

# TERM SHEET



20 September 2018

## FRN Bank Norwegian AS Subordinated (Tier 2) Callable Bond Issue 2018/2028 (“the Bonds”)

ISIN:	NO0010833130
Issuer:	Bank Norwegian AS
Type of Issue:	Floating rate dated subordinated (Tier 2) bond issue with call options for the Issuer
Amount:	SEK 550,000,000
Nominal Amount:	SEK 1,000,000
Minimum Subscription:	SEK 2,000,000
Issue Price:	100 % of Nominal Amount
Issue Date:	2 October 2018
Maturity Date:	2 October 2028
Redemption Price:	100% of Nominal Amount, subject to adjustments pursuant to “Reduction of Principal”
Interest Rate:	Reference Rate + Margin. If the Interest Rate becomes negative, the Interest Rate shall be deemed to be zero.
Reference Rate:	3 months STIBOR
Margin:	3.75 percentage points p.a.
Interest Payment Dates:	2 January, 2 April, 2 July and 2 October each year
Interest Accrual Date:	Issue Date
First Interest Payment Date:	2 January 2019 (92 days)
Day Count Fraction:	Actual/360
Business Day Convention:	Modified Following
First Call Date:	The date falling five (5) years after the Issue Date.
Ordinary Call:	The Issuer may, at its sole discretion, redeem all (but not only some) outstanding Bonds on (i) the First Call Date or (ii) any Interest Payment Date falling after the First Call Date at the Redemption Price.

Conditional Call (early redemption upon occurrence of a Regulatory Call or Taxation Call):

“**Regulatory Call**” means that if it is likely that the Bonds will not qualify as Tier 2 Capital as a result of amendments to or clarification of the applicable laws and regulations, the Issuer may Call all (but not only some) of the Outstanding Bonds at the Redemption Price.

“**Taxation Call**” means that if there is a material change in the applicable tax treatment of the Bonds, the Issuer may Call all or only some of the Outstanding Bonds at the Redemption Price.

A Regulatory Call or Taxation Call in accordance with the above may be exercised on each Interest Payment Date after the amendments to or clarification of the applicable laws and regulations enters into force.

Generally conditions for the exercise of the Issuer’s call options (Ordinary Call and/or Conditional Call):

Pre-approval from the Norwegian FSA is required when exercising a Call. If the Bonds are to be written down in accordance with “Reduction of Principal”, no Call may be exercised, notwithstanding any notification sent in accordance with the notification procedure stated below.

Exercise of Call shall be notified by the Issuer to the Bondholders and the Bond Trustee at least ten (10) Business Days prior to the relevant Call Date.

Purpose:

The purpose of the Bond Issue is for the Bonds to qualify as Tier 2 Capital when calculating the Issuer’s Capital Cover.

Capital Cover:

The Issuer’s capital cover (Nw. *kapitaldekning*) based on the applicable Capital Requirement from time to time.

Capital Requirement:

The applicable capital requirement (Nw. *kapitalkrav*) for Financial Undertakings, as determined by the Norwegian FSA or other competent authority from time to time, including Tier 2 Capital.

Calculation Regulation:

Regulation of 1 June 1990 No. 435 on the calculation of eligible capital (Nw. *forskrift om beregning av ansvarlig kapital*).

Financial Undertaking:

Entity with authorization according to the Financial Undertakings Act.

Financial Undertakings Act:

Act on financial undertakings of 10 April 2015 No. 17 (Nw. *finansforetaksloven*).

Tier 1 Capital:

The amount of the Issuer’s capital which qualifies as tier 1 capital (Nw. *kjernekapital*) in accordance with applicable laws and regulations from time to time (on the date of the Bond Terms, sections 14 (common equity tier 1 capital) and 15 (additional tier 1 capital) of the Calculation

	Regulation).
Tier 2 Capital:	The amount of the Issuer's capital which qualifies as tier 2 capital (Nw. <i>tilleggskapital</i> ) in accordance with applicable laws and regulations from time to time (on the date of the Bond Terms, section 16 (tier 2 capital) of the Calculation Regulation).
Status:	<p>The Bonds qualify as Tier 2 Capital (cf. section 16 of the Calculation Regulation) and the Bondholders may not demand early prepayment of the Bonds. The Bonds may not be redeemed by the Issuer prior to the Maturity Date, unless the Norwegian FSA has consented to such early redemption of the Bonds.</p> <p>The Bonds shall rank junior to all ordinary unsubordinated debt, however so that the Bonds with interest shall rank <i>pari passu</i> with other Tier 2 Capital of the Issuer and rank in priority to Tier 1 Capital of the Issuer.</p>
Reduction of Principal:	The Bonds may be written-down by a reduction of the principal amount in accordance with applicable laws and regulations from time to time (on the date of the Bond Agreement, section 21-6 of the Financial Undertakings Act, cf. section 16 no. 4 of the Calculation Regulation).
Security:	The Bonds are unsecured.
Issuer's undertakings:	<p>The Issuer undertakes not to (either in one (1) action or as several actions, voluntarily or involuntarily):</p> <ul style="list-style-type: none"> <li>(a) sell or otherwise dispose of all or parts of its assets or business,</li> <li>(b) change the nature of its business, or</li> <li>(c) merge, demerge or in any other way restructure its business,</li> </ul> <p>if, for each of (a) to (c) above, such action will materially and adversely affect the Issuer's ability to fulfil its obligations under the Bond Terms.</p>
Events of Default:	As the Bonds qualify as Tier 2 Capital for the Issuer, cf. "Status", the Bondholders may not demand the Bonds or interest repaid prior to the Maturity Date and a failure to comply with any covenant in the Bond Terms shall not constitute an Event of Default.
Amendments:	In the event of a conflict between any future requirements implemented by Norwegian authorities and the terms of the Bond Terms, the Bond Trustee may (but is not obligated to) upon the request from the Issuer and the approval from the Norwegian FSA amend the Bond Terms to ensure that the Bonds qualify as Tier 2 Capital.
Registration:	The Norwegian Central Securities Depository (" <b>VPS</b> ").

- Issuer's purchase of Bonds:
- (a) The Issuer, the Issuer's subsidiaries or other entities where the Issuer has an ownership interest, may not purchase Bonds, unless pre-approved by the Norwegian FSA.
  - (b) The Issuer may not directly or indirectly finance the purchase of any Bonds.
  - (c) The Issuer may not sell or delete any of its own Bonds in the VPS, unless pre-approved by the Norwegian FSA.

Issuers information covenants:

The Issuer undertakes to:

- a) inform the Bond Trustee promptly of any Event of Default pursuant to the Bond Terms, and of any situation which the Issuer understands or should understand could lead to an Event of Default,
- b) inform the Bond Trustee of any other event which may have a material effect on the Issuer's ability to fulfil its obligations pursuant to the Bond Terms,
- c) inform the Bond Trustee if the Issuer intends to sell or dispose of all or a substantial part of its assets or operations or change the nature of its business,
- d) upon request, provide the Bond Trustee with its annual and interim reports and any other information reasonably required by the Bond Trustee,
- e) upon request report to the Bond Trustee the balance of Issuer's Bonds,
- f) provide a copy to the Bond Trustee of any notice to its creditors to be made according to applicable laws and regulations,
- g) send a copy to the Bond Trustee of notices to the Exchange which have relevance to the Issuer's liabilities pursuant to the Bond Terms,
- h) inform the Bond Trustee of changes in the registration of the Bonds in the VPS, and
- i) annually in connection with the release of its annual report, and upon request, confirm to the Bond Trustee compliance with any covenants set forth in the Bond Terms.

Expenses:

- (a) The Issuer shall cover all its own expenses in connection with the Bond Terms and the fulfilment of its obligations under the Bond Terms, including the preparation of the Bond Terms, listing of the Bonds on the Exchange, and the registration and administration of the Bonds in the VPS.
- (b) The expenses and fees payable to the Bond Trustee shall be paid by the Issuer. For Financial Undertakings and Nordic governmental issuers, annual fees will be determined according to applicable fee structure and terms and conditions presented at

the Bond Trustee's web site ([www.trustee.no](http://www.trustee.no)) at the Issue Date, unless otherwise is agreed with the Bond Trustee. For other issuers a separate Bond Trustee Agreement will be entered into. Fees and expenses payable to the Bond Trustee which, due to insolvency or similar by the Issuer, are not reimbursed in any other way may be covered by making an equivalent reduction in the payments to the Bondholders.

- (c) Any public fees payable in connection with the Bond Terms and fulfilling of the obligations pursuant to the Bond Terms shall be covered by the Issuer. The Issuer is not responsible for reimbursing any public fees levied on the trading of Bonds.
- (d) The Issuer is responsible for withholding any withholding tax imposed by relevant law.

Others: The Bond Trustee may reach decisions binding for all Bondholders concerning this Bond Terms, including amendments to the Bond Terms, which, in the opinion of the Bond Trustee, do not have a material adverse effect on the rights or interests of the Bondholders pursuant to this Bond Terms,

Market-making: No market-maker agreement has been made for the Bonds

Registration number: 991 455 671

LEI: 5967007LIEEXZX6ZCW47

Documentation: The bond terms governing the Bond Issue (the "**Bond Terms**") will be entered into by the Issuer and the Bond Trustee acting as the bondholders' representative. The Bond Terms shall be based on Norwegian bond market standard, and will regulate the bondholders' rights and obligations with respect to the Bonds. If any discrepancy should occur between this Term Sheet and the Bond Agreement, then the Bond Agreement shall prevail.

Each subscriber in the Bonds, such subscription documented by the Application Form, a taped telephone conversation, e-mail or otherwise, is deemed to have granted authority to the Bond Trustee to finalize the Bond Agreement. Minor adjustments to the terms and structure described in this Term Sheet may occur.

Subscription of Bonds: Each subscriber irrevocably confirms the subscriber's request to subscribe for the number of Bonds specified in its subscription documented by the Application Form, a taped telephone conversation, e-mail or otherwise on the terms included in the Application Form and authorizes and instructs the Joint Lead Arrangers to subscribe for the number of Bonds allocated to the subscriber in this private

placement on behalf of the subscriber.

The Joint Lead Arrangers will in their sole discretion allocate the Bonds to the subscribers and may apply allocation principles such as timeliness of orders, pricing, relative order size, sector knowledge, investment history, perceived investor quality, investment horizon and the preference for any particular bondholder structure. A maximum allocation to any subscriber may be set. The Joint Lead Arrangers further reserve the right, in their sole discretion, to take into account the credit-worthiness of any subscriber. The subscriber confirms that the application is valid for such number of Bonds allocated to the subscriber, even if such number is less than the maximum amount applied for.

**By subscribing for Bonds, the subscriber will be deemed to have accepted all terms set out in the Application Form, including the representations and acknowledgments set out therein. Please note in this respect that the Bond Issue is based only upon the investor documentation provided to the prospective subscribers; the company presentation, and in particular that no prospectus, offering memorandum or similar document have or will be prepared in connection with the offering and sale of the Bonds.**

Subscription restrictions:

The Bonds will only be offered or sold within the United States to a limited number of Qualified Institutional Buyers (“**QIBs**”) as defined in Rule 144A under the U.S. Securities Act.

The Bonds have not and will not be registered under the U.S. Securities Act, or any state securities law except pursuant to an exemption from the registration requirements of the U.S. Securities Act and appropriate exemptions under the laws of any other jurisdiction. The Bonds may not be offered or sold within the United States to, or for the account or benefit of, any U.S. Person (as such terms are defined in regulations), except pursuant to an exemption from the registration requirements of the U.S. Securities Act as further detailed in the Application Form.

Failure to comply with these restrictions may constitute a violation of applicable securities legislation.

Transfer restrictions:

The Bonds are freely transferable and may be pledged, subject to the following:

- (i) Bondholders located in the United States will not be permitted to transfer the Bonds except (a) subject to an effective registration statement under the Securities Act, (b) to a person that the bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale or other transfer may be made in reliance on Rule 144A, (c) outside the United States in accordance with Regulation S under the Securities Act

in a transaction on the relevant exchange, and (d) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available).

- (ii) Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a bondholder may be subject (due e.g. to its nationality, its residency, its registered address, its place(s) for doing business). Each bondholder must ensure compliance with local laws and regulations applicable at own cost and expense.

Notwithstanding the above, a bondholder which has purchased the Bonds in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under the Bond Terms.

Target market:	Manufacturer target market (MIFID II product governance) is eligible counterparties and professional clients (all distribution channels). No PRIIPs key information document (KID) has been prepared as not deemed within scope. The Joint Lead Arrangers will be paid a fee from the Issuer.
Approvals:	The Bonds will be issued pursuant to an approval from the Norwegian FSA dated 27 June 2018, and a resolution by the Issuer's General Meeting on 18 June 2018.
Governing law and legal venue:	Norwegian law and the Oslo District Court.
Bond Trustee:	Nordic Trustee ASA
Paying Agent:	DNB Bank ASA, Verdipapirservice
Listing:	Oslo Børs
Joint Lead Arrangers:	DNB Markets and Pareto Securities ASA

20 September 2018

Joint Lead Arrangers:

