

## Information Memorandum



### **A\$2,000,000,000 Covered Bond Issuance Programme**

#### Issuer

##### **SpareBank 1 Boligkreditt AS**

*(incorporated with limited liability in the Kingdom of Norway)*

*The Issuer is neither a bank nor an authorised deposit-taking institution which is authorised under the Banking Act 1959 of Australia and is not supervised by the Australian Prudential Regulation Authority. Australian Covered Bonds are not covered by the depositor protection provisions set out in section 13A of the Banking Act or the Australian government's bank deposit guarantee scheme and are not obligations of any government or other instrumentality and, in particular, are not guaranteed by the Commonwealth of Australia or by the Kingdom of Norway.*

#### Arranger

##### **Citigroup Global Markets Australia Pty Limited**

(ABN 64 003 114 832)

#### Dealers

##### **Australia and New Zealand Banking Group Limited**

(ABN 11 005 357 522)

##### **Citigroup Global Markets Australia Pty Limited**

(ABN 64 003 114 832)

##### **Commonwealth Bank of Australia**

(ABN 48 123 123 124)

##### **Deutsche Bank AG, Sydney Branch**

(ABN 13 064 165 162)

##### **National Australia Bank Limited**

(ABN 12 004 044 937)

##### **The Hongkong Shanghai Banking Corporation Limited, Sydney Branch**

(ABN 65 117 925 970)

##### **Royal Bank of Canada**

(ABN 86 076 940 880)

##### **Westpac Banking Corporation**

(ABN 33 007 457 141)

The date of this Information Memorandum is 3 February 2014

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# Important Notice

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## Introduction

This Information Memorandum relates to a covered bond issuance programme ("**Programme**") established by SpareBank 1 Boligkreditt AS ("**Issuer**") under which covered bonds (*obligasjoner med fortrinnsrett*) ("**Australian Covered Bonds**") may be issued from time to time up to the Programme Amount (as defined in the section entitled "Summary of the Programme" below).

*The Issuer is neither a bank nor an authorised deposit-taking institution which is authorised under the Banking Act 1959 of Australia ("**Banking Act**") and is not supervised by the Australian Prudential Regulation Authority. Australian Covered Bonds are not covered by the depositor protection provisions set out in section 13A of the Banking Act or the Australian government's bank deposit guarantee scheme and are not obligations of any government or other instrumentality and, in particular, are not guaranteed by the Commonwealth of Australia or by the Kingdom of Norway ("**Norway**"). In addition, the obligations of the Shareholder Banks (as defined below) of, and with respect to, the Issuer do not constitute a guarantee in respect of amounts due and payable under the Notes. The Notes will be obligations of the Issuer only and, in particular, will not be guaranteed by the Shareholder Banks (for further information in relation to the Shareholder Banks and the shareholder agreements please see the relevant sections in "Documents incorporated by reference" below).*

## Issuer's responsibility

This Information Memorandum has been prepared and issued by the Issuer. The Issuer accepts responsibility for the information contained in this Information Memorandum other than information provided by the Arranger, the Dealers and the Agents (each as defined in the section entitled "Summary of the Programme" below) in relation to their respective descriptions (if applicable) in the section entitled "Directory" below.

## Place of issuance

Subject to applicable laws and directives, the Issuer may issue Australian Covered Bonds under the Programme in any country including Australia and countries in Europe and Asia but not in the United States of America unless such Australian Covered Bonds are registered under the United States Securities Act of 1933 (as amended) ("**Securities Act**") or an exemption from the registration requirements is available.

## Terms and conditions of issue

Australian Covered Bonds will be issued in series (each a "**Series**"). Each Series may comprise one or more tranches (each a "**Tranche**") having one or more issue dates and on conditions that are otherwise identical (other than, to the extent relevant, in respect of the issue price and the amount and date of the first payment of interest).

Each issue of Australian Covered Bonds will be made pursuant to such documentation as the Issuer may determine. A pricing supplement and/or another supplement to this Information Memorandum (each a "**Pricing Supplement**") will be issued for each Tranche or Series of Australian Covered Bonds. A Pricing Supplement will contain details of the initial aggregate principal amount, issue price, issue date, maturity date, details of interest (if any) payable together with any other terms and conditions not set out in this Information Memorandum that may be applicable to that Tranche or Series of Australian Covered Bonds. The terms and conditions ("**Conditions**") applicable to the Australian Covered Bonds are included in this Information Memorandum and may be supplemented, amended, modified or replaced by the Pricing Supplement applicable to those Australian Covered Bonds.

The Issuer may also publish a supplement to this Information Memorandum (or additional information memoranda) which describes the issue of Australian Covered Bonds (or particular classes of Australian Covered Bonds) not otherwise described in this Information Memorandum. A Pricing Supplement or a supplement to this Information Memorandum may also supplement, amend, modify

or replace any statement or information set out in a Pricing Supplement or incorporated by reference in this Information Memorandum or a supplement to this Information Memorandum.

### **Documents incorporated by reference**

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated into it by reference as set out below. This Information Memorandum shall, unless otherwise expressly stated, be read and construed on the basis that such documents are so incorporated and form part of this Information Memorandum. References to “**Information Memorandum**” are to this Information Memorandum and any other document incorporated by reference and to any of them individually.

The following documents are incorporated in, and taken to form part of, this Information Memorandum:

- all amendments and supplements to this Information Memorandum prepared by the Issuer from time to time and all documents stated herein or therein to be incorporated in this Information Memorandum;
- the most recently published audited annual financial statements and the quarterly investor reports of the Issuer from time to time;
- the sections entitled:
  - “Risk Factors”;
  - “Ownership Structure of the Issuer”;
  - “Obligations of the Shareholder Banks”;
  - “Information Relating to the SpareBank 1 Alliance”;
  - “Description of the Issuer’s Business”;
  - “Issuer Strategy and Recent Developments”;
  - “Management’s Discussion and Analysis for the Issuer”;
  - “Management of the Issuer”;
  - “Mortgage Origination, Eligibility and Servicing”;
  - “Cover Pool Review Process”; and
  - “Description of the Shareholders’ Agreement and the Shareholder Note Purchase Agreement”,each as set out in the Prospectus dated 16 April 2013 in relation to the €25,000,000,000 Global Medium Term Covered Note Programme of the Issuer and any documents which modify or supersedes any statement contained in those sections of that Prospectus (including any Supplementary Prospectuses, any subsequent replacement of that Prospectus and, in all cases, any replacement of those documents (as the case may be); and
- all other documents issued by the Issuer and stated to be incorporated in this Information Memorandum by reference.

**Investors can access quarterly investor reports setting out Cover Pool Statistics and Stratification Tables by visiting the Issuer's website at:**

**[https://www2.sparebank1.no/portal/1001BKR/3\\_privat?\\_nfpb=true&\\_nfls=false&\\_pageL\\_abel=page\\_privat\\_innhold&ald=1268411794039](https://www2.sparebank1.no/portal/1001BKR/3_privat?_nfpb=true&_nfls=false&_pageL_abel=page_privat_innhold&ald=1268411794039)**

Any statement contained in this Information Memorandum, or in any documents incorporated by reference in, and forming part of this Information Memorandum, shall be modified or superseded in this Information Memorandum to the extent that a statement contained in any document subsequently incorporated by reference into this Information Memorandum modifies or supersedes such statement (whether expressly or by implication and including, without limitation, any statement contained in any Pricing Supplement).

Except as provided above, no other information, including any information on the internet sites of the Issuer or in any document incorporated by reference in any of the documents described above, is incorporated by reference into this Information Memorandum.

Copies of documents which are incorporated by reference in this Information Memorandum may be obtained from the offices of the Issuer specified in the section entitled "Directory" below on request or from such other person specified in a Pricing Supplement.

Investors should review, amongst other things, the documents which are deemed to be incorporated in this Information Memorandum by reference when deciding whether or not to subscribe for, purchase or otherwise deal in any Australian Covered Bonds or any rights in respect of any Australian Covered Bonds.

#### **References to internet site addresses**

Any internet site addresses provided in this Information Memorandum are for reference only and, unless expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this Information Memorandum.

#### **No independent verification**

The only role of the Arranger, the Dealers and the Agents in the preparation of this Information Memorandum has been to confirm to the Issuer that their respective legal name, address and Australian Business Number ("ABN") and/or Australian financial services licence ("AFSL") number (where applicable) in the sections entitled "Summary of the Programme" and "Directory" below are accurate as at the Preparation Date (as defined below).

Apart from the foregoing, none of the Arranger, the Dealers or the Agents has independently verified the information contained in this Information Memorandum. Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility is accepted, by any of them, as to the accuracy or completeness of this Information Memorandum or any further information supplied by the Issuer in connection with the Programme.

The Arranger, the Dealers and the Agents expressly do not undertake to review the financial condition or affairs of the Issuer or any of its affiliates at any time or to advise any holder of an Australian Covered Bond of any information coming to their attention with respect to the Issuer, the Australian Covered Bonds or the Programme and make no representations as to the ability of the Issuer to comply with its obligations under the Australian Covered Bonds. None of the Arranger, the Dealers or the Agents make any representation as to the performance of the Issuer, the maintenance of capital or any particular rate of return, nor does any Arranger, Dealer or Agent guarantee the payment of capital or any particular rate of capital or income return, in each case, on the Australian Covered Bonds.

#### **No authorisation**

No person has been authorised to give any information or make any representation not contained in this Information Memorandum in connection with the Issuer, the Programme or the Australian Covered

Bonds and, if given or made, that information or representation must not be relied on as having been authorised by the Issuer, the Arranger, the Dealers or the Agents.

### **Intending purchasers to make independent investment decision and obtain tax advice**

This Information Memorandum contains only summary information concerning the Australian Covered Bonds. The information contained in this Information Memorandum, nor any other information supplied in connection with the Programme or the issue of any Australian Covered Bonds, is intended to provide the basis of any credit or other evaluation in respect of the Issuer or any Australian Covered Bonds and should not be considered or relied on as a recommendation or a statement of opinion (or a report of either of those things) by any of the Issuer, the Arranger or any Dealer or Agent that any recipient of this Information Memorandum or any other information supplied in connection with the Programme or the issue of any Australian Covered Bonds should subscribe for, purchase or otherwise deal in any Australian Covered Bonds or any rights in respect of any Australian Covered Bonds.

Each investor contemplating subscribing for, purchasing or otherwise dealing in any Australian Covered Bonds or any rights in respect of any Australian Covered Bonds should:

- make and rely upon (and shall be taken to have made and relied upon) their own independent investigation of the financial condition and affairs of, and their own appraisal of the creditworthiness of, the Issuer;
- determine for themselves the relevance of the information contained in this Information Memorandum and any other information supplied in connection with the Programme or the issue of any Australian Covered Bonds, and must base their investment decision solely upon their independent assessment and such investigations as they consider necessary; and
- consult their own tax advisers concerning the application of any tax laws applicable to their particular situation.

No advice is given in respect of the legal or taxation treatment of investors or purchasers in connection with an investment in any Australian Covered Bonds or rights in respect of them and each investor is advised to consult their own professional adviser.

### **Risks**

Neither this Information Memorandum nor any other information supplied in connection with the Programme or the issue of any Australian Covered Bonds describes the risks of an investment in any Australian Covered Bonds. Prospective investors should consult their own professional, financial, legal and tax advisers about risks associated with an investment in any Australian Covered Bonds and the suitability of investing in the Australian Covered Bonds in light of their particular circumstances.

### **No offer**

This Information Memorandum does not, and is not intended to, constitute an offer or invitation by or on behalf of the Issuer, the Arranger, the Dealer or the Agents to any person to subscribe for, purchase or otherwise deal in any Australian Covered Bonds.

### **Selling restrictions and no disclosure**

Neither this Information Memorandum nor any other disclosure document in relation to the Australian Covered Bonds has been, or will be, lodged with the Australian Securities and Investment Commission (“ASIC”). No action has been taken which would permit an offering of the Australian Covered Bonds in circumstances that would require disclosure under Parts 6D.2 or 7.9 of the Corporations Act 2001 of Australia (“**Corporations Act**”).

This Information Memorandum is not a prospectus or other disclosure document for the purposes of the Corporations Act.

The distribution and use of this Information Memorandum, including any Pricing Supplement, advertisement or other offering material, and the offer or sale of Australian Covered Bonds may be restricted by law in certain jurisdictions and intending purchasers and other investors should inform themselves about, them and observe any, such restrictions. In particular, no action has been taken by any of the Issuer, the Arranger, the Dealers or any Agents which would permit a public offering of any Australian Covered Bonds or distribution of this Information Memorandum or any such document in any jurisdiction where action for that purpose is required.

A person may not (directly or indirectly) offer for subscription or purchase or issue an invitation to subscribe for or buy Australian Covered Bonds, nor distribute or publish this Information Memorandum or any other offering material or advertisement relating to the Australian Covered Bonds except if the offer or invitation complies with all applicable laws and directives.

For a description of certain restrictions on offers, sales and deliveries of the Australian Covered Bonds, and on distribution of this Information Memorandum, any Pricing Supplement or other offering material relating to the Australian Covered Bonds, see the section entitled “Selling Restrictions” below.

### **No registration in the United States**

The Australian Covered Bonds have not been, and will not be, registered under the Securities Act. The Australian Covered Bonds may not be offered, sold, delivered or transferred, at any time, within the United States of America, its territories or possessions 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 a transaction exempt from, or not subject to, the registration requirements of the Securities Act.

### **Agency and distribution arrangements**

The Issuer has agreed to pay fees to the Registrar and may agree to pay Agents’ fees for undertaking their respective roles and reimburse them for certain of their expenses incurred in connection with the Programme and the offer and sale of Australian Covered Bonds.

The Issuer may also pay a Dealer a fee in respect of the Australian Covered Bonds subscribed by it, may agree to reimburse the Dealers for certain expenses incurred in connection with this Programme and may indemnify the Dealers against certain liabilities in connection with the offer and sale of Australian Covered Bonds.

The Issuer, the Arranger, the Dealers and the Agents, and their respective related entities, directors, officers and employees may have pecuniary or other interests in the Australian Covered Bonds and may also have interests pursuant to other arrangements (including engaging from time to time in various financing, investment, trading and other investment banking transactions with the Issuer) and may receive fees, brokerage, commissions and other compensation and may act as a principal in dealing in any Australian Covered Bonds.

### **References to credit ratings**

There may be references in this Information Memorandum to credit ratings. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant assigning organisation. Each credit rating should be evaluated independently of any other credit rating.

*Credit ratings are for distribution only to a person (a) who is not a “retail client” within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Part 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Information Memorandum and anyone who receives this Information Memorandum must not distribute it to any person who is not entitled to receive it.*

## Currencies

In this Information Memorandum references to “**AUD**”, “**A\$**” or “**Australian dollars**” are to the lawful currency of the Commonwealth of Australia, references to “**EUR**”, “**Euro**” or “**€**” are to the single currency introduced at the start of the third stage European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, references to “**NOK**” are to the Norwegian kroner and references to “**USD**”, “**US\$**” or “**US dollars**” are to the lawful currency of the United States of America.

## Currency of information

The information contained in this Information Memorandum is prepared as of its Preparation Date. Neither the delivery of this Information Memorandum nor any offer, issue or sale made in connection with this Information Memorandum at any time implies that the information contained in it is correct, that any other information supplied in connection with the Programme is correct or that there has not been any change (adverse or otherwise) in the financial conditions or affairs of the Issuer at any time subsequent to the Preparation Date. In particular, the Issuer is not under any obligation to any person to update this Information Memorandum at any time after an issue of Australian Covered Bonds.

In this Information Memorandum, “**Preparation Date**” means:

- in relation to this Information Memorandum, the date indicated on its face or, if this Information Memorandum has been amended, or supplemented, the date indicated on the face of that amendment or supplement;
- in relation to any registration document and financial statements incorporated in this Information Memorandum, the date up to, or as at, the date on which such registration document and financial statements relate; and
- in relation to any other item of information which is to be read in conjunction with this Information Memorandum, the date indicated on its face as being its date of release or effectiveness.

## Summary of the Programme

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*The following is a brief summary only and should be read in conjunction with the rest of this Information Memorandum and, in relation to any Australian Covered Bonds, the applicable Conditions and relevant Pricing Supplement. A term used below but not otherwise defined has the meaning given to it in the Conditions. A reference to a "Pricing Supplement" does not limit the provisions or features of this Programme which may be supplemented, amended, modified or replaced by a Pricing Supplement in relation to a particular Tranche or Series of Australian Covered Bonds.*

Issuer: SpareBank 1 Boligkreditt AS, a private limited company incorporated under the laws of Norway.

*The Issuer is neither a bank nor an authorised deposit-taking institution which is authorised under the Banking Act 1959 of Australia and is not supervised by the Australian Prudential Regulation Authority. Australian Covered Bonds are not covered by the depositor protection provisions set out in section 13A of the Banking Act or the Australian government's bank deposit guarantee scheme and are not the obligations of any government or other instrumentality and, in particular, are not guaranteed by the Commonwealth of Australia or by the Kingdom of Norway. In addition, the obligations of the Shareholder Banks of, and with respect to, the Issuer do not constitute a guarantee in respect of amounts due and payable under the Notes. The Notes will be obligations of the Issuer only and, in particular, will not be guaranteed by the Shareholder Banks.*

Guarantee None.

Programme description: A non-underwritten covered bond issuance programme under which, subject to applicable laws and directives, the Issuer may elect to issue Australian Covered Bonds in the Australian domestic capital market in registered uncertificated form.

Subject to all applicable laws and directives, the Issuer may issue Australian Covered Bonds in other countries, including in Europe and Asia, but not in the United States of America unless such Australian Covered Bonds are registered under the Securities Act or an exemption from the registration requirements is available.

Programme Amount: A\$2,000,000,000 (or its equivalent in other currencies and as that amount may be increased from time to time).

Programme term: The term of the Programme continues until terminated by the Issuer giving 30 days notice to the Arranger and any Dealers then appointed to the Programme generally or earlier by agreement between all parties to the Dealer Agreement dated 3 February 2014 ("**Dealer Agreement**").

Arranger: Citigroup Global Markets Australia Pty Limited

Dealers: Australia and New Zealand Banking Group Limited

Citigroup Global Markets Australia Pty Limited

Commonwealth Bank of Australia

Deutsche Bank AG, Sydney Branch

National Australia Bank Limited

The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch

Royal Bank of Canada

Westpac Banking Corporation

Additional Dealers may be appointed by the Issuer from time to time for a specific Tranche of Australian Covered Bonds or to the Programme generally. A list of the current Dealers from time to time can be obtained from the Arranger or the Issuer.

*Contact details and particulars of the ABN and AFSL number for the Arranger and each of the above named Dealers are set out in the section entitled "Directory" below.*

- Registrar: Citigroup Pty Limited (ABN 88 004 325 080) and/or any other person appointed by the Issuer to perform registry functions and establish and maintain a Register (as defined below) on the Issuer's behalf from time to time ("**Registrar**"). Details of additional appointments in respect of a Tranche or Series will be notified in the relevant Pricing Supplement.
- Issuing & Paying Agent: Citigroup Pty Limited (ABN 88 004 325 080) and/or any other person appointed by the Issuer to act as issuing agent or paying agent on the Issuer's behalf from time to time in Australia in respect of a Tranche or Series from time to time ("**Issuing & Paying Agent**") as will be notified in the relevant Pricing Supplement.
- Calculation Agent: Citigroup Pty Limited (ABN 88 004 325 080) and/or any other person appointed by the Issuer to perform calculation agency functions on the Issuer's behalf from time to time ("**Calculation Agent**"). If a Calculation Agent is required for the purpose of calculating any amount or making any determination under an Australian Covered Bond, such appointment will be notified in the relevant Pricing Supplement. The Issuer may terminate the appointment of the Calculation Agent, appoint additional or other Calculation Agents or elect to have no Calculation Agent. Where no Calculation Agent is appointed, the calculation of interest, principal and other payments in respect of the relevant Australian Covered Bonds will be made by the Issuer.
- Agents: Each Registrar, Issuing & Paying Agent, Calculation Agent and any other person appointed by the Issuer to perform other agency functions with respect to any Tranche or Series of Australian Covered Bonds (details of such appointment may be set out in the relevant Pricing Supplement).
- Status and ranking: The Australian Covered Bonds are issued on an unconditional and unsubordinated basis and in accordance with law: *lov 10. juni 1988 nr. 40 om finansieringsvirksomhet og finansinstitusjoner (finansieringsvirksomhetsloven)* (Norwegian Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions, Chapter 2, Subsection IV and supporting regulations ("**Financing Legislation**"). The Australian Covered Bonds and any other securities issued by the Issuer under this Programme, together with the Issuer's obligations under the Swaps (as defined in the Note Conditions any derivative instruments entered into by the Issuer in connection with the Australian Covered Bonds ("**Covered Bond Swaps**"), have, according to the Financing Legislation, the benefit of priority of claim to a cover pool of certain registered eligible assets ("**Cover Pool**") upon bankruptcy of the Issuer. From time to time the Issuer may establish separate cover pools of assets to secure other securities issued by the Issuer. The holders of the Australian Covered Bonds issued under this Programme shall not have recourse to such cover pools. Currently the Issuer has a second cover pool for the purpose of issuing covered bonds to the Norwegian Central Bank.

See also the sections entitled "Summary of Norwegian Legislation relating to Covered Bonds (*obligasjoner med fortrinnsrett*)", "The Issuer Cover Pool" and

“Summary of Key Cover Pool Documents” below.

**Form of Australian Covered Bonds:** Australian Covered Bonds will be issued in registered uncertificated form and will be debt obligations of the Issuer which are constituted by, and owing under, the Australian Covered Bonds Deed Poll dated 3 February 2014, as amended or supplemented from time to time, or such other deed poll executed by the Issuer as may be specified in an applicable Pricing Supplement (each a “**Deed Poll**”).

Australian Covered Bonds take the form of entries in a register (“**Register**”) maintained by the Registrar.

**No events of default:** The Conditions do not include any events of default, the occurrence of which would entitle Holders to accelerate their Australian Covered Bonds.

Bankruptcy or insolvency on the part of the Issuer does not, in itself, give Holders the right to accelerate claims. In the event of bankruptcy of the Issuer, the Issuer expects that timely payments will be made on the Australian Covered Bonds in accordance with the Conditions, provided that the Cover Pool is maintained in compliance with the statutory requirements under the Financing Legislation. There can be no assurance, however, that such timely payments will be made. See the section entitled “Summary of Norwegian Legislation relating to Covered Bonds”.

**Issuance in Series:** Australian Covered Bonds will be issued in Series. Each Series may comprise one or more Tranches having one or more issue dates and on conditions that are otherwise identical (other than, to the extent relevant, in respect of the issue price and the first payment of interest). The Australian Covered Bonds of each Tranche of a Series are intended to be fungible with the other Tranches of Australian Covered Bonds of that Series.

**Currencies:** Subject to all applicable laws and directives, Australian Covered Bonds will be denominated in Australian dollars or such other currencies as may be specified in the relevant Pricing Supplement.

**Issue Price:** Australian Covered Bonds may be issued at any price on a fully or partly paid basis, as specified in the relevant Pricing Supplement.

**Denominations:** Subject to all applicable laws and directives, Australian Covered Bonds will be issued in such denominations as may be specified in the relevant Pricing Supplement.

**Clearing Systems:** Australian Covered Bonds may be transacted either within or outside any Clearing System (as defined below).

The Issuer may apply to Austraclear Ltd (ABN 94 002 060 773) (“**Austraclear**”) for approval for Australian Covered Bonds to be traded on the clearing and settlement system operated by it (“**Austraclear System**”). Such approval by Austraclear is not a recommendation or endorsement by Austraclear of such Australian Covered Bonds.

Interests in Australian Covered Bonds may also be traded on the settlement system operated by Euroclear Bank S.A./N.V. (“**Euroclear**”) or the settlement system operated by Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) or any other clearing system outside Australia specified in the relevant Pricing Supplement (the Austraclear System, Euroclear, Clearstream, Luxembourg and any other clearing system so specified, each a “**Clearing System**”).

Interests in Australian Covered Bonds traded in the Austraclear System may be held through Euroclear or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in Australian Covered Bonds in Euroclear would be held in the Austraclear System by a nominee of Euroclear while entitlements in respect of holdings of interests in Australian Covered Bonds in Clearstream, Luxembourg would be held in the Austraclear System by a nominee of Clearstream, Luxembourg.

The rights of a holder of interests in an Australian Covered Bond held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the rules and regulations of the Austraclear System. In addition, any transfer of interests in an Australian Covered Bond, which is held through Euroclear or Clearstream, Luxembourg will, to the extent such transfer will be recorded on the Austraclear System, be subject to the Corporations Act and the requirements for minimum consideration summarised in the section headed "Transfer procedure" below.

The Issuer will not be responsible for the operation of the clearing arrangements which is a matter for the clearing institutions, their nominees, their participants and the investors.

Title: Entry of the name of the person in the Register in respect of an Australian Covered Bond in registered form constitutes the obtaining or passing of title and is conclusive evidence that the person so entered is the registered holder of that Australian Covered Bond subject to correction for fraud or proven error.

Title to Australian Covered Bonds which are held in a Clearing System will be determined in accordance with the rules and regulations of the relevant Clearing System. Australian Covered Bonds which are held in the Austraclear System will be registered in the name of Austraclear.

Title to Australian Covered Bonds which are not lodged in a Clearing System will depend on the form of those Australian Covered Bonds as specified in the relevant Pricing Supplement.

No certificates or other evidence of title in respect of any Australian Covered Bonds will be issued unless the Issuer determines that certificates should be available or it is required to do so pursuant to any applicable law or directive.

Other Australian Covered Bonds: The Issuer may from time to time issue Australian Covered Bonds in a form not specifically contemplated in this Information Memorandum. Terms applicable to any other type of Australian Covered Bond that the Issuer may issue under the Programme will be set out in the relevant Pricing Supplement or other supplement to this Information Memorandum.

Payments and Record Date: Payments to persons who hold Australian Covered Bonds through a Clearing System will be made in accordance with the rules and regulations of the relevant Clearing System.

If Australian Covered Bonds are not lodged in a Clearing System, then payments in respect of those Australian Covered Bonds will be made to the account of the registered holder noted in the Register as at 5.00 pm (Sydney time) on the relevant Record Date. If no account is notified, then payments will be made by cheque mailed on the Business Day immediately preceding the relevant payment date to the registered holder at its address appearing in the Register on the Record Date or in such other manner as the Issuer considers appropriate.

The Record Date is the date which is eight days before a payment date or such other period specified in the relevant Pricing Supplement.

**Maturities:** Subject to all applicable laws and directives, Australian Covered Bonds may have any maturity as may be specified in the applicable Pricing Supplement or as may be agreed between the Issuer and the relevant Dealer(s).

**Redemption:** Australian Covered Bonds be redeemed on, and in certain circumstances may be redeemed prior to, scheduled maturity as more fully set out in the Conditions and the relevant Pricing Supplement.

Australian Covered Bonds entered in a Clearing System will be redeemed through that Clearing System in a manner that is consistent with the rules and regulations of that Clearing System.

**Extended Maturity Date:** An Extended Maturity Date may apply to the Australian Covered Bonds, as will be specified in the relevant Pricing Supplement.

In respect of redemption of any Australian Covered Bonds to which an Extended Maturity Date so applies, if the Issuer fails to redeem the relevant Australian Covered Bonds in full on the originally scheduled Maturity Date (or within two Business Days thereafter), the maturity of the principal amount outstanding of the Australian Covered Bonds not so redeemed will automatically extend up to, but not later than, the Extended Maturity Date, subject unless otherwise specified in the relevant Pricing Supplement. In that event, the Issuer may redeem all or any part of the outstanding principal amount of those Australian Covered Bonds on an Interest Payment Date occurring at any time after the originally scheduled Maturity Date up to (and including) the Extended Maturity Date or as otherwise specified in the relevant Pricing Supplement.

In respect of interest on Australian Covered Bonds to which an Extended Maturity Date so applies, if the Issuer fails to redeem the relevant Australian Covered Bonds in full on the originally scheduled Maturity Date, those Australian Covered Bonds will bear interest on the outstanding principal amount of the Australian Covered Bonds from (and including) the originally scheduled Maturity Date to (but excluding) the earlier of the Interest Payment Date after the originally scheduled Maturity Date on which the Australian 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 specified in the relevant Pricing Supplement.

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

**Selling restrictions:** The offer, sale and delivery of Australian Covered Bonds and the distribution of this Information Memorandum and other material in relation to any Australian Covered Bonds are subject to such restrictions as may apply in any jurisdiction in which the Australian Covered Bonds may be offered, sold or delivered in connection with the offer and sale of a particular Tranche or Series of Australian Covered Bonds.

In particular, restrictions on the offer, sale or delivery of Australian Covered Bonds in Australia, Norway, the European Economic Area, the United States of America, the United Kingdom, Japan, Hong Kong and Singapore are set

out in the section entitled “Selling Restrictions” below.

Restrictions on the offer, sale and/or distribution of Australian Covered Bonds may also be set out in the relevant Pricing Supplement.

Transfer procedure: Australian Covered Bonds may be transferred in whole but not in part.

Unless otherwise specified in an applicable Pricing Supplement, Australian Covered Bonds may only be transferred if:

- (a) in the case of Australian Covered Bonds to be transferred in, or into, Australia:
  - (i) the offer or invitation giving rise to the transfer:
    - (A) does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act; and
    - (B) does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Corporations Act; and
  - (ii) the Australian Covered Bonds transferred have an aggregate principal amount of at least A\$500,000; and
- (b) at all times, the transfer complies with all applicable laws and directives of the jurisdiction where the transfer takes place.

Transfers of Australian Covered Bonds held in a Clearing System will be made in accordance with the rules and regulations of the relevant Clearing System.

Restrictions on the transfer of Australian Covered Bonds may also be set out in the relevant Pricing Supplement.

Stamp duty: Any stamp duty incurred at the time of issue of the Australian Covered Bonds will be for the account of the Issuer. Any stamp duty incurred on a transfer of Australian Covered Bonds will be for the account of the relevant investors.

As at the date of this Information Memorandum, no Australian stamp duty is payable on the issue, transfer or redemption of the Australian Covered Bonds. However, investors are advised to seek independent advice regarding any stamp duty or other taxes imposed by another jurisdiction upon the transfer of Australian Covered Bonds, or interests in Australian Covered Bonds, in any jurisdiction.

Taxes: A brief overview of certain Australian and Norwegian withholding tax matters in relation to the Australian Covered Bonds and certain other matters are set out in the section entitled “Taxation” below. However, investors should obtain their own taxation advice regarding the taxation status of investing in any Australian Covered Bonds.

Withholding tax and no gross-up: All payments in respect of the Australian Covered Bonds will be made without deduction or withholding for or on account of Taxes unless such withholding or deduction is required by law. ***In the event that any such deduction or withholding is made, the Issuer is under no obligation to make any additional payment in respect of the amount so withheld or deducted.***

However, payments of principal and interest on the Australian Covered Bonds to persons who have no connection with Norway other than the holding of

such Australian Covered Bonds are, under Norwegian law as at the date of this Information Memorandum, not subject to Norwegian tax, and such payments may be made without any withholding tax or deduction for any Norwegian taxes, duties, assessments or governmental charges.

#### FATCA

Provisions commonly referred to as “**FATCA**” impose withholding of 30% on payments of U.S.-source interest (from July 1, 2014) and certain sales or redemption proceeds (beginning in 2017) to “foreign financial institutions” (which is broadly defined for this purpose and in general includes investment vehicles) and certain other non-U.S. entities unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) are satisfied. As described in Conditions 13.2 (“Withholding tax”), if FATCA withholding is required, the Issuer will not be required to pay any additional amounts with respect to any amounts so withheld.

The Norwegian government and the U.S. government entered into Model 1 intergovernmental agreement (“IGA”) in respect of FATCA on 15 April 2013. Pursuant to the IGA, Norwegian financial institutions are generally treated as “deemed compliant” with FATCA. It is anticipated that FATCA withholding will generally not be required to be deducted from payments made by the Issuer in respect of the Australian Covered Bonds other than in certain prescribed circumstances.

The Australian Government and U.S. governments are in discussions in relation to entry into an IGA. The terms of the IGA have not yet been finalised. The impact of the FATCA regime will depend upon the terms of the IGA and the relevant Australian implementing legislation. It is anticipated that if an Australian IGA is signed and implemented, Australian financial institutions will generally be treated as “deemed compliant” with FATCA. Depending on the nature of the financial institution, FATCA withholding may not be required from payments made with respect to the Australian Covered Bonds other than in certain prescribed circumstances.

To comply with its obligations under FATCA, the Issuer must undertake certain identification and due diligence procedures with respect to existing and new Australian Covered Bond holders, and report annually to the Norwegian Minister of Finance on Australian Covered Bonds held by US persons (directly or indirectly), non-“participating” foreign financial institutions and “recalcitrant account holders” (as such terms are defined in FATCA). To enable the Issuer to comply with such obligations, applicants for Australian Covered Bonds agree to provide the Issuer with such identification and other information as may be requested by the Issuer for such purposes.

**FATCA is particularly complex legislation. Investors should consult their own tax advisers on how these rules may apply to payments they receive under the Australian Covered Bonds, the impact of the Norwegian IGA and the potential impact of the implementation of an Australian IGA.**

#### Overcollateralisation

Pursuant to the terms of the Financial Institutions Act, the Issuer is required to ensure that the value of the assets in the Cover Pool shall at all times exceed the value of the Australian Covered Bonds issued by the Issuer and the claims of the providers of Covered Bond Swaps. The Issuer has also contractually agreed to provide a higher level of overcollateralisation in the Cover Pool as set out in Condition 4.2 (“Overcollateralisation”). The Issuer is not obliged to comply with the higher level of overcollateralisation at all times.

#### Listing:

An application may be made for the Issuer to be admitted to the official list of, and/or Australian Covered Bonds of a particular Series to be quoted on, the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624

691) (“**ASX**”) or on any other stock or securities exchange (in accordance with applicable laws and directives).

Any Australian Covered Bonds which are quoted on the ASX will not be transferred through, or registered on, the Clearing House Electronic Sub-Register System (“**CHESS**”) operated by ASX Settlement Pty Limited (ABN 49 008 504 532) and will not be “Approved Financial Products” for the purposes of that system.

The applicable Pricing Supplement in respect of the issue of any Tranche of Australian Covered Bonds will specify whether or not such Australian Covered Bonds will be quoted on any stock or securities exchange.

Governing law: The Australian Covered Bonds, each Deed Poll and each Agency Agreement (as defined in the Conditions) are or will be governed by the laws of New South Wales, Australia, except that the provisions of the Australian Covered Bonds under Condition 4.1 (“Status of the Australian Covered Bonds”) will be governed by and construed in accordance with Norwegian law. Under these instruments, the parties submit to the non-exclusive jurisdiction of the courts of New South Wales.

Agreements and other documents relating to the Issuer Cover Pool, and any non-contractual obligations arising in connection with them, are governed by and construed in accordance with Norwegian law.

Credit rating: Australian Covered Bonds issued under the Programme are expected to be assigned an “Aaa” rating by Moody’s Investors Service Limited (“**Moody’s**”) and an “AAA” rating by Fitch Ratings Limited (“**Fitch**”). However, the Issuer may also issue covered bonds which are unrated or rated below “Aaa” by Moody’s and “AAA” by Fitch. Details of the ratings of the Australian Covered Bonds will be specified in the applicable Pricing Supplement.

*The Issuer reserves the right to, at any time, vary the rating agencies from whom credit ratings of the Australian Covered Bonds are obtained or to reduce the aggregate number of rating agencies from whom credit ratings of the Australian Covered Bonds are obtained from three to two.*

*A credit rating is not a recommendation to buy, sell or hold Australian Covered Bonds and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.*

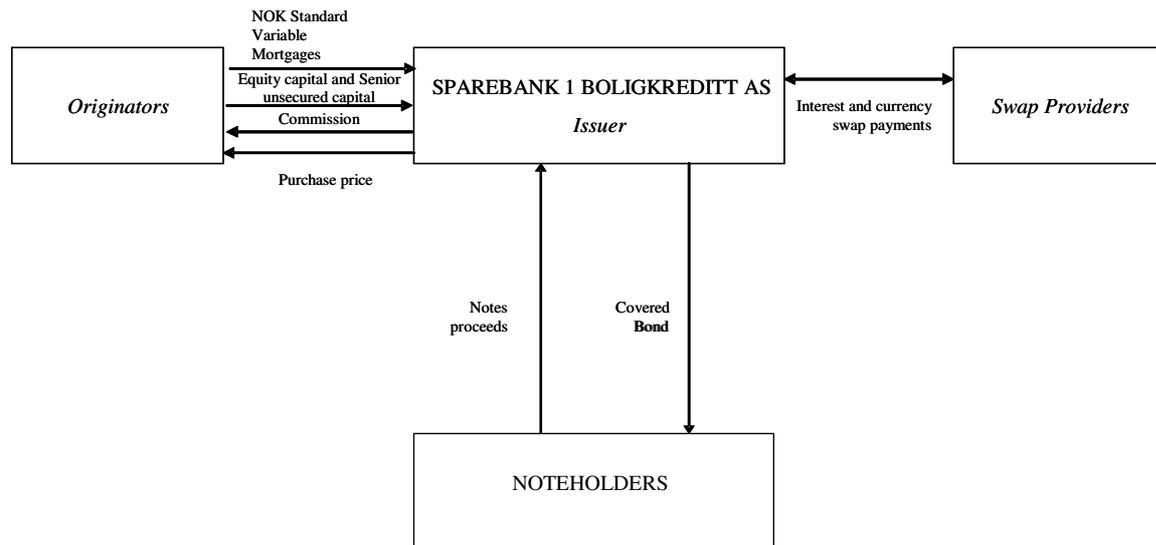
*Credit ratings are for distribution only to a person (a) who is not a “retail client” within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Information Memorandum and anyone who receives this Information Memorandum must not distribute it to any person who is not entitled to receive it.*

Investors to obtain independent advice with respect to investment and other risks: This Information Memorandum does not describe the risks of an investment in any Australian Covered Bonds. Prospective investors should consult their own professional, financial, legal and tax advisers about risks associated with an investment in any Australian Covered Bonds and the suitability of investing in the Australian Covered Bonds in light of their particular circumstances.

## Diagrammatic Overview and Description of the Programme

The information in this section is an overview of the structure relating to the Programme and does not purport to be complete. This overview must be read as an introduction to this Information Memorandum and any decision to invest in any Australian Covered Bonds should be based on a consideration of this Information Memorandum as a whole, including the documents incorporated by reference.

The information is taken from, and is qualified in its entirety by, the remainder of this Information Memorandum. Words and expressions defined elsewhere in this Information Memorandum shall have the same meanings in this summary.



### Structure Overview

- Programme:** Under the terms of the Programme, the Issuer will issue Australian Covered Bonds to the Holders on each Issue Date. The Australian Covered Bonds will be unconditional and unsubordinated obligations of the Issuer and rank *pari passu* with all other outstanding unsubordinated obligations of the Issuer that have been provided equivalent priority of claim to the Cover Pool as covered bonds (*obligasjoner med fortrinnsrett*) issued in accordance with the terms of the Financing Legislation as defined below).
- Cover Pool:** The Cover Pool consists of mortgages secured on residential property located in Norway and substitute assets which mainly consist of Norwegian government T-Bills. The substitute assets are held for liquidity management purposes and may also include other highly rated debt securities.
- Origination and Transfer of Mortgage Loans:** Mortgage Loans are originated by individual banks (the Originators), largely from products developed by and common to the banks in the SpareBank 1 alliance. Each Originator has entered into a Transfer and Servicing Agreement with the Issuer under the terms of which the relevant bank, from time to time, sells and transfers certain selected mortgages to the Issuer. The Issuer selects the mortgages it wishes to buy based on its own credit policy and pursuant to the requirements of the Norwegian covered bond legislation. Each Originator continues to service the mortgages transferred by it on behalf of the Issuer. In consideration of the sale and servicing of the mortgages, each bank receives the initial purchase price (equal to the principal amount outstanding on the mortgages) and also a commission equal to the interest and fees received from customers in respect of the mortgages transferred to the Issuer by that bank less the Issuer's funding costs and operating expenses.

- *Maintenance or Increase of Transferred Loan Volumes:* Under the terms of each Transfer and Servicing Agreement, each Originator is expected (but not required) to maintain the original level of the mortgages transferred by that Originator by transferring further mortgages to the Issuer from time to time. Similarly, if it is deemed necessary by the Issuer that the levels of mortgages in the Cover Pool should be increased, the Originators may be requested to transfer such additional mortgages to the Issuer as notified by the Issuer. If an Originator is unable or refuses to transfer mortgages to the Issuer, then the remaining Originators may be requested to transfer additional mortgages to the Issuer as notified by the Issuer.
- *Funding from Originators to the Issuer:* An Originator may, at the time of transfer of further loans to the Cover Pool pursuant to its Transfer and Servicing Agreement, be required to provide senior unsecured lending deemed necessary to fund any over collateralisation to obtain the desired rating for the Issuer.
- *Priority of claims:* By virtue of the priority established by the Financial Institutions Act, in the event of the Issuer being declared bankrupt (*konkurs*), entering into debt negotiations pursuant to the Norwegian Bankruptcy Act, being liquidated, or being placed under public administration, payments due to the holders of the Australian Covered Bonds will be stopped if the income from the Cover Pool can no longer provide timely payments on the Australian Covered Bonds. When such payments are stopped, the holders of the Australian Covered Bonds (and the holders of any other covered bonds issued by the Issuer) and the counterparties to derivative transactions will have an exclusive, *pari passu* and pro rata prioritised claim over the Cover Pool. The prioritised claims will rank ahead of all other claims against the Issuer, save for claims relating to the fees and expenses of a bankruptcy estate.
- *Overcollateralisation:* The Financial Institutions Act requires that the value of the Cover Pool at all times must exceed the aggregate value of the Australian Covered Bonds issued by the Issuer and the claims of the providers of Covered Bond Swaps. The Issuer has also contractually agreed to provide a higher level of overcollateralisation in the Cover Pool as set out in Condition 4.2 of the Australian Covered Bonds (breach of which will have limited consequences for the Issuer). The Issuer is not obliged to comply with the higher level of overcollateralisation at all times.
- *Covered Bond Swaps:* The Issuer may, from time to time, enter into derivative transactions with various swap providers to hedge the following risks:
  - (a) *Currency risk:* The Issuer will enter into Currency Swaps from time to time with Currency Swap Providers by executing ISDA Master Agreement(s) (including schedules, confirmations and, in each case, a credit support annex) in order to hedge currency risks arising between (a) Australian Covered Bonds issued in currencies other than NOK and (b) assets forming part of the Cover Pool but denominated in NOK; and/or
  - (b) *Interest rate risk:* The Issuer may also, from time to time, enter into additional interest rate swaps with Interest Rate Swap Providers by executing an ISDA Master Agreement (including schedules, confirmations and, in each case, a credit support annex), in order to hedge the Issuer's interest rate risks in NOK and/or other currencies to the extent that these have not already been hedged by the Currency Swap.

## Description of the Issuer and the SpareBank 1 alliance

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### SpareBank 1 Boligkreditt AS

The Issuer was incorporated on 18 August 2005 for an unlimited period as a private limited liability company incorporated under the laws of Norway and registered with The Register of Business Enterprises on 12 October 2005 under registration number 988 738 387. The registered office of the Issuer is Bjergsted Terrasse 1, 4007 Stavanger, Norway (telephone number: +47 51509412). The Issuer is a mortgage credit institution licensed by the Financial Supervisory Authority of Norway (*Finanstilsynet*).

On 29 May 2007, the Issuer's articles of association were amended by a general meeting and later approved by the Financial Supervisory Authority of Norway to enable the Issuer to issue covered bonds in accordance with the Financial Institutions Act. See "Summary of the Norwegian Legislation Relating to Covered Bonds" below. The Issuer operates in accordance with Norway's covered bond legislation and this requires that its business is restricted to holding residential and commercial mortgages, public loans and other assets (such as cash and highly rated debt securities up to a limit of 20 per cent. of the value of total assets) and that it finance the purchase of such activities and assets predominantly by the issuance of covered bonds. The Issuer does not hold any commercial mortgages and limits its portfolio of public loans to purposes of maintaining liquid assets. This narrow mandate regarding the Issuer's activity is referred to as a "special banking principle". The Issuer is regulated similar to a bank, with the distinction that the Issuer does not hold a regular banking license, and thus cannot hold any customer deposits.

The Issuer is a separate legal entity wholly owned by the Shareholder Banks, whose identity and respective shareholdings may vary from time to time and is not itself part of the SpareBank 1 alliance.

The ownership share in the Issuer is reviewed at least once a year in accordance with the Shareholders' Agreement according to the volume of mortgages transferred by the Shareholder Banks.

### SpareBank 1 alliance

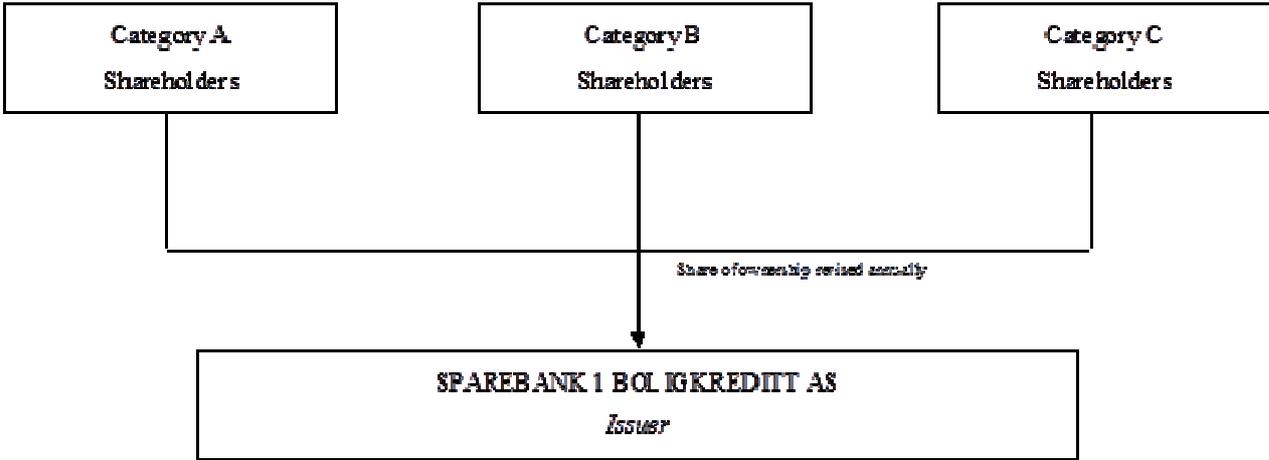
The SpareBank 1 alliance (SpareBank 1 alliance) is a Norwegian bank and banking product collaboration, in which the SpareBank 1 alliance banks listed below (see "SpareBank 1 alliance structure") in Norway co-operate to a large extent through the jointly owned holding company SpareBank 1 Gruppen AS.

The SpareBank 1 alliance's main goal is to ensure each individual bank's independence and regional foothold through strong competitiveness, profitability and financial soundness. To achieve this, the banks collaborate in key areas such as risk management, branding, streamlining of work processes, expertise development, IT operations and system development. SpareBank 1 brand awareness has increased during the alliance years, and the SpareBank 1 brand is now amongst the most familiar financial brands in Norway.

The SpareBank 1 alliance was comprised, as of 31 December 2012, of 15 regional and local banks with branches all over Norway.

SpareBank 1 Gruppen is one of the largest providers of financial products and services in the Norwegian market (source: "Ministry of Finance Market Report" dated 11 May 2012 (*Finansmarknadsmeldinga* 2012)). SpareBank 1 Gruppen AS owns companies that provide property and casualty insurance, life insurance, fund management and other financial products and services to SpareBank 1 banks and their customers, as well as to members of the Norwegian Federation of Trade Unions. Accordingly, the distribution of these products mainly takes place through the SpareBank 1 banks and through agreements with the Norwegian Federation of Trade Unions and its affiliated unions.

**Ownership Structure of the Issuer**



- Ownership:* The Issuer is a separate legal entity wholly owned by the Shareholder Banks whose identity and respective shareholdings may vary from time to time. The Shareholder Banks form part of the SpareBank 1 alliance. For the purpose of this Information Memorandum only, the current Shareholder Banks have been divided into the Category A Shareholders, the Category B Shareholders and the Category C Shareholders. The Issuer is not itself part of the SpareBank 1 alliance.
- Category A Shareholders:* The Category A Shareholders are those Shareholder Banks whose shareholding exceeds 5 per cent. or would exceed 10 per cent. if it were required to contribute Tier 1 capital up to the maximum amount required by the Shareholders' Agreement. As at the date of this Information Memorandum, the Category A Shareholders are SpareBank 1 SR-Bank ASA, SpareBank 1 SMN, SpareBank 1 Nord-Norge, Sparebanken Hedmark and Bank 1 Oslo Akershus AS.
- Category B Shareholders:* The Category B Shareholders are those Shareholder Banks whose shareholding is between 2.5 per cent. and 5 per cent. or would be between 2.5 per cent. and 5 per cent. if it were required to contribute Tier 1 capital up to the maximum amount required by the Shareholders' Agreement. As at the date of this Information Memorandum, the Category B Shareholders are SpareBank 1 Buskerud Vestfold, SpareBank 1 Østfold Akershus, Sparebanken Telemark and BN Bank ASA.
- Category C Shareholders:* The Category C Shareholders are those Shareholder Banks whose shareholding is below 2.5 per cent. and would be below 5 per cent. if it were required to contribute Tier 1 capital up to the maximum amount required by the Shareholders' Agreement. As at the date of this Information Memorandum, the Category C Shareholders are SpareBank 1 Nordvest, SpareBank 1 Ringerike Hadeland, SpareBank 1 Søre Sunmøre, SpareBank 1 Nøtterøy Tønsberg, SpareBank 1 Hallingdal, Lom og Skjåk Sparebank, Modum Sparebank and SpareBank 1 Gudbrandsdal.
- Change in Ownership:* The ownership share in the Issuer is reviewed at least once a year to reflect each Shareholder Bank's share of the total volume of Mortgage Loans transferred by the Shareholder Banks.

# Summary of Norwegian Legislation relating to Covered Bonds

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## Norwegian legislation

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

For the avoidance of any doubt, references in this section to “covered bonds” are to covered bonds issued by an Credit Institution (as defined below) under any of its programmes otherwise (which, in the case of the Issuer, includes covered bonds issued under any Issuer Programme or otherwise).

## Financing Legislation

Under the Financing 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 licences issued by the Ministry of Finance 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 Financial Supervisory Authority of Norway (*Finanstilsynet*) 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) and has received the required Credit Institution licence. The Issuer has adapted its articles of association to meet the mandatory requirements and, consequently, may issue covered bonds.

The Financing 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 (“**Cover Pool**”). Under Norwegian law, an issuer of covered bonds must register the bonds in paperless book entry form by registration in the Norwegian Central Securities Depository (“**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 Statutory Register

The Credit Institution must maintain a register (“**Statutory Register**”) of the issued covered bonds, the related derivatives agreements and the Cover Pool pertaining to such covered bonds and derivatives agreements.

The Statutory Register must at all times contain detailed information on the nominal value of the covered bonds, the related derivative agreements and the assets which constitute the Cover Pool. Consequently, the Statutory Register must be updated on a regular basis to include any changes in 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 ("**Bankruptcy Administrator**") and creditors' committee ("**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.

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).

Pursuant to the Financial Institutions Act, loans and receivables included in the Cover Pool may not be assigned, pledged, or made subject to any set-off. 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 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 general rule subject to a limit of 20 per cent. of the total value of the Cover Pool, as described below. However, under certain circumstances, and for a limited period of time only, the NFSA may approve an increase in this 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:

- Loans secured by Residential Mortgages may not exceed 75 per cent. of the value of the property; and
- Loans secured by Commercial Mortgages may 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 (although the Issuer is restricted contractually from including Commercial Mortgages in the Issuer Cover Pool). 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 cease 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, not by a specified amount, 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 Statutory Register and shall, at least every three months, review compliance with the Financial Institutions Act's provisions relating to the Statutory 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 Statutory 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, which set out, amongst other things, the requirements to maintain the value of the Cover Pool which must exceed the aggregate value of the covered bonds and to maintain a register of covered bonds are complied with. Furthermore, the Inspector shall submit annual reports of observations and assessments to the NFSA.

## **Cover Pool administration in the event of bankruptcy**

Holders' claims may only be accelerated in the event of an actual payment default by the Credit Institution. 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 ("**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 Bankruptcy Act, and the Cover Pool meets the requirements of the Financing Legislation, the Creditors' Committee 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 agreements, the Creditors' Committee must set a date for halt to payments, and inform interested parties of this as soon as possible. If a halt to 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 agreements will continue to have the prioritised claim against the Cover Pool.

# Conditions of the Australian Covered Bonds

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The following are the terms and conditions ("**Conditions**") which, as supplemented, amended, modified or replaced by a relevant Pricing Supplement, will apply to the Australian Covered Bonds. References to a "Pricing Supplement" in these conditions do not limit the provisions which may be supplemented, amended, modified or replaced by the Pricing Supplement in relation to a particular Tranche or Series of Australian Covered Bonds. Terms used in the relevant Pricing Supplement will, unless the contrary intention appears, have the same meaning where used in these Conditions, but will prevail to the extent of any inconsistency.

Each Holder, and each person claiming through or under each such Holder, is bound by, and is deemed to have notice of, the provisions of the Deed Poll and these Conditions (including any relevant Pricing Supplement). Each such person is also deemed to have notice of the Information Memorandum. Copies of each of these documents are available for inspection by the Holder during normal business hours at the Specified Office of the Issuer and the Registrar.

## Part 1 Definitions

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### 1 Interpretation

#### 1.1 Definitions

Unless the contrary intention appears, the following expressions shall have the following meanings:

**Agency Agreement** means:

- (a) the agreement entitled "Agency and Registry Services Agreement" between the Issuer and Citigroup Pty Limited (ABN 88 004 325 080) dated on or about 3 February 2014;
- (b) any other agreement between the Issuer and a Registrar in relation to the establishment and maintenance of a Register (and/or the performance of any payment or other duties) for any issue of Australian Covered Bonds; and/or
- (c) any other agency agreement between the Issuer and an agent in connection with any issue of Australian Covered Bonds;

**Agent** means each of the Registrar, the Issuing & Paying Agent, the Calculation Agent and any additional agent appointed under an Agency Agreement, or any of them as the context requires;

**Austraclear** means Austraclear Ltd (ABN 94 002 060 773);

**Austraclear Regulations** means the regulations known as the "Austraclear Regulations", together with any instructions or directions (as amended or replaced from time to time), established by Austraclear to govern the use of the Austraclear System and binding on the participants in that system;

**Austraclear System** means the clearing and settlement system operated by Austraclear in Australia for holding securities and electronic recording and settling of transactions in those securities between participants of that system;

**Australian Covered Bond** means each form of bond, note, debt security, note or debt obligation specified in an applicable Pricing Supplement and issued or to be issued by the Issuer which is constituted by, and owing under, the Deed Poll, the details of which are recorded in, and evidenced by entry in, the Register. All references to Australian Covered

Bonds must, unless the context otherwise requires, be read and construed as references to the Australian Covered Bonds of a particular Series;

**Business Day** means a day (not being a Saturday, Sunday or public holiday in the relevant place) on which banks are open for general banking business in Sydney and London and:

- (a) any Relevant Financial Centre specified in an applicable Pricing Supplement; and
- (b) if an Australian Covered Bond held in a Clearing System is to be issued or a payment made in respect of an Australian Covered Bond held in a Clearing System on that day, a day on which each Clearing System for the relevant Australian Covered Bond is operating,

and in each (if any) Relevant Financial Centre specified in the Pricing Supplement (not being a Saturday, Sunday or public holiday in that place) and, if an Australian Covered Bond is to be issued or paid on that day, a day on which each Clearing System is operating;

**Business Day Convention** means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following conventions, where specified in the Pricing Supplement in relation to any date applicable to any Australian Covered Bond, have the following meanings:

- (a) **Floating Rate Convention** means that the date is postponed to the next following day which is a Business Day unless that day falls in the next calendar month, in which event:
  - (i) that date is brought forward to the first preceding day that is a Business Day; and
  - (ii) each subsequent Interest Payment Date is the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the Pricing Supplement after the preceding applicable Interest Payment Date occurred;
- (b) **Following Business Day Convention** means that the date is postponed to the first following day that is a Business Day;
- (c) **Modified Following Business Day Convention** or **Modified Business Day Convention** means that the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date is brought forward to the first preceding day that is a Business Day;
- (d) **Preceding Business Day Convention** means that the date is brought forward to the first preceding day that is a Business Day; and
- (e) **No Adjustment** means that the relevant date must not be adjusted in accordance with any Business Day Convention.

If no convention is specified in the Pricing Supplement, the Following Business Day Convention applies. Different conventions may be specified in relation to, or apply to, different dates;

**Calculation Agent** means, in respect of an Australian Covered Bond, Citigroup Pty Limited (ABN 88 004 325 080) or any other person specified in the Pricing Supplement as the party responsible for calculating the Interest Rate and other amounts required to be calculated under these Conditions;

**Clearing System** means:

- (a) the Austraclear System; or

- (b) any other clearing system outside Australia specified in the Pricing Supplement;

**Conditions** means, in relation to an Australian Covered Bond, these terms and conditions as amended, supplemented, modified or replaced by the Pricing Supplement applicable to such Australian Covered Bond and references to a particular numbered Condition shall be construed accordingly;

**Cover Pool** means means all the Issuer's assets and liabilities that from time to time form part of a Cover Pool created in accordance with and subject to Section 2-28 of the Financial Institutions Act and to the Regulations;

**Currency Swap** means each currency swap which enables the Issuer to hedge currency risks arising from (a) Australian Covered Bonds which are issued in currencies other than NOK and (b) assets (other than loans) which are registered to the Cover Pool and are denominated in currencies other than NOK

**Currency Swap Agreement** means the ISDA Master Agreement, schedule and confirmation(s) (as amended and supplemented from time to time) relating to the Currency Swap(s) entered into from time to time between the Issuer and each Currency Swap Provider

**Currency Swap Provider** means any third party counterparty in its capacity as currency swap provider under a Currency Swap Agreement

**Day Count Fraction** means, in respect of the calculation of interest on an Australian Covered Bond for any period of time ("**Calculation Period**"), the day count fraction specified in the Pricing Supplement and:

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

- (d) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if “**30/360**”, “**360/360**” or “**Bond Basis**” is so specified, means the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

- “**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;
- “**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- “**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and
- “**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

- “**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;
- “**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- “**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and
- “**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

- “Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;
  - “Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
  - “M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
  - “M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
  - “D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and
  - “D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30; and
- (h) if “**RBA Bond Basis**” or “**Australian Bond Basis**” is so specified, means one divided by the number of Interest Payment Dates in a year (or where the Calculation Period does not constitute an Interest Period, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:
- (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and
  - (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365));

**Deed Poll** means:

- (a) the deed poll entitled “Australian Covered Bonds Deed Poll” and dated 3 February 2014; and
- (b) such other deed poll that supplements, amends, amends and restates, modifies or replaces the deed poll referred to above, or which is otherwise acknowledged in writing to be a deed poll for the purposes of the Programme,

and, in each case, executed by the Issuer;

**Denomination** means the notional face value of an Australian Covered Bond specified in the Pricing Supplement;

**Extended Maturity Date** means , in relation to any Series of Australian Covered Bonds, the date if any specified as such in the applicable Pricing Supplement to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Maturity Date;

**Extraordinary Resolution** has the meaning given in the Meeting Provisions;

**FATCA** means Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended (including any current or future United States Treasury regulations and other guidance issued and any agreements entered into thereunder);

**FATCA Withholding Rules** means (i) any tax imposed under FATCA and/or (ii) any tax imposed by any jurisdiction pursuant to an intergovernmental agreement to improve tax compliance and to implement FATCA entered into between any relevant authorities on behalf of the United States and such jurisdiction;

**Financial Institutions Act** means the Norwegian Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions, Chapter 2, Sub-chapter IV (*lov 10. juni 1988 nr. 40 om finansieringsvirksomhet og finansinstitusjoner (finansieringsvirksomhetsloven)*);

**Fixed Rate Australian Covered Bond** means an Australian Covered Bond on which interest is calculated at a fixed rate payable in arrear on a fixed date or fixed dates in each year and on redemption or on any other dates as specified in the Pricing Supplement;

**Floating Rate Australian Covered Bond** means an Australian Covered Bond on which interest is calculated at a floating rate payable monthly or 2, 3, 6, or 12 monthly or in respect of any other period or on any other date specified in the Pricing Supplement;

**Holder** means the person in whose name an Australian Covered Bond,

**Information Memorandum** means, in respect of an Australian Covered Bond, the information memorandum or other offering document referred to in the Pricing Supplement, prepared by, or on behalf of, and approved in writing by, the Issuer in connection with the issue of that Australian Covered Bond and all documents incorporated by reference in it, including any applicable Pricing Supplement and any other amendments or supplements to it;

**Interest Commencement Date** means, in respect of an Australian Covered Bond, the Issue Date of the Australian Covered Bond or any other date so specified in the Pricing Supplement;

**Interest Determination Date** means each date so specified in, or determined in accordance with, the Pricing Supplement;

**Interest Payment Date** means each date so specified in, or determined in accordance with, the Pricing Supplement;

**Interest Period** means each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the applicable Interest Commencement Date; and
- (b) the final Interest Period ends on (but excludes) the applicable Maturity Date or Extended Maturity Date (as the case may be);

**Interest Rate** means, for an Australian Covered Bond, the interest rate (expressed as a percentage per annum) payable in respect of that Australian Covered Bond as specified in the Pricing Supplement or calculated or determined in accordance with these Conditions and the Pricing Supplement;

**Interest Rate Swap** means each single currency interest rate swap which enables the Issuer to hedge the Issuer's interest rate risks in NOK and/or other currencies to the extent that they have not been hedged by a Currency Swap;

**Interest Rate Swap Agreement** means the ISDA Master Agreement, schedule and confirmation(s) (as amended and supplemented from time to time) relating to the Interest Rate Swap(s) entered into from time to time between the Issuer and each Interest Rate Swap Provider;

**Interest Rate Swap Provider** means any third party counterparty in its capacity as interest rate swap provider under an Interest Rate Swap Agreement;

**ISDA Definitions** means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. (as supplemented, amended and updated as at the Issue Date of the first Tranche of the Australian Covered Bonds of the relevant Series);

**Issue Date** means the date on which an Australian Covered Bond is, or is to be issued, and as may be specified, or determined, in accordance with, the applicable Pricing Supplement;

**Issue Price** means the price as set out in the Pricing Supplement;

**Issuer** means SpareBank 1 Boligkreditt AS, a limited company incorporated under the laws of Norway;

**Issuing & Paying Agent** means:

- (a) Citigroup Pty Limited (ABN 88 004 325 080); or
- (b) any other person appointed by the Issuer under a relevant Agency Agreement to perform issue and paying agency functions on the Issuer's behalf in respect of a Tranche of Australian Covered Bonds, as required under these Conditions, on the Issuer's behalf from time to time;

**Margin** means the margin specified in, or determined in accordance with, the Pricing Supplement;

**Maturity Date** means the date so specified in, or determined in accordance with, the Pricing Supplement as the date on which the Australian Covered Bond are to be redeemed;

**Meetings Provisions** means the provisions relating to meetings of Holders and set out as a schedule to the Deed Poll;

**Norway** means the Kingdom of Norway;

**Pricing Supplement** means, in respect of a Tranche, the supplement specifying the relevant issue details in relation to that Tranche and which may be substantially in the form set out in the Information Memorandum, duly completed and signed by the Issuer;

**Programme** means the A\$2,000,000,000 Australian Covered Bond Programme of the Issuer described in the Information Memorandum;

**Record Date** means the close of business in the place where the Register is maintained on the date which is eight days before the payment date or any other date so specified in the Pricing Supplement;

**Redemption Amount** means the outstanding principal amount as at the date of redemption;

**Redemption Date** means such date on which an Australian Covered Bond is redeemed prior to its Maturity Date in accordance with these Conditions;

**Reference Banks** means the institutions so described in the Pricing Supplement or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

**Reference Rate** means, the rate specified in, or determined in accordance with, the Pricing Supplement;

**Register** means the register, including any branch register, of holders of Australian Covered Bonds established and maintained by the Issuer or on its behalf under an Agency Agreement;

**Registrar** means:

- (a) Citigroup Pty Limited (ABN 88 004 325 080); or
- (b) any other person appointed by the Issuer under a relevant Agency Agreement to establish and maintain the Register in respect of a Tranche of Australian Covered Bonds on the Issuer's behalf from time to time;

**Regular Period** means:

- (a) in the case of Australian Covered Bonds where interest is scheduled to be paid only by means of regular payments, each Interest Period;
- (b) in the case of Australian Covered Bonds where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Australian Covered Bonds where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**Regulations** means the regulation of 25 May 2007 issued by the Norwegian Ministry of Finance (*Forskrift 25. mai 2007 nr 550 om kredittforetak som utsteder obligasjoner med fortinnsrett i en sikkerhetsmasse bestående av offentlige lån, utlån med pant i bolig eller annen fast eiendom*);

**Relevant Financial Centre** means Sydney and/or any other centre specified in the Pricing Supplement;

**Relevant Screen Page** means:

- (a) the page, section or other part of a particular information service specified as the Relevant Screen Page in the Pricing Supplement; or
- (b) any other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**Relevant Time** has the meaning given in the Pricing Supplement;

**Security Record** has the meaning given in the Austraclear Regulations;

**Series** means an issue of Australian Covered Bonds made up of one or more Tranches all of which form a single Series and are issued on the same Conditions except that the Issue Date and Interest Commencement Date may be different in respect of a different Tranche of a Series;

**Specified Office** means the office specified in the Information Memorandum or any other address notified to Holders from time to time;

**Swap Providers** means each Currency Swap Provider and each Interest Rate Swap Provider;

**Swaps** means any Currency Swap and/or any Interest Rate Swap;

**Tax Authority** means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official, having power to tax;

**Taxes** means taxes, levies, imposts, charges and duties (including withholding tax, approved issuer levy, stamp and transaction duties) imposed by any Tax Authority, together with any related interest, penalties, fines and expenses payable in connection with them; and

**Tranche** means an issue of Australian Covered Bonds specified as such in the applicable Pricing Supplement issued on the same Issue Date and on the same Conditions.

## 1.2 References to certain general terms

Unless the contrary intention appears, a reference in these Conditions to:

- (a) a group of persons is a reference to any two or more of them jointly and to each of them individually;
- (b) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (c) anything (including an amount) is a reference to the whole and each part of it;
- (d) a document includes any variation or replacement of it;
- (e) “**law**” means common law, principles of equity and laws made by parliament (and laws made by parliament include federal or state laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (f) a “**directive**” includes a treaty, official directive, request, regulation, guideline or policy (whether or not having the force of law) with which responsible participants in the relevant market generally comply;
- (g) the “**Corporations Act**” is to the Corporations Act 2001 of Australia;
- (h) “**Australian dollars**” or “**A\$**” is a reference to the lawful currency of Australia;
- (i) “**NOK**” or “**Norwegian NOK**” is a reference to the lawful currency of Norway;
- (j) a time of day is a reference to Sydney time;
- (k) if a notice must be given within a certain period of days, the day on which the notice is given, and the day on which the thing is to happen, are not to be counted in calculating that period;
- (l) the word “**person**” includes an individual, a firm, a body corporate, an unincorporated association and an authority;
- (m) a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns; and
- (n) the words “**including**”, “**for example**” or “**such as**” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

## 1.3 Number

The singular includes the plural and vice versa.

#### **1.4 Headings**

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Conditions.

#### **1.5 References to particular terms**

Unless the contrary intention appears, in these Conditions:

- (a) a reference to an Agency Agreement is a reference to each Agency Agreement applicable to the Australian Covered Bonds of the relevant Series;
- (b) a reference to an Agent is a reference to each Agent appointed to act in respect of Australian Covered Bonds of the relevant Series;
- (c) a reference to an Australian Covered Bond is a reference to an Australian Covered Bond of a particular Series issued by the Issuer specified in the Pricing Supplement;
- (d) a reference to a Holder is a reference to the holder of Australian Covered Bonds of a particular Series;
- (e) a reference to a Pricing Supplement is a reference to the Pricing Supplement applicable to the Australian Covered Bonds of the particular Tranche specified in that Pricing Supplement; and
- (f) a reference to a particular date is a reference to that date adjusted in accordance with the applicable Business Day Convention.

#### **1.6 References to principal and interest**

Unless the contrary intention appears, in these Conditions:

- (a) any reference to "principal" is taken to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 13 ("Taxation"), any premium payable in respect of an Australian Covered Bond, and any other amount in the nature of principal payable in respect of the Australian Covered Bonds under these Conditions; and
- (b) the principal amount of an Australian Covered Bond which is to vary by reference to a schedule or formula (where such determination has been previously made in accordance with these Conditions) is to be taken as at any time to equal its varied amount;
- (c) for the purposes of Conditions 8 ("Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Australian Covered Bonds up to the Extended Maturity Date") and 10.6 ("Extension of maturity up to Extended Maturity Date") the outstanding principal amount of a Zero Coupon Australian Covered Bond 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; and
- (d) any reference to "interest" is taken to include any other amount in the nature of interest payable in respect of the Australian Covered Bonds under these Conditions.

#### **1.7 Terms defined in Pricing Supplement**

Terms which are defined in the Pricing Supplement as having a defined meaning have the same meaning when used in these Conditions but if the Pricing Supplement gives no meaning or specifies that the definition is "Not Applicable", then that definition is not applicable to the Australian Covered Bonds.

## Part 2 Introduction

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### 2 Introduction

#### 2.1 Programme

Australian Covered Bonds are issued under the Programme established by the Issuer.

#### 2.2 Pricing Supplement

- (a) The Issuer will issue the Australian Covered Bonds on the terms set out in these Conditions as supplemented, amended, modified or replaced by the Pricing Supplement applicable to those Australian Covered Bonds. If there is any inconsistency between these Conditions and such Pricing Supplement, the Pricing Supplement prevails.
- (b) Australian Covered Bonds are issued in Series. A Series may comprise one or more Tranches having one or more Issue Dates and on conditions otherwise identical (other than, to the extent relevant, in respect of the issue price and the first payment of interest).
- (c) Copies of the Pricing Supplement are available for inspection or upon request by a Holder or prospective Holder during normal business hours at the Specified Office of the Issuer or the Registrar or are otherwise available on reasonable request from the Issuer or the Registrar.

#### 2.3 Types of Australian Covered Bonds

An Australian Covered Bond is any of:

- (a) a Fixed Rate Australian Covered Bond; or
- (b) a Floating Rate Australian Covered Bond,

or a combination of the above (or any other type of debt obligation including a certificate of deposit), as specified in the relevant Pricing Supplement.

Where the Pricing Supplement specifies that an Extended Maturity Date applies, the Australian Covered Bonds of that Series may be Fixed Rate Australian Covered Bonds, Floating Rate Australian Covered Bonds or a combination of either of the foregoing in respect of the period from (but excluding) the Maturity Date up to (and including) the Extended Maturity Date, subject to such conditions as are specified in the Pricing Supplement.

#### 2.4 Issue restrictions

Unless otherwise specified in any applicable Pricing Supplement, Australian Covered Bonds may only be offered (directly or indirectly) for issue, or applications invited for the issue of Australian Covered Bonds, if:

- (a) in the case of Australian Covered Bonds to be offered for issue in Australia:
  - (i) the aggregate principal amount of the Australian Covered Bonds to be subscribed by the relevant subscriber is at least A\$500,000;
  - (ii) the offer or invitation for the issue of the Australian Covered Bonds does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act; and

- (iii) the offer or invitation does not constitute an offer to a “retail client” for the purposes of section 761G of the Corporations Act; and
- (b) in all cases, the offer or invitation (including any resulting issue) complies with all applicable laws and directives in the jurisdiction in which the issue takes place.

## **2.5 Denomination**

Australian Covered Bonds may be issued in the Denomination specified in the Pricing Supplement.

## **2.6 Currency**

Subject to compliance with all applicable legal and regulatory requirements, Australian Covered Bonds may be denominated in Australian dollars or such other freely transferable and freely available currency or currencies specified in the relevant Pricing Supplement.

## **2.7 Clearing Systems**

If the Australian Covered Bonds are held in a Clearing System, the rights of a person holding an interest in those Australian Covered Bonds are subject to the rules and regulations of the Clearing System. The Issuer is not responsible for anything the Clearing System does or omits to do.

# **Part 3 The Australian Covered Bonds**

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## **3 Form**

### **3.1 Constitution**

- (a) Australian Covered Bonds are debt obligations of the Issuer constituted by, and owing under, the Deed Poll, the details of which are recorded in, and evidenced by entry in, the Register.
- (b) Holders of the Australian Covered Bonds are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Deed Poll.

### **3.2 Form**

Australian Covered Bonds are issued in registered form by entry in the Register.

### **3.3 No certificates**

No certificates will be issued to Holders unless the Issuer determines that certificates should be available or are required by any applicable law.

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## **4 Status of the Australian Covered Bonds and Overcollateralisation**

### **4.1 Status of the Australian Covered Bonds**

The Australian Covered Bonds of each Tranche constitute unconditional and unsubordinated obligations of the Issuer and rank *pari passu* with all other outstanding unsubordinated obligations of the Issuer that have been provided equivalent priority of claim to the Cover Pool as covered bonds (*obligasjoner med fortrinnsrett*) issued in accordance with the terms of the Financial Institutions Act and the Regulations.

## 4.2 Overcollateralisation

For so long as the Australian Covered Bonds are outstanding, the Issuer shall ensure that the value (as calculated in accordance with the Financial Institutions Act and the Regulations) of the Cover Pool (as defined above) entered into the Register with respect to the Australian Covered Bonds shall at all times be either (i) a minimum of 109.5 per cent. of the outstanding principal amount of the Australian Covered Bonds or (ii) such other percentage as may be selected by the Issuer from time to time and notified to the holders of the Australian Covered Bonds (in accordance with Condition 19 (“Notices”)) and to each of the Rating Agencies (“**Alternative Overcollateralisation Percentage**”), provided that:

- (a) the Alternative Overcollateralisation Percentage shall, for so long as the Australian Covered Bonds are outstanding, exceed 100 per cent. (taking into account the effect of derivative contracts);
- (b) for so long as Moody's has assigned a credit rating to the Australian Covered Bonds, the Issuer shall not at any time reduce the then applicable Alternative Overcollateralisation Percentage unless, after having given Moody's not less than five Business Days notice of such reduction, it reasonably believes that such reduction would not in and of itself result in any current credit rating then assigned to the Australian Covered Bonds by Moody's being reduced, removed, suspended or placed on credit watch; and
- (c) for so long as Moody's has assigned a credit rating to the Australian Covered Bonds, the Issuer shall not at any time reduce the then applicable Alternative Overcollateralisation Percentage unless the Australian Covered Bonds are rated Aaa by Moody's at such time.

There is no obligation for the Issuer to maintain any particular rating in respect of the Australian Covered Bonds throughout the term of the Australian Covered Bonds or select an Alternative Overcollateralisation Percentage to maintain a rating. In particular, if an Alternative Overcollateralisation Percentage has been selected and confirmed in accordance with this Condition 4.2, and at a later date any of the credit ratings assigned to the Australian Covered Bonds are reduced, removed, suspended or placed on credit watch, the Issuer shall not be obliged to select a higher Alternative Overcollateralisation Percentage. For the avoidance of doubt, recourse to the Cover Pool, and any additional overcollateralisation in the Cover Pool, is available for inter alia all Holders (including holders of existing Australian Covered Bonds and new Australian Covered Bonds) and any relevant Swap Providers.

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## 5 Title and transfer of Australian Covered Bonds

### 5.1 Title

Title to Australian Covered Bonds passes when details of the transfer are entered in the Register.

### 5.2 Effect of entries in Register

Each entry in the Register in respect of an Australian Covered Bonds constitutes:

- (a) an irrevocable undertaking by the Issuer to the Holder to:
  - (i) pay principal, any interest and any other amounts in accordance with these Conditions; and
  - (ii) otherwise to comply with the Conditions; and
- (b) an entitlement to the other benefits given to Holders under these Conditions in respect of the Australian Covered Bonds.

### **5.3 Ownership and non-recognition of interests**

- (a) Entries in the Register in relation to an Australian Covered Bond constitute conclusive evidence that the person so entered is the absolute owner of such Australian Covered Bonds subject to correction for fraud or error.
- (b) No notice of any trust or other interest in, or claim to, any Australian Covered Bonds will be entered in a Register. Neither the Issuer nor the relevant Registrar need take notice of any trust or other interest in, or claim to, any Australian Covered Bond, except as ordered by a court of competent jurisdiction or required by any applicable law or directive. This Condition 5.3(b) applies whether or not an Australian Covered Bond is overdue.

### **5.4 Joint holders**

Where two or more persons are entered in the Register as the joint holders of an Australian Covered Bond then they are taken to hold that Australian Covered Bond as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of an Australian Covered Bond.

### **5.5 Transfer**

Holders may only transfer Australian Covered Bonds in accordance with these Conditions.

### **5.6 Transfers in whole**

Australian Covered Bonds may be transferred in whole but not in part.

### **5.7 Conditions of transfer**

Australian Covered Bonds may only be transferred if:

- (a) in the case of Australian Covered Bonds to be transferred in, or into, Australia:
  - (i) the offer or invitation giving rise to the transfer:
    - (A) does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act; and
    - (B) does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Corporations Act; and
  - (ii) the Australian Covered Bonds transferred have an aggregate principal amount of at least A\$500,000; and
- (b) at all times, the transfer complies with all applicable laws and directives of the jurisdiction where the transfer takes place.

### **5.8 Transfer procedures**

- (a) Interests in Australian Covered Bonds held in a Clearing System will be transferable only in accordance with the rules and regulations of that Clearing System. If an Australian Covered Bond is lodged in the Austraclear System, neither the Issuer nor the relevant Registrar will recognise any such interest other than the interest of Austraclear as the Holder while that Australian Covered Bond is lodged in the Austraclear System.
- (b) Application for the transfer of Australian Covered Bonds not held in a Clearing System must be made by the lodgment of a transfer form with the Registrar at its

Specified Office. Transfer forms must be in the form available from the Issuer (or such other person as may be specified in a Pricing Supplement) and:

- (i) each transfer form must be:
  - (A) duly completed and stamped (if applicable);
  - (B) accompanied by any evidence the Registrar may require to establish that the transfer form has been duly executed; and
  - (C) signed by, or on behalf of, both the transferor and the transferee; and
- (ii) transfers will be registered without charge provided all applicable Taxes have been paid.

#### **5.9 Restrictions on transfers**

Transfers of Australian Covered Bonds which are not lodged in a Clearing System cannot be made between a Record Date and the relevant Interest Payment Date if a redemption of such Australian Covered Bond is to occur during that period in accordance with these Conditions.

#### **5.10 Effect of transfer**

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under these Conditions in respect of the transferred Australian Covered Bond and the transferee becomes so entitled in accordance with Condition 5.2 ("Effect of entries in Register").

#### **5.11 CHESS**

Australian Covered Bonds which are listed on the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691) will not be transferred through, or registered on, the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532) and will not be "Approved Financial Products" for the purposes of that system.

#### **5.12 Austraclear as Holder**

If Austraclear is recorded in the Register as the Holder, each person in whose Security Record an Australian Covered Bond is recorded is taken to acknowledge in favour of the Issuer, the Registrar and Austraclear that:

- (a) the Registrar's decision to act as the Registrar of that Australian Covered Bond is not a recommendation or endorsement by the Registrar or Austraclear in relation to that Australian Covered Bond, but only indicates that the Registrar considers that the holding of the Australian Covered Bond is compatible with the performance by it of its obligations as Registrar under the Registry Services Agreement; and
- (b) the Holder does not rely on any fact, matter or circumstance contrary to paragraph (a).

#### **5.13 Estates**

A person becoming entitled to an Australian Covered Bond as a consequence of the death or bankruptcy of a Holder or of a vesting order or a person administering the estate of a Holder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Australian Covered Bond or, if so entitled, become registered as the holder of the Australian Covered Bond.

#### **5.14 Unincorporated associations**

A transfer of an Australian Covered Bond to an unincorporated association is not permitted.

#### **5.15 Transfer of unidentified Australian Covered Bonds**

If a Holder transfers some but not all of the Australian Covered Bonds it holds and the transfer form does not identify the specific Australian Covered Bonds transferred, the relevant Registrar may choose which Australian Covered Bonds registered in the name of Holder have been transferred. However, the aggregate principal amounts of the Australian Covered Bonds registered as transferred must equal the aggregate principal amount of the Australian Covered Bonds expressed to be transferred in the transfer form.

### **Part 4 Interest**

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#### **6 Fixed Rate Australian Covered Bonds**

*This Condition 6 ("Fixed Rate Australian Covered Bonds") applies to the Australian Covered Bonds only if the Pricing Supplement states that it applies.*

##### **6.1 Interest on Fixed Rate Australian Covered Bonds**

Each Fixed Rate Australian Covered Bond bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate. Interest is payable in arrears on each Interest Payment Date.

##### **6.2 Fixed Coupon Amount**

Unless otherwise specified in the Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the preceding Interest Period will be the Fixed Coupon Amount specified in the Pricing Supplement.

##### **6.3 Calculation of interest payable**

The amount of interest payable in respect of a Fixed Rate Australian Covered Bond for any period for which a Fixed Coupon Amount is not specified in the Pricing Supplement is calculated by multiplying the Interest Rate for that period, the outstanding principal amount of the Fixed Rate Australian Covered Bond and the applicable Day Count Fraction.

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#### **7 Floating Rate Australian Covered Bonds**

*This Condition 7 ("Floating Rate Australian Covered Bonds") applies to the Australian Covered Bonds only if the Pricing Supplement states that it applies.*

##### **7.1 Interest on Floating Rate Australian Covered Bonds**

Each Floating Rate Australian Covered Bond bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate.

Interest is payable in arrears:

- (a) on each Interest Payment Date; or
- (b) if no Interest Payment Date is specified in the Pricing Supplement, each date which falls the number of months or other period specified as the Specified Period in the

Pricing Supplement after the preceding Interest Payment Date (or in the case of the first Interest Payment Date, after the Interest Commencement Date).

## 7.2 Interest Rate determination

The Interest Rate payable in respect of a Floating Rate Australian Covered Bond must be determined by the Calculation Agent in accordance with these Conditions.

## 7.3 Fallback Interest Rate

Unless otherwise specified in the Pricing Supplement, if, in respect of an Interest Period, the Calculation Agent is unable to determine a rate in accordance with Condition 7.2 (“Interest Rate determination”), the Interest Rate for the Interest Period will be the Interest Rate applicable to the Floating Rate Australian Covered Bonds during the immediately preceding Interest Period.

## 7.4 ISDA Determination

If “ISDA Determination” is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Rate Australian Covered Bonds for each Interest Period is the sum of the Margin and the ISDA Rate.

In this Condition:

- (a) “**ISDA Rate**” means, for an Interest Period, a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent for the Floating Rate Australian Covered Bonds were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
  - (i) the Floating Rate Option, the Designated Maturity and the Reset Date are as specified in the Pricing Supplement; and
  - (ii) the Period End Dates are each Interest Payment Date, the Spread is the Margin and the Floating Rate Day Count Fraction is the Day Count Fraction; and
- (b) “**Floating Rate**”, “**Calculation Agent**” (except references to “**Calculation Agent for the Floating Rate Notes**”), “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**”, “**Period End Date**”, “**Spread**” and “**Floating Rate Day Count Fraction**” have the meanings given to those terms in the ISDA Definitions.

## 7.5 Screen Rate Determination

If Screen Rate Determination is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Rate Australian Covered Bonds for each Interest Period is the sum of the Margin and the Screen Rate.

In this Condition, “**Screen Rate**” means, for an Interest Period, the quotation offered for the Reference Rate appearing on the Relevant Screen Page at the Relevant Time on the Interest Determination Date. However:

- (a) if there is more than one offered quotation displayed on the Relevant Screen Page at the Relevant Time on the Interest Determination Date, the “**Screen Rate**” means the rate calculated by the Calculation Agent as the average of the offered quotations. If there are more than five offered quotations, the Calculation Agent must exclude the highest and lowest quotations (or in the case of equality, one of the highest and one of the lowest quotations) from its calculation;

- (b) if an offered quotation is not displayed by the Relevant Time on the Interest Determination Date or if it is displayed but the Calculation Agent determines that there is an obvious error in that rate, the “**Screen Rate**” means:
  - (i) the rate the Calculation Agent calculates as the average mean of the Reference Rates that each Reference Bank quoted to the leading banks in the Relevant Financial Centre specified in the Pricing Supplement at the Relevant Time on the Interest Determination Date; or
  - (ii) where the Calculation Agent is unable to calculate a rate under paragraph (i) because it is unable to obtain at least two quotes, the rate the Calculation Agent calculates as the average of the rates (being the nearest equivalent to the Reference Rate) quoted by two or more banks chosen by the Calculation Agent in the Relevant Financial Centre at approximately the Relevant Time on the Interest Determination Date for a period equivalent to the Interest Period to leading banks carrying on business in the Relevant Financial Centre in good faith; or
- (c) if the Pricing Supplement specifies an alternative method for the determination of the Screen Rate Determination, then that alternative method will apply.

## 7.6 Bank Bill Rate Determination

If Bank Bill Rate Determination is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Rate Australian Covered Bonds for each Interest Period is the sum of the Margin and the Bank Bill Rate.

In this Condition 7:

“**Bank Bill Rate**” means, for an Interest Period, the average mid rate for Bills having a tenor closest to the Interest Period as displayed at approximately 10.10 am on the “BBSW” page (or any replacement page) of the Reuters Monitor System on the first day of that Interest Period.

However, if the average mid rate is not displayed by 10.30 am on that day, or if it is displayed but the Issuer or the Calculation Agent determines that there is an obvious error in that rate, “**Bank Bill Rate**” means the rate determined by the Calculation Agent in good faith at approximately 10.30 am on that day, having regard, to the extent possible, to the rates otherwise bid and offered for bank accepted Bills of that tenor at or around that time (including any displayed on the “BBSY” or “BBSW” page of the Reuters Monitor System). The rate must be expressed as a percentage per annum; and

“**Bill**” has the meaning given in the Bills of Exchange Act 1909 of Australia and a reference to the acceptance of a Bill is to be interpreted in accordance with that Act.

## 7.7 Linear Interpolation

If the Pricing Supplement states that "Linear Interpolation" applies to an Interest Period, the Interest Rate for that Interest Period is determined through the use of straight line interpolation by reference to two ISDA Rates, Screen Rates, Bank Bill Rates or other floating rates specified in the Pricing Supplement and:

- (a) the first rate must be determined as if the Interest Period were the period of time for which rates are available next shorter than the length of the Interest Period (or any alternative Interest Period specified in the Pricing Supplement); and
- (b) the second rate must be determined as if the Interest Period were the period of time for which rates are available next longer than the length of the Interest Period (or any alternative Interest Period specified in the Pricing Supplement).

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**8 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**

If the Pricing Supplement states that an Extended Maturity Date applies and the maturity of the Australian Covered Bonds is extended beyond the Maturity Date in accordance with Condition 10.6 (“Extension of Maturity up to Extended Maturity Date”):

- (a) the Australian 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 Australian Covered Bonds are redeemed in full or the Extended Maturity Date, subject to Condition 9.1 (“Accrual of Interest”). In that event, interest shall be payable on those Australian Covered Bonds at the rate determined in accordance with paragraph (b) below on the outstanding principal amount of the Australian Covered Bonds in arrear on the Interest Payment Date in each month after the Maturity Date in respect of the Interest Period up to (but excluding) the earlier to occur of the relevant Interest Payment Date on which the Australian Covered Bonds are redeemed in full or the Extended Maturity Date, unless otherwise specified in the Pricing Supplement. The final Interest Payment Date shall fall no later than the Extended Maturity Date; and
- (b) the Interest Rate payable from time to time in respect of the outstanding principal amount of the Australian Covered Bonds on each Interest Payment Date after the Maturity Date in respect of each Interest Period up to (but excluding) the earlier to occur of the relevant Interest Payment Date on which the Australian Covered Bonds are redeemed in full or the Extended Maturity Date will be as specified in the Pricing Supplement.

This Condition 8 shall only apply if the Pricing Supplement states that an Extended Maturity Date applies and if the Issuer fails to redeem those Australian Covered Bonds (in full) on the Maturity Date and the maturity of those Australian Covered Bonds is automatically extended up to the Extended Maturity Date in accordance with Condition 10.6 (“Extension of Maturity up to Extended Maturity Date”).

## Part 5 General interest provisions

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**9 General provisions applicable to interest****9.1 Accrual of interest**

Subject as provided in Condition 8 (“Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Australian Covered Bonds up to the Extended Maturity Date”), each Australian Covered Bond (or, in the case of the redemption of part only of an Australian Covered Bond, that part only of such Australian Covered Bond) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue in accordance with these Conditions.

**9.2 Maximum or Minimum Interest Rate**

If the Pricing Supplement specifies a “Maximum Interest Rate” or “Minimum Interest Rate” for any Interest Period then, the Interest Rate for the Interest Period must not be greater than the maximum, or be less than the minimum, so specified.

**9.3 Calculation of Interest Rate and interest payable**

- (a) The Calculation Agent must:

- (i) in relation to each Interest Period for each Floating Rate Australian Covered Bond, as soon as practicable after determining the Interest Rate, calculate the amount of interest payable for the Interest Period in respect of the outstanding principal amount of such Australian Covered Bond; or
  - (ii) calculate the amount of interest payable for the Interest Period in respect of the outstanding principal amount of each other Australian Covered Bond.
- (b) Unless otherwise specified in the Pricing Supplement, the amount of interest payable is calculated by multiplying the product of the Interest Rate for the Interest Period and the outstanding principal amount of the Australian Covered Bond by the applicable Day Count Fraction.
  - (c) The rate determined by the Calculation Agent must be expressed as a percentage rate per annum.

#### **9.4 Calculation of other amounts**

If the Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent must, as soon as practicable after the time at which that amount is to be determined, calculate the amount in the manner specified in the Pricing Supplement.

#### **9.5 Notification of Interest Rate, interest payable and other items**

- (a) The Calculation Agent must notify the Issuer, the Registrar, the Holders, each other Agent and any stock exchange or other relevant authority on which the Australian Covered Bonds are listed of:
  - (i) each Interest Rate, the amount of interest payable and each other amount, item or date calculated or determined by it together with the Interest Payment Date; and
  - (ii) any amendment to any amount, item or date referred to in paragraph (i) arising from any extension or reduction in any Interest Period or calculation period.
- (b) The Calculation Agent must give notice under this Condition 9.5 as soon as practicable after it makes its determination. However, it must give notice of each Interest Rate, the amount of interest payable and each Interest Payment Date by the fourth day of the Interest Period.
- (c) The Calculation Agent may amend its determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or calculation period without prior notice but must notify the Issuer, the Registrar, the Holders, each other Agent and each stock exchange or other relevant authority on which the Australian Covered Bonds are listed after doing so.

#### **9.6 Determination final**

The determination by the Calculation Agent of all amounts, rates and dates falling to be determined by it under these Conditions is, in the absence of manifest error, final and binding on the Issuer, the Registrar, each Holder and each other Agent.

#### **9.7 Rounding**

For the purposes of any calculations required under these Conditions (unless otherwise specified in the Pricing Supplement):

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest four decimal places (with 0.00005 per cent. being rounded up to 0.0001 per cent.);
- (b) all figures must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and
- (c) all amounts that are due and payable must be rounded (with halves being rounded up) to:
  - (i) in the case of Australian dollars, one cent; and
  - (ii) in the case of any other currency, the lowest amount of that currency available as legal tender in the country of that currency.

## Part 6 Redemption and purchase

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### 10 Redemption and purchase

#### 10.1 Scheduled redemption

Each Australian Covered Bond must be redeemed by the Issuer on the Maturity Date at its Redemption Amount unless:

- (a) the Australian Covered Bond has been previously redeemed;
- (b) the Australian Covered Bond has been purchased and cancelled;
- (c) the Pricing Supplement states that the Australian Covered Bond has no fixed Maturity Date; or
- (d) the Pricing Supplement states that the Australian Covered Bond has an Extended Maturity and the maturity of that Australian Covered Bonds is extended beyond the Maturity Date in accordance with Condition 10.6 (“Extension of Maturity up to Extended Maturity Date”).

#### 10.2 Early redemption for taxation reasons

The Issuer may redeem all (but not some) of the Australian Covered Bonds of a Series in whole before their Maturity Date at the Redemption Amount and any interest accrued on it to (but excluding) the Redemption Date if, as a consequence of a change, or announced prospective change, in:

- (a) law or a binding judicial decision, ruling or determination; or
- (b) an administrative decision (with which the Issuer is required to, or habitually, comply) interpreting, applying or clarifying those laws or judicial decisions,

occurring after the issue date of the first Tranche of a Series of Australian Covered Bonds the Issuer is required to make a deduction or withholding on account of Taxes in respect of an Australian Covered Bond.

However, the Issuer may only do so if:

- (i) the Issuer has obtained an opinion of independent legal advisers of recognised standing to the effect that such amendment or change has occurred (irrespective of whether such amendment or change is then effective);

- (ii) the Issuer has given at least 15 days' (and no more than 30 days) (or any other period specified in the Pricing Supplement) notice to the Registrar, the Holders, each other Agent and any stock exchange or other relevant authority on which the Australian Covered Bonds are listed;
- (iii) in the case of Fixed Rate Australian Covered Bonds, no notice of redemption is given earlier than 90 days before the earliest date on which the Issuer would be obliged to make such deduction or withholding on account of Taxes; and
- (iv) in the case of Floating Rate Australian Covered Bonds bearing a floating rate of interest:
  - (A) the proposed Redemption Date is an Interest Payment Date; and
  - (B) no notice of redemption is given earlier than 45 days before the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to make such deduction or withholding on account of Taxes.

### **10.3 Early redemption at the option of Holders (Holder put)**

If the Pricing Supplement states that a Holder may require the Issuer to redeem all or some of the Australian Covered Bonds of a Series held by the Holder before their Maturity Date, the Issuer must redeem the Australian Covered Bonds specified by the Holder at the Redemption Amount and any interest accrued on it to (but excluding) the redemption date if the following conditions are satisfied:

- (a) the amount of Australian Covered Bonds to be redeemed is a multiple of their Denomination;
- (b) the Holder has given at least 15 days' (and no more than 30 days') (or any other period specified in the Pricing Supplement) notice, to the Issuer and the Registrar by delivering to the Specified Office of the Registrar during normal business hours a completed and signed redemption notice in the form obtainable from the Registrar, together with any evidence the Registrar may require to establish title of the Holder to the Australian Covered Bond;
- (c) the notice referred to in paragraph (b) specifies an account in the country of the currency in which the Australian Covered Bond is denominated to which the payment should be made or an address to where a cheque for payment should be sent;
- (d) the Redemption Date is an Early Redemption Date (Put) specified in the Pricing Supplement; and
- (e) any other condition specified in the Pricing Supplement is satisfied.

Any notice given by a Holder under this Condition 10.3 is irrevocable.

A Holder may not require the Issuer to redeem any Australian Covered Bond under this Condition 10.3 if the Issuer has given notice that it will redeem the Australian Covered Bond under Condition 10.2 ("Early redemption for taxation reasons") or Condition 10.4 ("Early redemption at the option of the Issuer (Issuer call)").

### **10.4 Early redemption at the option of the Issuer (Issuer call)**

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, having given:

- (a) not less than 15 nor more than 30 days notice to the Holders in accordance with Condition 19 ("Notices") below; and

- (b) not less than 15 days before the giving of the notice referred to in (a), notice to the Issuing & Paying Agent, and to the Registrar,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Australian Covered Bonds then outstanding on any Early Redemption Date (Call) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Early Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement.

#### **10.5 Partial redemptions**

If only some of the Australian Covered Bonds are to be redeemed under Condition 10.4 (“Early redemption at the option of the Issuer (Issuer call)”), the Australian Covered Bonds to be redeemed will be specified in the notice and selected by the Issuer:

- (a) in a fair and reasonable manner under the circumstances of the proposed redemption and having regard to prevailing market practice; and
- (b) in compliance with any applicable law, directive or requirement of any stock exchange or other relevant authority on which the Australian Covered Bonds are listed.

#### **10.6 Extension of maturity up to Extended Maturity Date**

- (a) An Extended Maturity Date may be specified in the Pricing Supplement to apply to the Australian Covered Bonds.
- (b) If:
  - (i) the Pricing Supplement states that an Extended Maturity Date applies to any Australian Covered Bonds; and
  - (ii) the Issuer fails to redeem all of those Australian Covered Bonds in full on the Maturity Date,

the maturity of the Australian Covered Bonds and the date on which such Australian 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 specified in the Pricing Supplement. In that event, the Issuer may redeem all or any part of the outstanding principal amount of those Australian Covered Bonds on an Interest Payment Date occurring at any time after the Maturity Date up to (and including) the Extended Maturity Date or as otherwise specified in the Pricing Supplement.

- (c) The Issuer shall give to the Holders, the Agents, the Swap Providers and the rating agencies notice of:
  - (i) its intention not to redeem all or any of the Australian Covered Bonds in full on the Maturity Date, as soon as reasonably practicable (and in any event in full at least four Business Days) prior to the relevant Maturity Date; and
  - (ii) its intention to redeem all or any of the outstanding principal amount outstanding of the Australian Covered Bonds, at least five Business Days prior to the relevant Interest Payment Date occurring after the Maturity Date.

Any failure by the Issuer to notify such persons shall not affect the validity or effectiveness of any extension of maturity in accordance with this Condition 10.6 or

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.

- (d) Any extension of the maturity of Australian Covered Bonds under this Condition shall be irrevocable. Where this Condition 10.6 applies, any failure to redeem the Australian Covered Bonds on the Maturity Date (or within two Business Days thereafter) or any extension of the maturity of Covered Bonds under this Condition 10.6 shall not constitute an event of default for any purpose or give any Holder any right to receive any payment of interest, principal or otherwise on the relevant Australian Covered Bonds other than as expressly set out in these Conditions.
- (e) In the event of the extension of the maturity of the Australian Covered Bonds under this Condition, Interest Rates, Interest Periods and Interest Payment Dates on the Australian Covered Bonds from (and including) the Maturity Date to (but excluding) the Extended Maturity Date shall be determined and made in accordance with the Pricing Supplement and Condition 8 ("Interest Rate and payments from the Maturity Date in the event of extension of maturity of the Australian Covered Bonds up to the Extended Maturity Date").
- (f) If the Issuer redeems some but not all of the outstanding principal amount of Australian Covered Bonds of a Series on an Interest Payment Date occurring at any time after the Maturity Date, the redemption proceeds shall be applied rateably across the Australian Covered Bonds and the outstanding principal amount on the Australian Covered Bonds shall be reduced by the level of that redemption.
- (g) If the maturity of any Australian Covered Bonds is extended up to the Extended Maturity Date in accordance with this Condition 10.6, subject as otherwise specified in the Pricing Supplement, for so long as any of those Australian Covered Bonds remains in issue, the Issuer shall not issue any further Australian Covered Bonds, unless the proceeds of issue of such further Australian Covered Bonds are applied by the Issuer in redeeming in whole the relevant Australian Covered Bonds in accordance with these Conditions.
- (h) This Condition 10.6 shall only apply to Australian Covered Bonds to which an Extended Maturity Date is specified in the Pricing Supplement to apply and if the Issuer fails to redeem those Australian Covered Bonds in full on the Maturity Date (or within two Business Days thereafter).
- (i) Where the applicable Pricing Supplement for a relevant Series of Australian Covered Bonds provides that such Australian Covered Bonds are subject to an Extended Final Maturity Date, such failure to pay by the Issuer on the Maturity Date shall not constitute a default in payment.

#### **10.7 Effect of notice of redemption**

Any notice of redemption given under this Condition 10 ("Redemption and purchase") is irrevocable.

#### **10.8 Late payment**

If an amount is not paid under this Condition 10 ("Redemption and purchase") when due, then:

- (a) for an Australian Covered Bond (other than a Zero Coupon Australian Covered Bond), interest continues to accrue on the unpaid amount (both before and after any demand or judgment) at the default rate specified in the Pricing Supplement (or, if no default rate is specified, the last applicable Interest Rate) until the date on which payment is made to the Holder; and

- (b) for a Zero Coupon Australian Covered Bond, the obligation to pay the amount is replaced by an obligation to pay the Amortised Face Amount recalculated as at the date on which payment is made to the Holder.

## **10.9 Purchase**

The Issuer or any of its affiliates, may at any time purchase Australian Covered Bond in the open market or otherwise and at any price. Such Australian Covered Bonds may be held, reissued, resold or, at the option of such purchaser, cancelled by notice to the Registrar. Purchases may be made by tender offers. Tender offers are subject to applicable law in any relevant jurisdiction. Australian Covered Bonds purchased under this Condition 10.9 will be subject to compliance with any applicable law or requirement of any stock exchange or other relevant authority on which the Australian Covered Bonds are listed.

## **Part 7 Payments**

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### **11 General provisions**

#### **11.1 Summary of payment provisions**

Payments in respect of Australian Covered Bonds will be made in accordance with Condition 11.3 (“Payments on Business Days”).

#### **11.2 Payments subject to law**

All payments are subject to applicable law.

#### **11.3 Payments on Business Days**

If a payment:

- (a) is due on an Australian Covered Bond on a day which is not a Business Day then the due date for payment will be adjusted in accordance with the applicable Business Day Convention; or
- (b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following day on which banks are open for general banking business in that place,

and in either case, the Holder is not entitled to any additional payment in respect of that delay unless there is a subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue in accordance with these Conditions.

#### **11.4 Currency indemnity**

The Issuer waives any right it has in any jurisdiction to pay an amount other than in the currency in which it is due. However, if a Holder receives an amount in a currency other than the currency in which it is due:

- (a) it may convert the amount received into the due currency (even though it may be necessary to convert through a third currency to do so) on the day and at such rates (including spot rate, same day value rate or value tomorrow rate) as it reasonably considers appropriate. It may deduct its usual costs in connection with the conversion; and

- (b) the Issuer satisfies its obligation to pay in the due currency only to the extent of the amount of the due currency obtained from the conversion after deducting the costs of the conversion.

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## **12 Payments on Australian Covered Bonds**

### **12.1 Payment of principal**

Payments of the principal in respect of an Australian Covered Bond will be made to each person registered at 10.00 am on the payment date as the holder of an Australian Covered Bond (or to the first person registered in the case of joint holders).

### **12.2 Payment of interest**

Payments of interest in respect of an Australian Covered Bond will be made to each person registered at the close of business on the Record Date as the holder of that Australian Covered Bond (or to the first person registered in the case of joint holders).

### **12.3 Payments to accounts**

Payments in respect of the Australian Covered Bond will be made in Australia, unless prohibited by law, and:

- (a) if the Australian Covered Bond is held in the Austraclear System, by crediting on the payment date, the amount due to:
  - (i) the account of Austraclear (as the Holder) in Australia previously notified to the Issuer and the Registrar; or
  - (ii) if requested by Austraclear, the accounts of the persons in whose Security Record (as defined in the Austraclear Regulations) an Australian Covered Bond is recorded as previously notified by Austraclear to the Issuer and the Registrar in accordance with Austraclear Regulations; and
- (b) if the Australian Covered Bond is not held in the Austraclear System, by crediting on the payment date, the amount then due under each Australian Covered Bond to an account in Australia previously notified by the Holder to the Issuer and the Registrar.

If a payment in respect of the Australian Covered Bond is prohibited by law from being made in Australia, such payment will be made in an international financial centre for the account of the relevant payee, and on the basis that the relevant amounts are paid in immediately available funds, freely transferable at the order of the payee.

### **12.4 Payments by cheque**

If a Holder has not notified the Registrar of an account to which payments to it must be made by the close of business on the Record Date, payments in respect of the Australian Covered Bond may be made by cheque sent by prepaid registered post on the Business Day immediately before the payment date, at the risk of the Holder, to the Holder (or to the first named joint holder of the Australian Covered Bond) at its address appearing in the Register at the close of business on the Record Date. Cheques sent to the nominated address of a Holder will be taken to have been received by the Holder on the payment date and, no further amount will be payable by the Issuer in respect of the Australian Covered Bond as a result of the Holder not receiving payment on the due date.

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**13 Taxation****13.1 No set-off, counterclaim or deductions**

All payments in respect of the Australian Covered Bonds must be made in full without set-off or counterclaim, and shall be made free and clear of, and without any withholding or deduction in respect of Taxes, unless such withholding or deduction is required by law.

**13.2 Withholding tax**

In the event that any amounts in respect of Taxes or the FATCA Withholding Rules are required to be deducted or withheld from a payment in respect of Australian Covered Bonds, the Issuer shall have no obligation to make, and shall not make any additional payment in respect of such deduction or withholding.

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**14 Time limit for claims**

A claim against the Issuer for a payment under an Australian Covered Bond is void unless made within ten years (in the case of principal) or five years (in the case of interest and other amounts) from the date on which payment first became due.

**Part 8 General**

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**15 Agents****15.1 Role of Agents**

In acting under an Agency Agreement, each Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any Holder except that, any funds received by an applicable Agent may, pending their application in accordance with the relevant Agency Agreement, be held by such Agent on trust for the benefit of the persons entitled to them.

**15.2 Appointment and replacement of Agents**

Each initial Agent for a Series of Australian Covered Bonds is specified in the Pricing Supplement. Subject to Condition 15.4 ("Required Agents"), the Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor.

**15.3 Change of Agent**

Notice of any change of an Agent or its Specified Offices must promptly be given to the Holders by the Issuer or the Agent on its behalf.

**15.4 Required Agents**

The Issuer must, in respect of each Series of Australian Covered Bonds:

- (a) at all times maintain a Registrar; and
- (b) if a Calculation Agent is specified in the Pricing Supplement, at all times maintain a Calculation Agent.

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**16 Meetings of Holders**

The Meeting Provisions contain provisions (which have effect as if incorporated in these Conditions) for convening meetings of the Holders of any Series to consider any matter affecting their interests, including any variation of these Conditions.

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**17 Variation****17.1 Variation with consent**

Unless Condition 17.2 (“Variation without consent”) applies, any Condition may be varied by the Issuer with prior approval from the Holders in accordance with the Meetings Provisions.

**17.2 Variation without consent**

Any Condition may be amended by the Issuer without the consent of the Holders if the amendment:

- (a) is of a formal, minor or technical nature;
- (b) is made to correct a manifest or proven error;
- (c) is made to cure any ambiguity or correct or supplement any defective or inconsistent provision and, in the reasonable opinion of the Issuer, is not materially prejudicial to the interests of the Holders;
- (d) is to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated; or
- (e) only applies to Australian Covered Bonds issued after the date of amendment.

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**18 Further issues**

The Issuer may from time to time, without the consent of the Holders, issue further Australian Covered Bonds having the same Conditions as the Australian Covered Bonds of any Series in all respects (or in all respects except for the Issue Date and the date for the first payment of interest) so as to form a single series with the Australian Covered Bonds of that Series.

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**19 Notices****19.1 Notices to Holders**

All notices and other communications to the Holders must be in writing and must be left at the address of or sent by prepaid post (airmail, if appropriate) to or the address of the Holder (as shown in the Register at the close of business on the day which is three Business Days before the date of the notice or communication).

They may also be:

- (a) given by an advertisement published in the *Australian Financial Review* or *The Australian* (or an alternate newspaper of general circulation in Australia); or
- (b) if the Pricing Supplement specifies an additional or alternate newspaper, given by an advertisement published in that newspaper.

## **19.2 Notices to the Issuer and the Agents**

All notices and other communications to the Issuer or an Agent must be in writing and may be left at the address of, or sent by prepaid post (airmail if appropriate) to its respective Specified Office.

## **19.3 When effective**

They take effect from the time they are received unless a later time is specified in them.

## **19.4 Deemed receipt - publication in newspaper**

If published in a newspaper, they are taken to be received on the first date that publication has been made in all the required newspapers.

## **19.5 Deemed receipt - postal**

If sent by post, they are taken to be received three days after posting (or seven days after posting if sent to or from a place outside Australia).

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## **20 Governing law and service of process**

### **20.1 Governing law**

Australian Covered Bonds, each Deed Poll and each Agency Agreement are governed by, and construed in accordance with, the law in force in New South Wales, Australia, except that the provisions of the Australian Covered Bonds under Condition 4.1 (“Status of the Australian Covered Bonds”), and any non-contractual obligations arising out of or in connection with any of them, shall be governed by and construed in accordance with Norwegian law.

### **20.2 Jurisdiction**

The Issuer irrevocably and unconditionally submits, and each Holder is taken to have submitted, to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them. The Issuer waives any right it has to object to any suit, action or proceedings (“**Proceedings**”) being brought in those courts of including by claiming that the Proceedings been bought in an inconvenient forum or that those courts do not have jurisdiction.

### **20.3 Serving documents**

Without preventing any other method of service, any document in any Proceedings may be served on the Issuer by being delivered or left at its registered office or principal place of business.

### **20.4 Agent for service of process**

The Issuer appoints Dabserv Corporate Services Pty Ltd (ABN 73 001 824 111) of Governor Phillip Tower, 1 Farrer Place, Sydney, New South Wales, 2000 as its agent to receive any document referred to in clause 20.3 (“Serving documents”). If for any reason that person ceases to be able to act as such, the Issuer will immediately appoint another person with an office located in New South Wales to act as its agent to receive any such document and will promptly notify the Registrar and the Holders of such appointment.

# Form of Pricing Supplement

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The Pricing Supplement to be issued in respect of each Tranche of Australian Covered Bonds will be substantially in the form set out below.

Series No.: [●]

Tranche No.: [●]



**SpareBank 1 Boligkreditt AS**  
(“Issuer”)

**A\$2,000,000,000 Covered Bond Issuance Programme**

Issue of  
**[A\$][Aggregate Principal Amount] [Title of Australian Covered Bonds] due [●]**  
(“Australian Covered Bonds”)

The date of this Pricing Supplement is [●].

This Pricing Supplement (as referred to in the Information Memorandum dated [●] (“**Information Memorandum**”) in relation to the above Programme) relates to the Tranche of Australian Covered Bonds referred to above. It is supplementary to, and should be read in conjunction with the terms and conditions of the Australian Covered Bonds contained in the Information Memorandum (“**Conditions**”) and the Australian Covered Bond Deed Poll dated [●] made by the Issuer.

Unless otherwise indicated, terms defined in the Conditions have the same meaning in this Pricing Supplement.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Australian Covered Bonds or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

*The Issuer is neither a bank nor an authorised deposit-taking institution which is authorised under the Banking Act 1959 of Australia and is not supervised by the Australian Prudential Regulation Authority. Australian Covered Bonds are not covered by the depositor protection provisions set out in section 13A of the Banking Act or the Australian government’s bank deposit guarantee scheme and are not the obligations of any government or other instrumentality and, in particular, are not guaranteed by the Commonwealth of Australia or by the Kingdom of Norway.*

The particulars to be specified in relation to the Tranche of Australian Covered Bonds referred to above are as follows:

- 1 Issuer : SpareBank 1 Boligkreditt AS
- 2 Type of Australian Covered Bond : [Fixed Rate / Floating Rate / Partly Paid / Zero Coupon / *specify other*]
- 3 Method of distribution : [Private / Syndicated Issue]

4	Lead Manager[s]	:	[Specify]
5	Dealer[s]	:	[Specify]
6	Registrar	:	[Citigroup Pty Limited (ABN 88 004 325 080) / specify other]
7	Issuing & Paying Agent	:	[Citigroup Pty Limited (ABN 88 004 325 080) / specify other]
8	Calculation Agent	:	[Citigroup Pty Limited (ABN 88 004 325 080) / specify other]
9	Series particulars (Fungibility with other Tranches)	:	[Not Applicable / specify if Tranche is to form a single Series with an existing Tranche or Series, specify date on which all Australian Covered Bonds of the Series become fungible (if no specific future date, specify the Issue Date)]
10	Principal amount of Tranche	:	[Specify]
11	Issue Date	:	[Specify]
12	Issue Price	:	[Specify]
13	Currency	:	[A\$ / specify other]
14	Denomination[(s)]	:	[Specify]
15	Maturity Date	:	[Specify (in the case of an amortising Australian Covered Bonds, insert the date on which the last instalment of principal is payable)]
16	Extended Maturity Date		[Not Applicable / Applicable.

The Extended Maturity Date is [specify (the date should be 12 months after the Maturity Date)].

In accordance with the Conditions and this Pricing Supplement, if the Issuer fails to redeem the Australian Covered Bonds in full on the Maturity Date thereafter, the maturity of the outstanding principal amount of the Australian Covered Bonds will automatically be extended up to [12 months] to the Extended Maturity Date without constituting an event of default or giving Holders any right to accelerate payments on the Australian Covered Bonds. In that event, the Interest Rate payable on, and the Interest Periods and Interest Payment Dates, in respect of the Australian Covered Bonds, will change from those that applied up to the Maturity Date and the Issuer may redeem all or part of the outstanding principal amount of those Australian Covered Bonds on any Interest Payment Date occurring at any time after the Maturity Date up to (and including) the Extended Maturity Date, all in accordance with the Conditions and this Pricing Supplement. See Conditions 8 and 10.6.

[Specify other applicable provisions (if any) in respect of the Extended Maturity Date]

- 17 Record Date : [As per the Conditions / *specify other*]
- 18 **Condition 6 (Fixed Rate Australian Covered Bonds) applies** : [Yes / No]  
[If "No", delete following Fixed Rate provisions]
- [(a) Period to (and including) Maturity Date] :
- Fixed Coupon Amount : [Specify]
- Interest Rate : [Specify]
- Interest Commencement Date : [Issue Date / *specify*]
- Interest Payment Dates : [Specify]
- [(b) Period from (but excluding) Maturity Date up to (and including) Extended Maturity Date]
- Fixed Coupon Amount : [Specify]
- Interest Rate : [Specify]
- Interest Commencement Date : [Issue Date / *specify*]
- Interest Payment Dates : [Specify]
- Business Day Convention : [Following Business Day Convention / Preceding Business Day Convention / No Adjustment / *specify other*]
- Day Count Fraction : [Specify]
- 19 **Condition 7 (Floating Rate Australian Covered Bonds) applies** : [Yes / No]  
[If "No", delete following Floating Rate provisions]
- [(a) Period to (and including) Maturity Date]
- Interest Rate : [Specify method of calculation]
- Margin : [Specify (state if positive or negative)]
- Interest Commencement Date : [Issue Date / *specify*]
- Interest Payment Dates : [Specify dates or the Specified Period]
- Business Day Convention : [Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / No Adjustment / *specify other*]
- Day Count Fraction : [Specify]

	Fallback Interest Rate	:	[Specify / Not Applicable]
	Interest Rate Determination	:	[ISDA Determination / Screen Rate Determination / Bank Bill Rate Determination]
	<i>[If ISDA Determination applies, specify the following (otherwise delete provisions)]</i>	:	
	Floating Rate Option	:	[Specify]
	Designated Maturity	:	[Specify]
	Reset Date	:	[Specify]
	<i>[If Screen Rate Determination applies, specify the following (otherwise delete provisions)]</i>	:	
	Relevant Screen Page	:	[Specify]
	Relevant Time	:	[Specify]
	Reference Rate	:	[Specify]
	Reference Banks	:	[Specify]
	Interest Determination Date	:	[Specify]
	<i>[If Bank Bill Rate Determination applies, specify the following (otherwise delete provision)]</i>	:	
	Bank Bill Rate	:	[As per Condition 7.6 / specify any variation to the Conditions]
	Maximum and Minimum Interest Rate	:	[Specify / Not Applicable]
	Default Rate	:	[Specify (In the case of interest-bearing Australian Covered Bonds, specify rate of interest applying to overdue amounts (if different to usual Interest Rate)]
	Rounding	:	[As per Condition 9.7 / specify]
	Relevant Financial Centre	:	[Applicable / Not Applicable]
	Linear Interpolation	:	[Applicable / Not Applicable] [If applicable, provide details]
[(b)	Period from (but excluding) Maturity Date up to (and including) Extended Maturity Date	:	
	Interest Rate	:	[Specify method of calculation]

Margin : [*Specify (state if positive or negative)*]

Interest Commencement Date : [*Issue Date / specify*]

Interest Payment Dates : [*Specify dates or the Specified Period*]

Business Day Convention : [*Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / No Adjustment / specify other*]

Day Count Fraction : [*Specify*]

Fallback Interest Rate : [*Specify / Not Applicable*]

Interest Rate Determination : [*ISDA Determination / Screen Rate Determination / Bank Bill Rate Determination*]

[*If ISDA Determination applies, specify the following (otherwise delete provisions)*]

Floating Rate Option : [*Specify*]

Designated Maturity : [*Specify*]

Reset Date : [*Specify*]

[*If Screen Rate Determination applies, specify the following (otherwise delete provisions)*]

Relevant Screen Page : [*Specify*]

Relevant Time : [*Specify*]

Reference Rate : [*Specify*]

Reference Banks : [*Specify*]

Interest Determination Date : [*Specify*]

[*If Bank Bill Rate Determination applies, specify the following (otherwise delete provision)*]

Bank Bill Rate : [*As per Condition 7.6 / specify any variation to the Conditions*]

Maximum and Minimum Interest Rate : [*Specify / Not Applicable*]

Default Rate : [*Specify (In the case of interest-bearing Australian Covered Bonds, specify rate of interest applying to overdue amounts (if different to usual Interest Rate))*]

	Rounding	:	[As per Condition 9.7 / <i>specify</i> ]
	Relevant Financial Centre	:	[Applicable / Not Applicable]
	Linear Interpolation	:	[Applicable / Not Applicable] [ <i>If applicable, provide details</i> ]
20	Minimum / maximum notice period for early redemption for taxation purposes	:	[As per Condition 10.2 (Early redemption for taxation reasons) / <i>specify</i> ]
21	Condition 10.3 (Holder put) applies	:	[Yes, the Australian Covered Bonds redeemable before their Maturity Date at the option of the Holders / No]  [ <i>If “No”, delete following Holder put provisions</i> ]
	Early Redemption Date(s) (Put)	:	[ <i>Specify</i> ]
	Minimum / maximum notice period for exercise of Holder put	:	[ <i>Specify</i> ]
	Relevant conditions to exercise of Holder put	:	[ <i>Specify</i> ]
22	Condition 10.4 (Issuer call) applies	:	[Yes, the Australian Covered Bonds redeemable before their Maturity Date at the option of the Issuer / No]  [ <i>If “No”, delete following Issuer call provisions</i> ]
	Minimum / maximum notice period for exercise of Issuer call	:	[ <i>Specify</i> ]
	Relevant conditions to exercise of Issuer call	:	[ <i>Specify</i> ]
	[Maximum / Minimum] Redemption Amount	:	[ <i>Specify</i> ]
23	Clearing System[(s)]	:	[Austraclear System / <i>specify others</i> ]
24	ISIN	:	[ <i>Specify</i> ]
25	[Common Code]	:	[ <i>Specify</i> ]
26	[Selling Restrictions]	:	[ <i>Specify any variation to the selling restrictions set out in the Information Memorandum</i> ]
27	Listing	:	[Not Applicable / “Australian Securities Exchange” / <i>specify details of other relevant stock or securities exchange</i> ]

28 [Credit ratings] : [Expected to be: [Specify]]

*A credit rating is not a recommendation to buy, sell or hold Australian Covered Bonds and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.*

*Credit ratings are for distribution only to a person (a) who is not a "retail client" within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Pricing Supplement and anyone who receives this Pricing Supplement must not distribute it to any person who is not entitled to receive it.]*

29 [Additional Information] : [Specify]

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

**CONFIRMED**

For and on behalf of  
**SpareBank 1 Boligkreditt AS**

By: .....

Name: .....

Title: .....

Date: .....

## Selling Restrictions

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*The Australian Covered Bonds will be offered by the Issuer through the Dealers. The Issuer has the sole right to accept any offer to purchase Australian Covered Bonds and may reject that offer in whole or (subject to the terms of the offer) in part. Each Dealer has the right to reject any offer to purchase Australian Covered Bonds made to it in whole or (subject to the terms of such offer) in part.*

*Each Dealer appointed under the Programme will be required to agree to comply with any applicable law or directive in any jurisdiction in which it subscribes for, offers, sells, resells, reoffers or delivers Australian Covered Bonds and that it will not, directly or indirectly, subscribe for, offer, sell, resell, reoffer or deliver Australian Covered Bonds or distribute any Information Memorandum or other offering material in relation to the Australian Covered Bonds, in any jurisdiction, except in accordance with these selling restrictions, any additional restrictions which are set out in the relevant Pricing Supplement and any applicable law or directive of that jurisdiction.*

*None of the Issuer, the Arranger or any Dealer has represented that any Australian Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or in accordance with any available exemption, or assumes any responsibility for facilitating that sale.*

*The following selling restrictions apply:*

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### 1. General

No action has been taken in any jurisdiction that would permit a public offering of any of the *Australian Covered Bonds*, or possession or distribution of the Information Memorandum or any other offering material in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Information Memorandum comes must comply with all applicable laws and directives in each country or jurisdiction in which they purchase, offer, sell, resell, reoffer or deliver Australian Covered Bonds or have in their possession or distribute or publish the Information Memorandum or other offering material and must obtain any authorisation, consent, approval or permission required by them for the purchase, offer, sale, reoffer, resale or delivery by them of any Australian Covered Bonds under any applicable law or directive in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales, reoffers, resales or deliveries, in all cases at their own expense, and none of the Issuer nor (in the case of persons other than the Arranger or a Dealer) the Arranger or any Dealer has responsibility for such matters. In accordance with the above, any Australian Covered Bonds purchased by any person which it wishes to offer for sale or resale may not be offered for sale or resale in any jurisdiction in circumstances which would result in the Issuer being obliged to register any prospectus or corresponding document relating to the Australian Covered Bonds in such jurisdiction.

In these selling restrictions:

- **“law”** means common law, principles of equity and laws made by parliament (and laws made by parliament include federal or state laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them); and
- **“directive”** includes a treaty, an official directive, request, regulation guideline or policy (whether or not having the force of law) with which responsible participants in the relevant market generally comply.

In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Australian Covered Bonds in Australia, Norway, the United States of America,

the United Kingdom, the European Economic Area, Japan, Hong Kong, and Singapore as set out below.

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## **2. Australia**

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Programme or any Australian Covered Bonds has been, or will be, lodged with ASIC. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that unless the relevant Pricing Supplement (or another supplement to any Information Memorandum) otherwise provides, it:

- (a) has not made or invited, and will not make or invite, an offer of the Australian Covered Bonds for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any Information Memorandum or any other offering material or advertisement relating to any Australian Covered Bonds in Australia,

unless:

- (i) the offer or invitation does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;
- (ii) the offer or invitation does not constitute an offer to a "retail client" as defined for the purposes of section 761G of the Corporations Act;
- (iii) the Australian Covered Bonds to be subscribed by the relevant subscriber or transferred have a minimum consideration of at least A\$500,000;
- (iv) such action complies with any other applicable laws or directives in Australia; and
- (v) such action does not require any document to be lodged with ASIC.

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## **3. Norway**

Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree that, unless the Issuer has confirmed in writing to each Dealer that the Information Memorandum has been filed with the Financial Supervisory Authority of Norway, it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Australian Covered Bonds in Norway or to residents of Norway except:

- (a) in respect of an offer of Australian Covered Bonds addressed to investors subject to a minimum purchase of Australian Covered Bonds for a total consideration of not less than €100,000 per investor;
- (b) to "professional investors" as defined in Section 7-1 in the Norwegian Securities Regulation of 29 June 2007 no. 876;
- (c) to fewer than 150 natural or legal persons (other than "professional investors" as defined in Section 7-1 in the Norwegian Securities Regulation of 29 June 2007 no. 876), subject to obtaining the prior consent of the relevant Dealer or Dealers for any such offer;
- (d) in any other circumstances provided that no such offer of Australian Covered Bonds shall result in a requirement for the registration, or the publication by the Issuer or the

Dealer or Dealers of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

The Australian Covered Bonds shall be registered with the Norwegian Central Securities Depository unless (i) the Australian Covered Bonds are denominated in NOK and offered or sold outside of Norway to non-Norwegian tax residents only, or (ii) the Australian Covered Bonds are denominated in a currency other than NOK and offered or sold outside of Norway.

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#### 4. Public offer Selling Restriction under the Prospectus Directive

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 Australian Covered Bonds which are the subject of the offering contemplated by the Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State. As a result, the Australian Covered Bonds may only be offered in the Relevant Member States:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) 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
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Australian Covered Bonds referred to in (a) to (c) above shall require the Issuer or the 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 Australian Covered Bonds to the public**” in relation to any Australian 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 Australian Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Australian Covered Bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 (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.

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#### 5. 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 complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (“**FSMA**”) with respect to anything done by it in relation to any Australian Covered Bonds in, from or otherwise involving the United Kingdom;
- (b) 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 such Australian Covered Bonds in circumstances in which section 21(1) of the FSMA would not if the Issuer was not an authorized person apply to the Issuer.

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## 6. United States of America

### *Regulation S; Category 2*

The Australian Covered Bonds have not been and will not be registered under the Securities Act.

Terms used in the following four paragraphs have the meanings given to them by Regulation S.

The Australian Covered Bonds may not be offered, sold, delivered or transferred within the United States of America, its territories or possessions or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or in transactions exempt from the registration requirements of the Securities Act.

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 the Australian Covered Bonds:

- (a) as part of their distribution at any time; and
- (b) otherwise until 40 days after completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Australian Covered Bonds on a syndicated basis, the Lead Manager,

within the United States of America or to, or for the account or benefit of, U.S. persons.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will have sent to each distributor to which it sells Australian Covered Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Australian Covered Bonds within the United States of America or to, or for the account or benefit of, U.S. persons.

Until 40 days after the completion of the distribution of all Australian Covered Bonds of the Tranche of which those Australian Covered Bonds are a part, an offer or sale of Australian Covered Bonds within the United States of America by any Dealer acting in relation to that Tranche or other distributor (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the Securities Act.

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## 7. Japan

The Australian Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Law of Japan ("**Financial Instruments and Exchange Law**") and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Australian Covered Bonds directly or indirectly in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws and directives of Japan. For the purposes of this paragraph, "**Japanese Person**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

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## 8. Hong Kong

The Australian Covered Bonds have not been authorised by the Hong Kong Securities and Futures Commission.

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 not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Australian Covered Bonds other than
  - (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) (as amended) of Hong Kong (“SFO”) and any rules made under the SFO, or
  - (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) (as amended) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) unless it is a person permitted to do so under the applicable securities laws of Hong Kong, it has not issued or had in its possession for the purposes of issue, and will not issue, or have in its possession for the purposes of issue, (in each case, whether in Hong Kong or elsewhere) any advertisement, invitation, or other offering material or other document relating to the Australian Covered Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Australian Covered Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made under the SFO.

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## 9. Singapore

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore.

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 or sell the Australian Covered Bonds, nor make the Australian Covered Bonds the subject of an invitation for subscription or purchase, nor will it circulate or distribute this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Australian Covered Bonds, whether directly or indirectly, to persons in Singapore other than:

- (a) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, as amended (“**Securities and Futures Act**”);
- (b) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, to notify (whether through the distribution of this Information Memorandum or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Australian Covered Bonds or

otherwise) each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Australian Covered Bonds from and through that Dealer, namely a person which is:

- (1) a corporation (which is not an accredited investor) (as defined in Section 4A of the Securities and Futures Act) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

that securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Australian Covered Bonds pursuant to an offer under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4) of the Securities and Futures Act;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the Securities and Futures Act.

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## **10. Variation**

These selling restrictions may be amended, varied, replaced or otherwise updated from time to time. Any change may be set out in a Pricing Supplement or in another supplement to this Information Memorandum.

# Taxation

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## Australian taxation

*The following is a summary of certain Australian withholding tax matters, at the date of this Information Memorandum, in relation to the Australian Covered Bonds to be issued by the Issuer under the Programme and certain other matters. It is a general guide and should be treated with appropriate caution. This summary is not intended to be, nor should it be construed as, legal or tax advice to any particular holder of the Australian Covered Bonds. Prospective holders of Australian Covered Bonds should consult their professional advisers on the tax implications of an investment in the Australian Covered Bonds for their particular circumstances.*

*This summary does not consider the tax implications for persons who hold interests in the Australian Covered Bonds through Austraclear, Euroclear, Clearstream, Luxembourg or another clearing system.*

### 1. Interest withholding tax

So long as the Issuer continues to be a non-resident of Australia and the Australian Covered Bonds issued by it are not attributable to a permanent establishment of the Issuer in Australia, payments of principal and interest made under Australian Covered Bonds issued by it should not be subject to Australian interest withholding tax.

### 2. Other tax matters

Under Australian laws as presently in effect:

- (a) *death duties* - no Australian Covered Bonds will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;
- (b) *stamp duty and other taxes* - no *ad valorem* stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Australian Covered Bonds;
- (c) *other withholding taxes on payments in respect of Australian Covered Bonds*- so long as the Issuer continues to be a non-resident of Australia and does not carry on business at or through a permanent establishment in Australia, the tax file number requirements of Part VA of the Australian Income Tax Assessment Act 1936 and section 12-140 of Schedule 1 to the Taxation Administration Act 1953 of Australia ("**Taxation Administration Act**") should not apply to the Issuer;
- (d) *supply withholding tax* - payments in respect of the Australian Covered Bonds can be made free and clear of the "supply withholding tax" imposed under section 12-190 of Schedule 1 to the Taxation Administration Act; and
- (e) *goods and services tax ("GST")* - neither the issue nor receipt of the Australian Covered Bonds will give rise to a liability for GST in Australia on the basis that the supply of Australian Covered Bonds will comprise either an input taxed financial supply or (in the case of an offshore subscriber), a supply which is outside the scope of the GST law. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Australian Covered Bonds, would give rise to any GST liability in Australia.

## Norwegian taxation

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Payments of principal and interest on the Australian Covered Bonds issued under the Programme to persons who have no connection with Norway other than the holding of such Australian 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 Australian Covered Bonds by persons who have no connection with Norway other than the holding of the Australian 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 Australian Covered Bonds.

The Australian 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 Australian Covered Bonds and provided that the Australian 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 Australian Covered Bonds. Likewise, capital gains or profits realised by such persons on the sale, disposal or redemption of the Australian Covered Bonds will be subject to Norwegian taxation.

## Directory

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### Issuer

#### **SpareBank Boligkreditt AS**

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4066 Stavanger  
Norway

### Arranger

#### **Citigroup Global Markets Australia Pty Limited**

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**Registrar and  
Issuing & Paying Agent**

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