	shall mean talons for further Coupons.
TARGET2 System	shall mean the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.
Treasury Regulations	shall mean the Treasury regulations promulgated under the Code.
Temporary Bearer Global Covered Bond	shall mean the temporary global Covered Bond in bearer form which will initially represent the Bearer Covered Bonds of each Tranche.
Transfer Certificate	shall mean a transfer certificate substantially in the form set out in the Agency Agreement.
Terms and Conditions of the Covered Bonds	shall mean, in relation to the Covered Bonds, the terms and conditions to be endorsed on, attached to, or incorporated by reference into, the Covered Bonds, and any reference to a particular numbered Condition shall be construed in relation to the Covered Bonds accordingly.
Territories	shall mean certain dependent and associated territories of the EU Member States.
Transfer Agents	shall mean Deutsche Bank Luxembourg S.A. and/or Deutsche Bank Trust Company Americas and any additional or successor transfer agent(s) appointed in accordance with the terms of the Agency Agreement.
Tranche	shall mean Covered Bonds which are identical in all respects (including as to listing).

United States Person	shall mean a United States person for the U.S. federal income tax purposes.
VPS	shall mean the Norwegian Central Securities Depository, the Verdipapirsentralen.
VPS Agency Agreement	shall mean the agreement so named dated 17 November 2008 between the Issuer and the VPS Agent.
VPS Agent	shall mean Sparebanken Vest or any successor as VPS agent.
VPS Conditions	shall mean the terms and conditions of the VPS Covered Bonds.
VPS Covered Bonds	shall mean Covered Bonds issued in uncertified book-entry form cleared through the VPS.
VPS Letter	shall mean letter sent by the Issuer to the Fiscal Agent on the issue of VPS Covered Bonds which sets out the terms of relevant issue of VPS Covered Bonds in the form of Final Terms attached thereto.
VPS Trustee	shall mean Norsk Tillitsmann ASA or any successor as VPS trustee.
VPS Trustee Agreement	shall mean the agreement so named dated 17 November 2008 between the Issuer and the VPS Trustee.
Zero Coupon Covered Bonds	shall mean Covered Bonds which provide that no interest is payable.

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