

SPAREBANKEN VEST

(incorporated with limited liability in Norway)

€3,000,000,000

Euro Medium Term Note Programme

Under the €3,000,000,000 Euro Medium Term Note Programme (the **Programme**) of Sparebanken Vest (the **Issuer**) the Issuer may from time to time issue Notes denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

As more fully described herein, Notes may be (i) issued on an unsubordinated basis (**Unsubordinated Notes**), or (ii) issued on a subordinated basis with a fixed maturity as provided in "Terms and Conditions of the Notes" herein (**Dated Subordinated Notes**). The Terms and Conditions of Dated Subordinated Notes will not contain any events of default.

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €3,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

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

An investment in Notes issued under this Programme involves certain risks. For a discussion of these risks see "**Risk Factors**".

Application has been made to the Commission de Surveillance du Secteur Financier (the **CSSF**) in its capacity as competent authority under the Luxembourg Act relating to prospectuses for securities (*Loi relative aux Prospectus pour valeurs mobilières*) to approve this document as a base prospectus for the purposes of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU and any relevant implementing measure in a relevant Member State of the European Economic Area) (the **Prospectus Directive**). The CSSF assumes no responsibility as to the economic and financial soundness of the transactions contemplated by this Base Prospectus and the quality or solvency of the Issuer in accordance with Article 7 (7) of the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the **Prospectus Act 2005**). Application has also been made to the Luxembourg Stock Exchange for the Notes (issued under the Programme) to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. References in this Base Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Copies of this Base Prospectus, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website, www.bourse.lu.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms (the **Final Terms**) which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with issues of Notes not to be listed on the Luxembourg Stock Exchange.

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

The Programme has been rated A1 by Moody's Investors Service Ltd. (**Moody's**) and A- by Fitch Ratings Limited (**Fitch**). Each of Moody's and Fitch is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such each of Moody's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by Moody's and Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Arranger

HSBC

Dealers

Barclays

Danske Bank

Goldman Sachs International

Morgan Stanley

Commerzbank

DZ BANK AG

HSBC

NatWest Markets

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

The Issuer (the Responsible Person) accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

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

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

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, inter alia, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Notes.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption

available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes outside the European Economic Area or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area, Norway, the United Kingdom and Japan, see "Subscription and Sale".

This Base Prospectus has been prepared on the basis that would permit an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) must be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the CRA Regulation) will be disclosed in the Final Terms.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the Securities Act) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see Subscription and Sale below).

All references in this document to "U.S. dollars", "U.S.\$" and "\$" are to United States dollars and all references to "NOK" are to Norwegian Kroner. In addition, references to "Sterling" and "£" refer to pounds sterling and to "euro" and "€" refer to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

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STABILISATION

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN THE APPLICABLE FINAL TERMS MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

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

Banking Markets

The Norwegian wholesale and retail banking markets are highly competitive, with several factors affecting the Issuer's ability to attract customers, including interest rates offered, financial strength and ratings, range of services and brand strength and name recognition.

The Issuer believes competition will intensify in response to consumer demand, technological advances, the impact of consolidation, regulatory actions and other factors. The Issuer's financial position may be adversely affected as a result of such competition and will depend significantly upon the Issuer's capacity to anticipate and respond appropriately to these competitive pressures.

Norwegian Property Market

One of the Issuer's activities is mortgage lending. A downturn in the Norwegian economy could have a negative effect on the property market particularly, in the case of house mortgages, if this results in an increased level of unemployment or significantly higher interest rates. Values of property are affected by changes in general economic conditions (such as interest rates and inflation activity), the condition of financial markets, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices, among other factors. The value of the real estate portfolio may also fluctuate as a result of external factors, such as changes in general political conditions, potentially adverse tax consequences, changing environmental standards and higher accounting and control expenses. Such a downturn in the property market may result in losses being incurred by lenders such as the Issuer on loans that have defaulted. This could have consequences for the Issuer's funding costs and credit ratings if there was deemed to be a material deterioration in the quality of the mortgage portfolio.

Norwegian Fishing, Offshore Oil Service and Shipping Markets

Fisheries, Fish Farming, Offshore Oil Services and Shipping are important sectors of activity in Western Norway. A reduction in activity or profitability in these sectors could have an adverse effect on the Issuer's financial position.

Regulation

The Issuer is regulated by The Financial Supervisory Authority of Norway (**FSAN**). The regulatory regime requires the Issuer to be compliant across many aspects of its business, including, but not limited to, capital adequacy, solvency margin, the training, authorisation and supervision of personnel, systems, processes and documentation. If the Issuer fails to be compliant with relevant regulations, there is a risk of an adverse

impact on the business of the Issuer, its results of operations and/or financial condition due to sanctions, fines or other action imposed by the regulatory authorities. Regulatory proceedings or investigations could also result in adverse publicity for, or negative perceptions regarding, the Issuer, as well as diverting management's attention away from the day-to-day management of the business.

In addition, financial services laws, regulations and policies currently affecting the Issuer may change at any time and any such change may have a material adverse effect on the Issuer's business. Furthermore, the Issuer will not always be able to predict the impact of future Norwegian legislation or regulation, or changes in the interpretation or operation of existing legislation or regulation on its business, results of operations and/or financial condition. Further changes to Norwegian financial services legislation or regulations may be enacted and such changes could have a material adverse effect on the Issuer's business, results of operations and/or financial condition and may result in increased costs to the Issuer due to it being required to set up additional compliance controls or due to the direct costs of compliance.

Economic activity in Norway

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

Financial instruments issued by the Kingdom of Norway are rated "AAA" by S&P, "Aaa" by Moody's and "AAA" by Fitch. Norway has relatively strong public finances and macroeconomic fundamentals (for example a competitive export sector, a high level of investment in natural resources such as oil and gas, a low unemployment rate (currently 2.8 per cent. according to Norwegian Ministry of Labour statistics from December 2016) and a moderate rate of inflation (2.6% Underlying CPI (ATE adjusted for tax changes and excluding energy) year-over-year as of November 2016, according to Statistics Norway). Interest rates in Norway have been historically low during the last years, and creditworthiness of Norway is supported by financial assets accumulated through investing the revenues arising from oil and gas extraction, a well-educated labour force and a high standard of living.

Risks relating to the Norwegian mortgage market

Relatively low interest rates and a strong increase in disposable income have led to a continued strong growth in demand for loans, especially in the residential mortgage market. However, these factors can be threatened by the continuing weak economic conditions in Europe, the United States and other parts of the world. Strong growth in levels of indebtedness has increased the potential financial vulnerability of some mortgage borrowers, especially some of the young and/or low-income households. Furthermore, the prevailing high activity levels in the building of new homes could affect the price level of the existing buildings. A change in these factors can cause a material adverse effect on the Issuer's business, results of operations and/or financial condition.

Financial Risks

Control of financial risk is one of the most important risk factors for financial institutions. Financial risk includes credit, liquidity, operational and market risk. Failure to control these risks can result in material adverse effects on the Issuer's financial performance and reputation.

Credit risk

Credit risk is the risk of losses if the Issuer's customers fail to meet their payment obligations to the Issuer. A failure by the customers to meet their obligations could have a material impact on the Issuer's financial position. The Issuer is exposed to credit risk through loans, credit facilities, guarantees, letters of credit and various derivative transactions with retail market and corporate market customers.

The Issuer's credit strategy, which is adopted annually by the Board of Directors, sets out credit strategy guidelines and principles for the management of credit risk, as well as overriding parameters for the rate of return, quality, growth and concentration. Even though the credit policy specifies the strategic credit guidelines and includes requirements for the composition of and limits on different customer, product and market segments etc., concerns as to the credit worthiness of, or a default by, customers could lead to significant liquidity problems.

Market risk

Market risk is the risk of a loss on a financial instrument as a result of changes in market variables and/or market conditions within a specified timeframe. Market risk in ordinary banking operations is of limited scope and is largely related to interest rate risk and credit spread risk relating to balance sheet items, for example fixed interest loans and borrowings. In Sparebanken Vest, market risk largely arises in, and is dealt with by the Treasury and Asset Management Department.

The capital and credit markets have been experiencing volatility and disruption. In some cases, the markets have exerted downward pressure on the availability of liquidity and credit capacity for certain issuers. The Issuer needs liquidity to pay operating expenses, interest on debt and dividends on capital, as well as to replace certain maturing liabilities. Without sufficient liquidity, the Issuer's business, financial position and operating results could be materially adversely affected by disruptions in the financial markets.

In addition to general economic and market conditions, financial and industry cycles can also cause the value of the Issuer's assets to fluctuate between periods, as well as on a long-term basis, in ways that may be unpredictable. Such cycles include financial market cycles, including volatile movements in market prices for securities; and banking industry cycles. Other factors which impact the business and economic environment and businesses in which the Issuer operates include fluctuations in interest rates and exchange rates, consumer spending, business investment, the real estate market, the volatility and strength of the capital markets, catastrophic events, terrorism, other acts of war or hostility, and the governmental and political developments relating to the foregoing, as well as social or political instability, diplomatic disputes and international conflicts.

Liquidity risk

Liquidity risk consists of refinancing risk and price risk. Refinancing risk is the risk of not being able to refinance debt and not being able to finance an increase in assets. In the event that the Issuer requires financing for its business and operational needs, the availability of such financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, the Issuer's credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of the Issuer's long-term or short-term financial prospects if the level of business activity were to decrease due to a further or sustained market downturn. Similarly, access to funds may be impaired if regulatory authorities or rating agencies take negative actions against the Issuer. There can be no assurance that internal sources of liquidity will be sufficient and, in such case, that it would be able successfully to obtain the requisite financing on commercially reasonable terms, or at all.

Price risk is the risk of being unable to refinance commitments without incurring material extra costs in the form of unusually expensive financing or a fall in the value of assets that must be realised. Disruptions, uncertainty or volatility in the capital and credit markets may limit the Issuer's access to the capital it requires

to carry out its operations. Such market conditions may limit the Issuer's ability to: replace maturing liabilities in a timely manner or at all; satisfy statutory capital requirements; generate fee income and market-related revenue to meet liquidity needs; and access the capital necessary to grow the Issuer's business. As such, the Issuer may be forced to delay raising capital, issue shorter-term securities than would be preferable, or bear an unattractive cost of capital which could decrease profitability and significantly reduce financial flexibility.

Operational risk

Operational risk is the risk of losses as a result of inadequate or deficient internal processes or systems, human error or external events. The Issuer is required to have sufficient economic capital to secure itself against large and unexpected operational losses.

Operational risk is often associated with specific, unique events. Several events in the finance industry in recent years confirm that losses as a result of operational risk occur regularly, must be dealt with as they arise, and must be continuously monitored. Any mismanagement, fraud or failure to satisfy fiduciary or regulatory responsibilities, or the negative publicity resulting from such activities or allegations of such activities associated with the Issuer or a relevant industry sector generally could have a material adverse effect on the Issuer's business, results of operations and/or financial condition. In particular, reputational damage to the Issuer could adversely affect new business sales. Negative publicity in respect of the Issuer could also potentially result in regulators subjecting the Issuer's business to closer scrutiny than would otherwise be the case, which may in turn result in higher costs, sanctions or fines.

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

Risks related to the structure of a particular issue of Notes

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

Risks applicable to all Notes

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes (including for taxation reasons and (in the case of Dated Subordinated Notes) following a Capital Event) is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

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

Fixed/Floating Rate Notes

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

same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

Reset Notes

Reset Notes will initially earn interest at the Initial Rate of Interest until (but excluding) the Reset Date (or, if there is more than one Reset Period, the first Reset Date). On the first Reset Date, however, and on each subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Subsequent Reset Reference Rate and the applicable Reset Margin as determined by the Issue and Paying Agent on the relevant Reset Determination Date (each such interest rate, a **Subsequent Reset Rate**). The Subsequent Reset Rate for any Reset Period could be less than Initial Rate of Interest or the Subsequent Reset Rate for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

Notes issued at a substantial discount or premium

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

The Issuer's obligations under Subordinated Notes are subordinated

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment of the claims of more senior ranking creditors of the Issuer (such as the Unsubordinated Noteholders) and *pari passu* amongst themselves and at least equally with all other subordinated obligations of the Issuer, present and future, from time to time outstanding. Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become insolvent.

The Council of the European Union has adopted a bank recovery and resolution directive which is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The implementation of the directive or the taking of any action under it could materially affect the value of any Notes.

On 2 July 2014, Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the **Bank Recovery and Resolution Directive** or **BRRD**) entered into force. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD, under its terms, was required to be applied by EU Member States from 1 January 2015, except for the general bail-in tool (see below) which was to be applied from 1 January 2016. It should be noted that Norway will not be directly bound by the BRRD before it has been implemented into the EEA Agreement. The Norwegian Banking Law Commission has published a proposal for implementation of BRRD in Norwegian law and it is expected that the BRRD will be implemented in Norway in 2017.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the

firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in - which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims (including Notes) to equity (including Notes) (the **general bail-in tool**), which equity could also be subject to any future write-down.

The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

In addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into equity capital instruments such as Subordinated Notes at the point of non-viability and before any other resolution action is taken (**non-viability loss absorption**). Any shares issued to holders of Subordinated Notes upon any such conversion into equity may also be subject to any application of the general bail-in tool.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution will no longer be viable unless the relevant capital instruments (such as Subordinated Notes) are written-down or converted or extraordinary public support is to be provided and without such support the appropriate authority determines that the institution would no longer be viable.

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors.

When the BRRD has been implemented in Norway, holders of Notes may be subject to write-down or conversion into equity on any application of the general bail-in tool and, in the case of Subordinated Notes, non-viability loss absorption, which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

In addition, the market price of the Notes could be adversely affected by the implementation or proposed implementation of BRRD in Norway and/or, following any such implementation, by any actual or anticipated use of the powers thereunder in respect of the Issuer and/or the Notes. Any action taken under such legislation in respect of the Issuer could also affect the ability of the Issuer to satisfy its obligations under the Notes.

Risks related to Notes generally

Set out below is a description of material risks relating to the Notes generally:

Modification and waiver

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders and Couponholders including those who did not attend and vote at the relevant meeting and those who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Issuer and the Agent may, without the consent of Noteholders or Couponholders agree to (i) any modification (except as mentioned in Condition 15) of the Notes, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or (ii) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Withholding Tax White Paper/Potential Issuer Redemption for Tax Reasons

In a White Paper to the Norwegian Parliament in October 2015 (Meld. St. 4 (2015-2016)), the Norwegian Government advised that it will look further into the possible introduction of a Norwegian withholding tax on interest. A detailed proposal is expected to be submitted for public consultation when ready.

In the event of the withholding tax being implemented and the payments of interest in respect of an issue of Notes is subject to withholding tax, the Issuer would be required to gross up the payments in accordance with (but subject to the exceptions set out in) Condition 8. If the Issuer has or will become obliged to pay additional amounts as provided in Condition 8, the Issuer may (subject to the conditions set out therein) exercise its right to redeem the Notes at the Early Redemption Amount (plus accrued interest) pursuant to Condition 7(b) of the Terms and Conditions of the Notes. See "*Notes subject to optional redemption by the Issuer*".

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

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

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices

that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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

Interest rate risks

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out in the section entitled "*Sparebanken Vest – History*" and on the cover of this Base Prospectus.

GENERAL DESCRIPTION OF THE PROGRAMME

This General Description constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. An overview of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as completed by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under "*Form of the Notes*" below.

This Base Prospectus and any supplement will only be valid for listing Notes on the Official List of the Luxembourg Stock Exchange during the period of 12 months from the date of approval of this Base Prospectus in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €3,000,000,000 or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

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

DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the section entitled "Terms and Conditions of the Notes" from the previous base prospectuses relating to the Programme dated 22 May 2003, 7 April 2004, 8 December 2005, 23 February 2007, 27 February 2008, 26 March 2010, 5 April 2011, 23 April 2012, 10 May 2013, 20 June 2014 and 24 June 2015 respectively.

- (b) Third Quarter report for the nine months ended 30 September 2016 (unaudited)

Income Statement.....	11
Balance sheet.....	12
Cash flow statement.....	13
Changes in equity.....	14

- (c) Financial Statements for the Financial Year ended 31 December 2015

the auditors' report and audited consolidated and non-consolidated annual financial statements of the Issuer for the financial year ended 31 December 2015 which appear on pages 100 to 101 of the annual report of the Issuer for the year ended 31 December 2015, including the information set out at the following pages:

Balance Sheet.....	33
Income Statement.....	32
Cash flow statement.....	35
Change in equity.....	36
Accounting Principles and Notes.....	36-99
Audit Report.....	100-101

- (d) Financial Statements for the Financial Year ended 31 December 2014

the auditors' report and audited consolidated and non-consolidated annual financial statements of the Issuer for the financial year ended 31 December 2014 which appear on pages 31 to 101 of the annual report of the Issuer for the year ended 31 December 2014, including the information set out at the following pages:

Balance Sheet.....	33
Income Statement.....	32
Cash flow statement.....	35
Change in equity.....	36
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Any non-incorporated parts of a document referred to above (which, for the avoidance of doubt, means any parts not listed in items (a) to (d) above) are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable

(whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a supplement to the Base Prospectus or a new Base Prospectus will be published. Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" below shall have the same meanings in this overview.

Issuer:	Sparebanken Vest
Description:	Euro Medium Term Note Programme
Arranger:	HSBC Bank plc
Dealers:	Barclays Bank PLC Commerzbank Aktiengesellschaft Danske Bank A/S DZ BANK AG Deutsche Zentral- Genossenschaftsbank, Frankfurt am Main Goldman Sachs International HSBC Bank plc Morgan Stanley & Co. International plc The Royal Bank of Scotland plc (trading as NatWest Markets) and any other Dealers appointed in accordance with the Programme Agreement.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under " <i>Risk Factors</i> " and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular Series of Notes and certain market risks.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> ") including the following restrictions applicable at the date of this

Base Prospectus.

Notes having a maturity of less than one year

Notes having a maturity of less than one year will, if the issue proceeds are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination and redemption value of at least £100,000 or its equivalent, see "*Subscription and Sale*".

Fiscal Agent:	Deutsche Bank AG, London Branch
Programme Size:	Up to €3,000,000,000 (or its equivalent in other currencies calculated as described under " <i>General Description of the Programme</i> ") outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Euro, Norwegian Kroner, U.S. dollars, yen and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. Unless otherwise permitted by then current laws, regulations and directives, Dated Subordinated Notes will have a minimum maturity of at least five years.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be in bearer form and will on issue be represented by either a temporary global Note or a permanent global Note as specified in the applicable Final Terms. Temporary global Notes will be exchangeable either for (i) interests in a permanent global Note or (ii) for definitive Notes, as indicated in the applicable Final Terms. Permanent global Notes will be exchangeable for definitive Notes upon

either (i) subject to certain exceptions, not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such permanent global Note) to the Fiscal Agent as described therein or (ii) only upon the occurrence of an Exchange Event as described under "*Form of the Notes*".

Fixed Rate Notes:

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Reset Notes:

Reset Notes will, in respect of an initial period, bear interest at the initial fixed rate of interest specified in the applicable Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the applicable Final Terms by reference to a mid-market swap rate for the relevant Specified Currency, and for a period equal to the reset period, as adjusted for any applicable margin, in each case as may be specified in the applicable Final Terms. Such interest will be payable in arrear on the Interest Payment Date(s) specified in the applicable Final Terms or determined pursuant to the Terms and Conditions.

Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (ii) on the basis of a reference rate set out in the applicable Final Terms.

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

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such

Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption:

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons, on a Capital Event (in the case of Dated Subordinated Notes) or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

Subject to any purchase and cancellation or early redemption, each Note will be redeemed by the Issuer on its scheduled maturity date at an amount equal to, or higher than, 100 per cent. of its nominal value.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions – Notes with a maturity of less than one year*" above.

Denomination of Notes:

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions – Notes with a maturity of less than one year*" above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) unless there is an exemption from the obligation under the Prospectus Directive to publish a prospectus.

Taxation:

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by the Kingdom of Norway, subject as provided in Condition 8. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.

All payments of principal and interest in respect of the Notes will be made subject to any withholding or deduction required pursuant to fiscal and other laws, as provided in Condition 8.

Negative Pledge:

The terms of the Unsubordinated Notes will contain a negative pledge provision as further described in Condition 4.

Cross Default:

The terms of the Unsubordinated Notes will contain a cross default provision as further described in Condition 10.

Dated Subordinated Notes will not contain any events of default.

Status of the Unsubordinated Notes:

The Unsubordinated Notes will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 3(b), unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured obligations (including deposits) (other than subordinated obligations, if any) of the Issuer, present and future, from time to time outstanding.

Status of the Dated Subordinated Notes:

The Dated Subordinated Notes will constitute unsecured subordinated obligations of the Issuer, conditional as described in Condition 3(b), and will rank *pari passu* without any preference among themselves and at least equally with all other subordinated obligations of the Issuer (whether actual or contingent) having a fixed maturity from time to time outstanding. The Dated Subordinated Notes shall, in the event of a liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration, be subordinated in right of payment only to the claims against the Issuer of all unsubordinated creditors of the Issuer and to claims preferred under Norwegian law generally.

Approval, Listing and Admission to Trading:

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made for Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market

may also be issued.

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

Ratings:

The Programme has been rated by Moody's Investors Service Ltd. and Fitch Ratings Limited in respect of the Issuer. Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated its rating will not necessarily be the same as the rating applicable to the Programme. Where an issue of Notes is rated, the rating will be specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law, except Condition 3 which will be governed by, and construed in accordance with, Norwegian law.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area, Norway, the United Kingdom and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

United States Selling Restrictions:

Regulation S, Category 2. TEFRA C or D, as specified in the Final Terms.

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note**) which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**); and
- (ii) if the Global Notes are not intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for, Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Fiscal Agent (the **Agent**).

On and after the date (the **Exchange Date**) which is 40 days after the Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) subject to the following proviso, for definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given; *provided that* a Temporary Global Note representing Notes having denominations consisting of a minimum Specified Denomination and integral multiples of a smaller amount there above may only be exchanged for definitive Notes upon an Exchange Event (as defined below). The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (ii) only upon the occurrence of an Exchange Event. A Permanent Global Note representing Notes having denominations consisting of a minimum Specified Denomination and integral multiples of a smaller amount there above may only be exchanged for definitive Notes upon an Exchange Event. For these purposes, **Exchange Event** means that the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Noteholders

in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Permanent Global Notes and definitive Notes which have an original maturity of more than 365 days and on all interest coupons relating to such Notes:

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

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

Any Unsubordinated Note may be accelerated by the holder thereof in certain circumstances described in Condition 10. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of an amended and restated deed of covenant (the **Deed of Covenant**) dated 10 May 2013, executed by the Issuer.

APPLICABLE FINAL TERMS

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

[Date]

Sparebanken Vest

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the €3,000,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 10 January 2017 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s] [is] [are]] published on the website of the Luxembourg Stock Exchange (www.bourse.lu).]

(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.)

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [22 May 2003/ 7 April 2004/ 8 December 2005/ 23 February 2007/ 27 February 2008/ 26 March 2010/ 5 April 2011/ 23 April 2012/ 10 May 2013/ 20 June 2014/ 24 June 2015] which are incorporated by reference in the Base Prospectus dated 10 January 2017. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 10 January 2017 [and the supplement[s] to the Base Prospectus dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**) including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus[es] respectively dated 10 January 2017 and [22 May 2003/ 7 April 2004/ 8 December 2005/ 23 February 2007/ 27 February 2008/ 26 March 2010/ 5 April 2011/ 23 April 2012/ 10 May 2013/ 20 June 2014/ 24 June 2015] [as so supplemented]. The Base Prospectus[es] [and the supplement[s]] have been published on the website of the Luxembourg Stock Exchange (www.bourse.lu).]

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

A copy of these Final Terms is available on the Luxembourg Stock Exchange's website, www.bourse.lu.

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

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1.
 - (i) Series Number: []
 - (ii) Tranche Number: []
 - (iii) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 22 below, which is expected to occur on or about [date]][Not Applicable]
2. Specified Currency or Currencies: []
3. Aggregate Nominal Amount:
 - (i) Series: []
 - (ii) Tranche: []
4.
 - (i) Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
 - (ii) Net proceeds: [] (Required only for listed issues)
5.
 - (i) Specified Denominations: []

(N.B. Notes must have a minimum denomination of EUR100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive).

(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:

"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")
 - (ii) Calculation Amount []

(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
6.
 - (i) Issue Date: []
 - (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]

7. Maturity Date: *[Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]]*
8. Interest Basis: *[[] per cent. Fixed Rate]
[[[] month
[LIBOR/EURIBOR/SIBOR/TIBOR/HIBOR/Bank of England Base Rate]] +/- [] per cent. Floating Rate]
[[] per cent. Fixed Rate until [], then calculated in accordance with paragraph 15 below]
[Zero Coupon]
(further particulars specified below)*
9. Redemption/Payment Basis: *Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [] per cent. of their nominal amount¹*
10. Change of Interest Basis: *[Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs [13] and [15] below and identify there][Not Applicable]*
11. Put/Call Options: *[Investor Put]
[Issuer Call]
[Not Applicable]
(further particulars specified below)]*
12. Status of the Notes: *[Unsubordinated/Dated Subordinated]*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. **Fixed Rate Note Provisions** *[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate(s) of Interest: *[] per cent. per annum payable in arrear on each Interest Payment Date*
- (ii) Interest Payment Date(s): *[] [and []] in each year [up to and including the Maturity Date]*
- (iii) Fixed Coupon Amount(s): *[] per Calculation Amount*
(Applicable to Notes in definitive form.)
- (iv) Broken Amount(s): *[[] per Calculation Amount, payable on the Interest Payment Date falling [on/in] []][Not Applicable]*
(Applicable to Notes in definitive form.)

¹ The Notes will be redeemed at an amount equal to, or higher than, 100 per cent. of their nominal value.

- (v) Day Count Fraction: [30/360] or [Actual/Actual (ICMA)]
- (vi) Determination Date(s): [[] in each year][Not Applicable]

(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)

14. **Reset Note Provisions:** [Applicable/Not Applicable]

- (i) Initial Rate of Interest: [] per cent per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [] [and []] in each year [up to and including the Maturity Date]
- (iii) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (iv) Determination Date(s): [[] in each year/Not Applicable]
- (v) Reset Date(s): []
- (vi) Subsequent Reset Reference Rate(s) and Relevant Financial Centre: Subsequent Reset Reference Rate: [Mid Swaps/Reference Bond]
Relevant Financial Centre: []
- (vii) Reset Margin: []
- (viii) Subsequent Reset Rate Screen Page: []
- (ix) Mid Swap Maturity: []
- (x) Reset Determination Date: []
- (xi) Subsequent Reset Rate Time: []

15. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Specified Period(s)/Specified Interest Payment Dates: []
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iii) Additional Business Centre(s): []/[Not Applicable]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]

- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
- (vi) Screen Rate Determination:
- Reference Rate, Relevant Time and Relevant Financial Centre: Reference Rate: [] month [LIBOR/EURIBOR SIBOR/TIBOR/HIBOR]/[Bank of England Base Rate]
 - Relevant Time: []/[Not Applicable]
 - Relevant Financial Centre: []/[Not Applicable]
 - Reference Currency: []/[Not Applicable]
 - Designated Maturity: []/[Not Applicable]
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*
- (viii) Margin(s): [+/-] [] per cent. per annum
- (ix) Minimum Interest Rate: [] per cent. per annum
- (x) Maximum Interest Rate: [] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
[Actual/365]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360] [360/360] [Bond basis]

[30E/360][Eurobond Basis]
[30E/360 (ISDA)]
(See Condition 5 for options)

16. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
(Consider applicable day count fraction if euro denominated)
- (iii) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

[Conditions 7(e)(iii) and 7(h) apply]

PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 7(b): Minimum period: [] [30] days
Maximum period: [] [60] days
18. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/Sterling Make-Whole Redemption Amount/Non-Sterling Make-Whole Redemption Amount/Not Applicable]
- (iii) Redemption Margin: [[] per cent./Not Applicable]
- (iv) Reference Bond: [[]/ FA Selected Bond/Not Applicable]
- (v) Quotation Time: [[]/Not Applicable]
- (vi) If redeemable in part:
- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: []
- (vii) Notice periods: Minimum period: [] [15] days
Maximum period: [] [30] days
19. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s): [] per Calculation Amount
- (iii) Notice periods: Minimum period: [] [15] days
Maximum period: [] [30] days
20. Final Redemption Amount: [] per Calculation Amount
21. Early Redemption Amount(s) payable on redemption for taxation reasons or a Capital Event or on event of default: [] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. (i) Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]] (*This option is suitable for TEFRA D*)
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] (*This option is suitable for TEFRA D*)
- [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]] (*This option is suitable for TEFRA C*)
- [Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005] (*Include for notes that are to be offered in Belgium*)
- (*Ensure that this is consistent with the "Form of the Notes" section in the Base Prospectus N.B. The exchange upon notice at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.*)
- (ii) New Global Note: [Yes] [No]
23. Additional Financial Centre(s): [Not Applicable/give details]

(Note that this item relates to the place of payment and not Interest Period end dates to which item 15(iii) relates)

24. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made /No.]

[THIRD PARTY INFORMATION]

[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Sparebanken Vest:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: [Not Applicable]/[Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on [the regulated market of the Luxembourg Stock Exchange with effect from []]
- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

Ratings: [Not Applicable]/[The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:
[insert details]] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].

[Each of [defined terms] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation").]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. – Amend as appropriate if there are other interests]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer if different from making profit and/or hedging certain risks: [[]/Not Applicable]

- (ii) Estimated net proceeds (broken down into each principal intended use and presented in order of priority of such uses) and if the net proceeds will not be sufficient to fund all proposed uses, amount and sources of other funds: []/Not Applicable]
- (iii) Estimated total expenses (broken down into each principal intended use and presented in order of priority of such uses): []/Not Applicable]

5. YIELD (*Fixed Rate Notes only*)

Indication of yield: []/Not Applicable]

6. HISTORIC INTEREST RATES (*Floating Rate Notes only*)

[Details of historic [LIBOR/EURIBOR/SIBOR/TIBOR/HIBOR/EONIA/SONIA/Federal Funds Rate/Bank of England Base Rate/CMS] rates can be obtained from [Reuters] [].] [Not Applicable]

7. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []
- (vi) Deemed delivery of clearing system notices for the purposes of Condition 14: Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.
- (vii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

8. DISTRIBUTION

[Syndicated/Non-syndicated]

U.S. Selling Restrictions:

[Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each Definitive Note, in the latter case only if permitted by the relevant stock exchange (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued pursuant to the Agency Agreement (as defined below) by Sparebanken Vest (the **Issuer**).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (ii) any Global Note; and
- (iii) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement (such Agency Agreement as further amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 10 January 2017, and made between Sparebanken Vest, Deutsche Bank AG, London Branch as fiscal agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note and complete these Terms and Conditions for the purposes of this Note. References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

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

The Noteholders and the Couponholders are entitled to the benefit of the amended and restated Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the

Deed of Covenant) dated 10 May 2013 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*). The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

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

In these Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denomination(s) (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may (i) bear interest calculated by reference to one or more fixed rates of interest (such Note, a **Fixed Rate Note**), (ii) bear interest calculated by reference to, in the case of an initial period, an initial fixed rate of interest and, thereafter, the applicable fixed rate of interest that has been determined pursuant to the reset provisions contained in these Terms and Conditions, by reference to a mid swap rate for the Specified Currency (such Note, a **Reset Note**), (iii) bear interest calculated by reference to one or more floating rates of interest (such Note, a **Floating Rate Note**), (iv) be a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms or (v) be issued on a non-interest bearing basis and be offered and sold at a discount to its nominal amount (such Note, a **Zero Coupon Note**).

This Note may also be an Unsubordinated Note or a Dated Subordinated Note, as indicated in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of

such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly. Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2. STATUS OF THE UNSUBORDINATED NOTES

This Condition applies only to Unsubordinated notes and references to "Notes" in this Condition shall be construed accordingly.

The Notes and the relative Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured obligations (including deposits) (other than subordinated obligations, if any) of the Issuer, present and future, from time to time outstanding. So long as any of the Notes remains outstanding (as defined in the Agency Agreement), the Issuer undertakes to ensure that, subject to Condition 4, the obligations of the Issuer under the Notes rank and will rank *pari passu* with all other unsecured and unsubordinated obligations (including deposits) of the Issuer and with all its unsecured and unsubordinated obligations under guarantees of obligations of third parties, in each case except for any obligations preferred by mandatory provisions of applicable law.

3. STATUS OF THE DATED SUBORDINATED NOTES

- (a) This Condition 3(a) applies only to Dated Subordinated Notes and references to **Notes, Coupons, Noteholders** and **Couponholders** in this Condition 3(a) shall be construed accordingly.
- (i) The Notes and the Coupons constitute unsecured subordinated obligations of the Issuer, conditional as described in Condition 3(b), and rank *pari passu* without any preference among themselves and at least equally with all other subordinated obligations of the Issuer (whether actual or contingent) having a fixed maturity from time to time outstanding. The Notes and the Coupons shall, in the event of a liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration, be subordinated in right of payment only to the claims against the Issuer of all unsubordinated creditors of the Issuer and to claims preferred under Norwegian law generally.
- (ii) The Issuer shall not, without the prior approval of an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders, incur, create, assume, grant or permit to be outstanding any subordinated indebtedness (whether actual or contingent) having a fixed maturity unless such indebtedness is subordinated, subject to applicable law, in the event of liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration in right of payment so as to rank *pari passu* with or junior to the claims of the Noteholders and the Couponholders.

- (iii) The Issuer shall not, without the prior approval of an Extraordinary Resolution of the Noteholders, incur, create, assume, grant or permit to be outstanding any Undated Subordinated Indebtedness (whether actual or contingent) unless such Undated Subordinated Indebtedness is subordinated, subject to applicable law, in the event of liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration in right of payment so as to rank junior to the claims of the Noteholders and the Couponholders.

Undated Subordinated Indebtedness means any indebtedness of the Issuer:

- (A) that by its terms or otherwise is in any respect junior or subordinate in right of payment (whether upon liquidation, dissolution, administration or other winding-up of the Issuer or otherwise) to any other indebtedness of the Issuer; and
- (B) the principal of which has no fixed maturity.

(b) *Loss Absorption*

This Condition 3(b) applies to Dated Subordinated Notes.

Under Norwegian legislation, if the Issuer's most recent audited accounts reveal that its net assets are less than 25 per cent. of its equity capital certificate capital and savings bank reserve, the general meeting of the Issuer can or the relevant authorities can if the general meeting of the Issuer does not do so: first, cancel equity capital certificate capital and savings bank reserve to compensate for the shortfall and secondly, if any remaining shortfall exceeds a substantial part (as determined by the general meeting of the Issuer or by the relevant Norwegian authorities) of the Issuer's subordinated loan capital, cancel, in whole or in part, such subordinated loan capital (which would include principal in respect of all Dated Subordinated Notes).

For the benefit of holders of Dated Subordinated Notes, the Issuer undertakes that it will procure that the general meeting of the Issuer cancel principal in respect of all Undated Subordinated Indebtedness before cancelling any principal in respect of any Dated Subordinated Notes.

The Issuer shall give not more than 30 nor less than 5 Business Days (as defined in Condition) 5(c)(i) prior notice to the Agent and/or the Registrar, as the case may be, and to the Noteholders in accordance with Condition 14 of any cancellation of principal in respect of any Dated Subordinated Notes pursuant to this Condition 3(b).

To the extent that part only of the outstanding principal amount of any Dated Subordinated Notes has been cancelled as provided above, interest will continue to accrue in accordance with the terms hereof on the then outstanding principal amount of such Dated Subordinated Notes, as the case may be, and on any Arrears of Interest (including any Additional Interest Amounts).

It should be noted that the undertaking of the Issuer to cancel principal in respect of all Undated Subordinated Indebtedness before any principal in respect of any Dated Subordinated Notes does not bind Norwegian authorities. Under Norwegian law, Norwegian authorities may cancel the principal in respect of any Dated Subordinated Notes and any Undated Subordinated Indebtedness in such order as they decide.

Whilst Norwegian legislation does not specifically grant the right to cancel interest relating to subordinated loan capital, there is a possibility that the Norwegian courts would permit Norwegian authorities, or the general meeting of the Issuer, to cancel accrued but unpaid interest in respect of subordinated loan capital (which would include interest in respect of Dated Subordinated Notes). In the event that cancellation of interest in respect of subordinated loan capital is permitted by the Norwegian courts, the Issuer undertakes, for the

benefit of holders of Dated Subordinated Notes, that it will procure that the general meeting of the Issuer cancel all interest in respect of all Undated Subordinated Indebtedness before cancelling any interest in respect of any Dated Subordinated Notes. The provisions of the preceding paragraph apply, mutatis mutandis, to the cancellation of interest.

4. NEGATIVE PLEDGE

This Condition 4 is applicable only in relation to Unsubordinated Notes.

So long as any Note remains outstanding (as defined in the Agency Agreement), the Issuer shall not create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

In these Conditions:

Guarantee means, in relation to any indebtedness for money borrowed or raised of any Person, any obligation of another Person to pay such indebtedness for money borrowed or raised;

Indebtedness means any indebtedness of any Person for money borrowed or raised;

Person means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

Relevant Indebtedness means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being listed, quoted or traded on any stock exchange or in any securities market (including without limitation, any over-the-counter market); and

Security Interest means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

5. INTEREST

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date specified in the applicable Final Terms at the rate(s) per annum equal to the Rate(s) of Interest so specified in the applicable Final Terms. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. For so long as any of the Fixed Rate Notes is represented by a Global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, interest will be calculated on the full nominal amount outstanding of the Fixed Rate Notes and will be paid to Clearstream, Luxembourg and Euroclear for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures. In respect of each definitive Fixed Rate Note, interest will be calculated on its outstanding nominal amount.

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

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

If interest is required to be calculated for a period other than a Fixed Interest Period or if, in the case of Notes in definitive form, no Fixed Coupon Amount is specified in the applicable Final Terms, such interest shall be calculated by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, the full nominal amount outstanding of the Fixed Rate Notes; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

In these Terms and Conditions:

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5(a):

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

Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

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

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

(b) *Interest on Reset Notes*

This Condition 5(b) only applies to Dated Subordinated Notes

(i) *Rates of interest*

Subject to Conditions 2 and 3, each Reset Note bears interest:

- (A) in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Reset Date (or, if there is more than one Reset Period, the first Reset Date occurring after the Interest Commencement Date), at the rate per annum equal to the Initial Rate of Interest; and
- (B) in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period thereafter), at such rate per annum as is equal to the relevant Subsequent Reset Rate, as determined, and notified in writing to the Agent and the Issuer, by the Reference Banks Agent on the relevant Reset Determination Date in accordance with this Condition 5(b),

payable, in each case, in arrear on the Interest Payment Dates(s) (as specified in the Final Terms).

As used in these Conditions:

“**Mid Swap Benchmark Rate**” means EURIBOR if the Specified Currency is euro or LIBOR for the Specified Currency if the Specified Currency is not euro.

“**Mid Swap Rate**” means for any Reset Period the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined, and notified in writing to the Agent and the Issuer, by the Reference Banks Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (a) has a term of equal to the relevant Reset Period and commencing on the relevant Reset Date, (b) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (c) has a floating leg based on the Mid Swap Benchmark Rate for the Mid Swap Maturity as specified in the Final Terms (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined, and notified in writing to the Agent and the Issuer, by the Reference Banks Agent).

"Reference Banks Agent" means an independent investment bank, commercial bank, stockbroker, financial institution or adviser with appropriate expertise appointed by the Issuer at its own expense.

"Reference Bond" means for any Reset Period a government security or securities issued by the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer on the advice of an investment bank of international repute as having an actual or interpolated maturity comparable with the relevant Reset Period that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the relevant Reset Period.

"Reference Bond Price" means, with respect to any Reset Determination Date, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such Reset Determination Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Reference Banks Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations.

"Reference Government Bond Dealer" means each of five banks (selected by the Issuer on the advice of an investment bank of international repute), or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues.

"Reference Government Bond Dealer Quotations" means, with respect to each Reference Government Bond Dealer and the relevant Reset Determination Date, the arithmetic average, as determined, and notified in writing to the Agent and the Issuer, by the Make-Whole Agent, of the bid and offered prices for the relevant Reference Bond (expressed in each case as a percentage of its nominal amount) at or around the Subsequent Reset Rate Time on the relevant Reset Determination Date quoted in writing to the Reference Banks Agent by such Reference Government Bond Dealer.

"Reset Determination Date" means for each Reset Period the date as specified in the Final Terms falling on or before the commencement of such Reset Period on which the rate of interest applying during such Reset Period will be determined.

"Reset Period" means the period from (and including) the first Reset Date to (but excluding) the Maturity Date (if any) if there is only one Reset Period or, if there is more than one Reset Period, each period from (and including) one Reset Date (or the first Reset Date) to (but excluding) the next Reset Date up to (but excluding) the Maturity Date (if any).

"Subsequent Reset Rate" for any Reset Period means the sum of (i) the applicable Subsequent Reset Reference Rate and (ii) the applicable Reset Margin (rounded down to four decimal places, with 0.00005 being rounded down).

"Subsequent Reset Reference Rate" means either:

- (A) if **"Mid Swaps"** is specified in the Final Terms, the Mid Swap Rate displayed on the Subsequent Reset Rate Screen Page at or around the Subsequent Reset Rate Time on the relevant Reset Determination Date for such Reset Period; or
- (B) if **"Reference Bond"** is specified in the Final Terms, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the relevant Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its nominal amount) equal to the relevant Reference Bond Price.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Reset Notes for the relevant period by applying the Initial Rate of Interest or the applicable Subsequent Reset Rate (as the case may be) to:

- (A) in the case of Reset Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Reset Notes represented by such Global Note; or
- (B) in the case of Reset Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Reset Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Reset Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

“**Day Count Fraction**” and related definitions have the meanings given in Condition 5(a).

(ii) *Subsequent Reset Rate Screen Page*

If the Subsequent Reset Rate Screen Page is not available, the Reference Banks Agent shall request each of the Reference Banks (as defined below) to provide the Reference Banks Agent with its offered quotation (expressed as a percentage rate per annum) for the Subsequent Reset Reference Rate at approximately the Subsequent Reset Rate Time on the Reset Determination Date in question. If two or more of the Reference Banks provide the Reference Banks Agent with offered quotations, the Subsequent Reset Rate for the relevant Reset Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the applicable Reset Margin (if any), all as determined, and notified in writing to the Agent and the Issuer, by the Reference Banks Agent. If on any Reset Determination Date only one or none of the Reference Banks provides the Reference Banks Agent with an offered quotation as provided in the foregoing provisions of this paragraph, the Subsequent Reset Rate shall be determined as at the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the Subsequent Reset Rate shall be the Initial Rate of Interest.

For the purposes of this Condition 5(b)(ii) “**Reference Banks**” means the principal office in the Relevant Financial Centre of four major banks in the swap, money, securities or other market most closely connected with the Subsequent Reset Reference Rate as selected by the Issuer on the advice of an investment bank of international repute.

(iii) *Notification of Subsequent Reset Rate and Interest Amounts*

The Agent will cause the Subsequent Reset Rate and each Interest Amount for each Reset Period to be notified to the Issuer and any stock exchange or other relevant authority on which the relevant Reset Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(iv) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b) by the Agent or the Reference Banks Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Floating Rate Notes*

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

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

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date). For so long as any of the Floating Rate Notes is represented by a Global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, interest will be calculated on the full nominal amount outstanding of the relevant Notes and will be paid to Clearstream, Luxembourg and Euroclear for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures. In respect of each definitive Floating Rate Note, interest will be calculated on its outstanding nominal amount.

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

- (1) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, **Business Day** means a day which is both:

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

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is the day specified in the applicable Final Terms.

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

(B) *Screen Rate Determination for Floating Rate Notes*

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

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

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Relevant Financial Centre time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (i) above, no offered quotation appears or, in the case of (ii) above, fewer than three offered quotations appear, in each case as at the Relevant Time, the Reference Banks Agent shall request each of the Reference Banks (as defined below) to provide the Reference Banks Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Reference Banks Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined, and notified in writing to the Agent and the Issuer, by the Reference Banks Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Reference Banks Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Reference Banks Agent determines, and notifies in writing to the Agent and the Issuer, as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Reference Banks Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or if the Reference Rate is other than LIBOR or EURIBOR, the inter-bank market of the Relevant Financial Centre plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Reference Banks Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Reference Banks Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if

the Reference Rate is EURIBOR) or if the Reference Rate is other than LIBOR or EURIBOR, the inter-bank market of the Relevant Financial Centre plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

For the purposes of this Condition 5(c)(ii)(B):

Reference Banks means, in the case of a determination of LIBOR, the principal London office of four major banks in the London interbank market; in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market; and, in the case of a determination of a Reference Rate other than LIBOR or EURIBOR, the principal office in the Relevant Financial Centre of four major banks in the interbank market of the Relevant Financial Centre, in each case selected by the Issuer on the advice of an investment bank of international repute.

"Reference Banks Agent" means an independent investment bank, commercial bank, stockbroker, financial institution or adviser with appropriate expertise appointed by the Issuer at its own expense.

Reference Rate means, as specified in the Final Terms, (i) the London interbank offered rate (**LIBOR**), (ii) the Euro-zone interbank offered rate (**EURIBOR**), (iii) the Singapore interbank offered rate (**SIBOR**), (iv) the Tokyo interbank offered rate (**TIBOR**), (v) the Hong Kong interbank offered rate (**HIBOR**) or (vi) the bank rate of the Bank of England (the **Bank of England Base Rate**), in each case for the relevant currency and for the relevant period (if applicable), as specified for each in the Final Terms.

Relevant Financial Centre means the financial centre specified as such in the Final Terms or if none is so specified: (i) in the case of a determination of LIBOR, London, (ii) in the case of a determination of EURIBOR, Brussels, (iii) in the case of a determination of SIBOR, Singapore, (iv) in the case of a determination of TIBOR, Tokyo, (v) in the case of a determination of HIBOR, Hong Kong or (vi) in the case of a determination of the Bank of England Base Rate, London.

Relevant Time means the time specified as such in the Final Terms or if none is so specified: (i) in the case of a determination of LIBOR, 11.00 a.m., (ii) in the case of a determination of EURIBOR, 11.00 a.m., (iii) in the case of a determination of SIBOR, 11.00 a.m., (iv) in the case of a determination of TIBOR, 11.00 a.m. (v) in the case of a determination of HIBOR, 11.00 a.m. or (vi) in the case of a determination of the Bank of England Base Rate, 11.00 a.m., in each case in the Relevant Financial Centre.

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

If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

If the applicable Final Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in

accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, the full nominal amount outstanding of the relevant Notes; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest for any Interest Period:

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

(v) *Notification of Rate of Interest and Interest Amounts*

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vi) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(c), by the Agent or the Reference Banks Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(d) *Accrual of interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and

- (2) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

6. PAYMENTS

(a) *Method of payment*

Subject as provided below:

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

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

(b) *Presentation of definitive Notes and Coupons*

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph 8(a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

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

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

(c) *Payments in respect of Global Notes*

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

(d) *General provisions applicable to payments*

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

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

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(e) *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 9) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) in the case of Notes in definitive form only, the relevant place of presentation;
 - (B) each Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(f) *Interpretation of principal and interest*

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(e)); and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

7. REDEMPTION AND PURCHASE

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the Final Terms.

(b) *Redemption for tax reasons*

Subject, in the case of Dated Subordinated Notes, to obtaining the prior written consent of The Financial Supervisory Authority of Norway (*Finanstilsynet*) (**FSAN**) as provided in Condition 7(i),

the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms notice to the Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Norway or any authority therein having power to tax or any political subdivision thereof, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes;
- (ii) in case of Dated Subordinated Notes, the effect of such obligation is material to the Issuer; and
- (iii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

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

Notes redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

Subject, in the case of Dated Subordinated Notes, to obtaining the prior written consent of the FSAN as provided in Condition 7(i), if Issuer Call is specified as being applicable in the Final Terms, the Issuer may, having given:

- (i) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent;

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

If "**Sterling Make-Whole Redemption Amount**" is specified in the applicable Final Terms as the Optional Redemption Amount, the Optional Redemption Amount shall be equal to the higher of (i)

100 per cent. of the principal amount outstanding of the Notes to be redeemed or (ii) the principal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer by the Make-Whole Agent, at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time specified in the applicable Final Terms on the Reference Date of the Reference Bond, plus the Redemption Margin, all as determined by the Make-Whole Agent.

If "**Non-Sterling Make-Whole Redemption Amount**" is specified in the applicable Final Terms as the Optional Redemption Amount, the Optional Redemption Amount shall be an amount calculated, and notified in writing to the Agent and the Issuer, by the Make-Whole Agent equal to the higher of (i) 100 per cent. of the principal amount outstanding of the Notes to be redeemed or (ii) the sum of the present values of the principal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Note (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on an annual basis at the Reference Bond Rate, plus the Redemption Margin.

In this Condition 7(c):

"**FA Selected Bond**" means a government security or securities selected by the Make-Whole Agent as having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes;

"**Gross Redemption Yield**" means, in respect of a security, the gross redemption yield for such security, expressed as a percentage and calculated by the Make-Whole Agent on the basis set out by the United Kingdom Debt Management Office in the paper Formulae for Calculating Gilt Prices from Yields page 5, Section One: Price/Yield Formulae Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date (published 08/06/1998 and updated on 15/01/2002 and 16/03/2005 (as amended and supplemented from time to time)) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the Issuer may approve;

"**Make-Whole Agent**" means an independent investment bank, commercial bank, stockbroker, financial institution or adviser with appropriate expertise appointed by the Issuer at its own expense.

"**Redemption Margin**" shall be as set out in the applicable Final Terms;

"**Reference Bond**" shall be as set out in the applicable Final Terms or shall be the FA Selected Bond;

"**Reference Bond Price**" means, with respect to any date of redemption, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Make-Whole Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

"**Reference Bond Rate**" means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

"**Reference Date**" will be set out in the relevant notice of redemption;

"Reference Government Bond Dealer" means each of five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

"Reference Government Bond Dealer Quotations" means, with respect to each Reference Government Bond Dealer and any date for redemption, the arithmetic average, as determined, and notified in writing to the Agent and the Issuer, by the Make-Whole Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time specified in the applicable Final Terms on the Reference Date quoted in writing to the Make-Whole Agent by such Reference Government Bond Dealer; and

"Remaining Term Interest" means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition.

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Agent or the Make-Whole Agent, shall (in the absence of negligence, wilful default or bad faith) be binding on the Issuer, the Agent, the Paying Agents and all Noteholders and Couponholders.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

(d) *Redemption at the option of the Noteholders (Investor Put)*

Subject, in the case of Dated Subordinated Notes, to obtaining the prior written consent of the FSAN as provided in Condition 7(i), if Investor Put is specified as being applicable in the Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by, if this Note is in definitive form, this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 10.

(e) *Early Redemption Amounts*

For the purpose of paragraphs (b) and (j) and Condition 10, each Note will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

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

where:

RP means the Reference Price specified in the applicable Final Terms;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

(f) *Purchases*

Subject, in the case of Dated Subordinated Notes, as provided in Condition 7(i) the Issuer or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

(g) *Cancellation*

Subject, in the case of Dated Subordinated Notes, as provided in Condition 7(i), All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (f) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(h) *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

(i) *Consent*

In the case of Dated Subordinated Notes, no early redemption in any circumstances or purchase under Condition 7(f) shall take place without the prior written consent of the FSAN. For the avoidance of doubt, redemption of Dated Subordinated Notes under Condition 7(a) shall not require the consent of the FSAN.

(j) *Redemption of Dated Subordinated Notes upon Capital Event*

If a Capital Event occurs, the Issuer may, at its option, but subject to obtaining the prior written consent of FSAN as provided in Condition 7(i), on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 14, the Noteholders (which notices shall be irrevocable and shall specify the date fixed for redemption), at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), redeem all (but not some only) of the Dated Subordinated Notes at the Early Redemption Amount referred to in paragraph (e), together (if appropriate) with interest accrued to (but excluding) the date of redemption. Upon the expiry of such notice, the Issuer shall redeem the Dated Subordinated Notes.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders (i) a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

"Applicable Banking Regulations" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Norway including, without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy adopted by a governmental authority from time to time and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or to the Issuer and its subsidiaries).

A "**Capital Event**" means the determination by the Issuer, after consultation with FSAN, that, as a result of a change in Norwegian law or Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date, the Dated Subordinated Notes are fully excluded from Tier 2 capital of the Issuer.

"**Tier 2 capital**" means Tier 2 capital (Norw. "*Tilleggs kapital*") as described in §4 of the Norwegian regulation of 1990-06-01 no. 435 about calculation of risk capital of financial institutions, clearing houses and securities trading companies (Norw. "FOR 1990-06-01 nr 435: Forskrift om beregning av ansvarlig kapital for finansinstitusjoner, oppgjørssentraler og verdipapirforetak"), as amended or replaced.

8. TAXATION

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

- (a) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the Kingdom of Norway other than the mere holding of such Note or Coupon; or
- (b) presented for payment by more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6(e)).

As used in these Conditions the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

9. PRESCRIPTION

The Notes and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

10. EVENTS OF DEFAULT

- (a) *Events of Default relating to Unsubordinated Notes*

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing with respect to any Unsubordinated Note:

- (i) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and in the case of interest that default continues for a period of seven days; or
- (ii) if the Issuer fails to perform or observe any of its other obligations under these Conditions and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a Noteholder on the Issuer of notice requiring the same to be remedied; or
- (iii) any payment obligation under any indebtedness (including deposits) of the Issuer or any of its Principal Subsidiaries becomes due and repayable prematurely by reason of an event of default (howsoever described) or the Issuer or any of its Principal Subsidiaries fails to make any payment in respect of any indebtedness (including deposits) within 30 days of the due date for payment (or within the applicable grace period, if such period is longer than 30 days) or any security given by the Issuer or any of its Principal Subsidiaries for any indebtedness (including deposits) becomes enforceable or if default is made by the Issuer or any of its Principal Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any obligation of any other person for 30 days (or within the applicable grace period, if such period is longer than 30 days), PROVIDED that no such event shall constitute an Event of Default unless the indebtedness (including deposits) or other relative liability either alone or when aggregated with other indebtedness (including deposits) and/or liabilities relating to all (if any) other events which shall have occurred and be outstanding shall amount to at least €10,000,000 (or its equivalent in any other currency) and PROVIDED further that, for the purposes of this Condition 10(a)(iii), neither the Issuer nor any of its Principal Subsidiaries shall be deemed to be in default with respect to any such indebtedness (including deposits), guarantee or indemnity if it shall be contesting in good faith by appropriate means its liability to make payment thereunder; or
- (iv) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any of its Principal Subsidiaries, save for the purposes of reorganisation on terms approved by an Extraordinary Resolution of the Noteholders; or
- (v) if the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved by an Extraordinary Resolution of the Noteholders, or the Issuer or any of its Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (vi) if (A) proceedings are initiated against the Issuer or any of its Principal Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Principal Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (B) in any case (other than the appointment of an administrator) is not discharged within 14 days; or

- (vii) if the Issuer or any of its Principal Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors),

then any holder of an Unsubordinated Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any Unsubordinated Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 7(e)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

For the purpose of this Condition:

Principal Subsidiary at any time shall mean a Subsidiary of the Issuer *inter alia*:

- (A) whose gross revenues attributable to the Issuer (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 5 per cent. of the consolidated gross revenues attributable to the shareholders of the Issuer, or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries; or
- (B) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately before the transfer is a Principal Subsidiary;

all as more particularly defined in the Agency Agreement.

A report by the Auditors of the Issuer that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period of a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

There are no events of default in relation to Dated Subordinated Notes.

11. REPLACEMENT OF NOTES, COUPONS AND TALONS

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

12. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

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

- (a) there will at all times be an Agent; and
- (b) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority).

Furthermore, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(d). Notice of any variation, termination, appointment or change in Paying Agents be given to the Noteholders promptly by the Issuer in accordance with Condition 14.

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

13. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. NOTICES

All notices regarding the Notes will be deemed to be validly given if published (i) in a leading English language daily newspaper of general circulation in London, and (ii) if and for so long as the Notes are admitted to trading on, and listed on the Official List of, the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, *www.bourse.lu*. It is expected that any such publication in a newspaper will be made in the Financial Times in London and the *Luxembourger Wort* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange (or any other relevant authority). Any such notice shall be deemed to have been given to the holders of the Notes on the such day as is specified in the applicable Final Terms after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note

to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

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

The Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (a) any modification (except as mentioned above) of the Notes, the Coupons or Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

16. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

- (a) *Governing law*

The Agency Agreement, the Deed of Covenant, the Notes (except for Condition 3) and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes and the Coupons are governed by, and shall be construed in accordance with, English law. Condition 3 is governed by, and shall be construed in accordance with, Norwegian law.

(b) *Submission to jurisdiction*

The Issuer agrees, for the exclusive benefit of the Noteholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes and the Coupons) and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Notes and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Notes and the Coupons) may be brought in such courts.

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

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

(c) *Appointment of Process Agent*

The Issuer appoints DNB Bank ASA (London Branch) at its registered office at 8th Floor, The Walbrook Building, 25 Walbrook, London EC4N 8AF, England as its agent for service of process, and undertakes that, in the event of DNB Bank ASA (London Branch) ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

USE OF PROCEEDS

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

SPAREBANKEN VEST

HISTORY

Sparebanken Vest (the **Bank**) is an independent banking and financial services group based in Bergen in the Kingdom of Norway (**Norway**). The Bank is the second oldest savings bank in Norway, and its history goes back to 1823 when Bergen Sparebank was established. Sparebanken Vest was established on 1 October 1982 when Bergen Sparebank merged with 12 other savings banks in the Hordaland county of Norway. The Bank has its head office in Bergen, the second largest city in Norway, and operates 38 branches and offices in the counties of Hordaland, Sogn & Fjordane and Rogaland.

The Bank is registered as a savings bank in Norway with the Financial Supervisory Authority of Norway under number NO 832 554 332 and its headquarters are located at Jonsvollsgaten 2, 5011 Bergen, Norway, telephone number +47 91505555.

The Bank operates under the Norwegian Financial Undertakings Act of 2015 and is under the supervision of the Financial Supervisory Authority of Norway.

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

As of 30 September 2016, Sparebanken Vest group (the **Group**) employed 748 full-time employees.

The equity certificates of Sparebanken Vest have been listed on the Oslo Stock Exchange since January 1995. The Bank carries a long-term debt rating of A1 with a stable outlook and a short-term debt rating of P-1 from Moody's Investors Service Ltd., and long-term IDR rating A- and short-term IDR rating F2 (both stable outlook ratings) from Fitch Ratings Limited. Each such credit rating agency is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). As such each such credit rating agency is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.

MAJOR SUBSIDIARIES

The Group consists of the Bank and three main subsidiaries:

Eiendomsmegler Vest AS, a major real estate broker company in the Bergen area;

Sparebanken Vest Eiendomsforvaltning, a real estate company, owning and operating the Bank's real estate properties; and

Sparebanken Vest Boligkreditt AS, a covered bonds company established in May 2008 for issuing covered bonds pursuant to Norwegian covered bonds legislation.

COMMERCE AND INDUSTRY IN WESTERN NORWAY

The economy in the three counties in which the Bank has its operations, Hordaland, Sogn & Fjordane and Rogaland, are well diversified and the region derives its major revenues from primary industry, especially fish farming and fishing, oil related activities, tourism and trade and commerce. Relatively low unemployment, interest rates, and moderate inflation have contributed to economic development in Norway, as well as the particular counties in which the Bank operates.

PRINCIPAL ACTIVITIES

The Bank's primary function is to supply financial and insurance services to users in the western part of Norway. The Bank provides a full range of banking products and services to its retail customers and small and medium-sized corporate customers. These include deposits, loans as well as cash management services.

The Bank also distributes and sells a wide range of insurance and savings-related products, such as mutual fund products, to its customer base. These products are supplied by other financial institutions and insurance companies.

MARKET POSITION

The information set out below is derived from Sparebanken Vest's 2015 Annual Report and its Third Quarter Interim Report as of 30 September 2016.

Sparebanken Vest has maintained its strong position in the retail market. At the end of 2015, the Bank had more than 260,000 retail customers, and it had made great progress in prioritised customer segments.

Loans to retail customers constituted 76 per cent. of the Bank's lending portfolio, corresponding to NOK 103.2 billion at 30 September 2016 (NOK 96.8 billion at 30 September 2015). At year-end 2015, Sparebanken Vest had more than 10,000 corporate customers. There was a good increase in customers in 2015 as a result of targeted marketing towards new SME customers.

The Bank has a higher market share in the counties where it has been operating for many years, and a low market share in Rogaland County and parts of Sogn & Fjordane County.

In Sparebanken Vest's seven regions the competition consists mainly of at least one nationwide competitor, as well as local small savings banks.

Sparebanken Vest recorded a strong pre-tax profit of NOK 769 million in the third quarter of 2016 (compared to NOK 300 million in the third quarter of 2015). The result reflects stable nominal net interest, good cost development, a change in the pension scheme, and the sale of a monitored portfolio (see below).

The winding up of the bank's defined benefit pension scheme had a non-recurring effect of NOK 245 million in the third quarter. The net capital effect of the change is NOK 170 million.

Operating expenses in the third quarter corrected for the winding up of the pension scheme and restructuring costs amounted to NOK 339 million (compared to NOK 349 million in the third quarter of 2015), and reflect the effects of previously implemented measures.

An agreement was entered into in the third quarter of 2016 between Sparebanken Vest and Lindorff Capital AS on the sale of a monitored portfolio of loans in default in the retail market. The sale had a positive effect on profit in the third quarter of NOK 58 million. Sparebanken Vest has taken to income NOK 36 million on losses on loans and guarantees as a result of the sale of the monitored portfolio.

Ordinary write-downs on loans and guarantees in the third quarter of 2016 were low, amounting to NOK 22 million (compared to NOK 27 million in the third quarter of 2015).

Also in the third quarter, Moody's upgraded Sparebanken Vest's outlook from 'Negative' to 'Stable'.

STRATEGIC OBJECTIVES

Sparebanken Vest's vision is to be a driving force of the community and industries in Western Norway, creating stakeholders value for its customers, regional and local communities, investors, equity certificate holders and employees. The Bank's goal is to be a full service bank providing banking and insurance

products to its customers through all channels (call-centre, internet banking and branch offices), and its key objective is to be the leading and preferred bank in Western Norway.

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

Customers are increasingly inclined to pay their bills with payment cards and are benefiting from the possibility of paying bills through the telephone bank or using the NettBank (Internet) service.

The Bank owns Frende Liv and Frende Skade, life- and non-life insurance companies respectively, together with 14 other independent savings banks in Norway. The two insurance companies are owned by a holding company called Frende Holding AS, in which the Bank holds 39.7 per cent. of the shares. The Bank is co-owner of Norne Securities AS together with Must Invest AS and 13 other independent savings banks in Norway. Norne started its internet brokerage service in the middle of February 2009. The Bank holds 47.6 per cent. of the shares in the holding company Norne Eierselskap AS. In 2010 the Bank, together with the same group of savings banks, established a leasing company called Brage Finans AS, in which the Bank holds 49.9 per cent. of the shares.

Eight of the independent banks collaborating on Frende, Norne and Brage Finans AS have, in cooperation with Sparebanken Vest, established Verd Boligkreditt AS. Sparebanken Vest owns 40 per cent. of the shares in Verd Boligkreditt. This company is a home mortgage company issuing covered bonds in the Norwegian market only, and is operated by Sparebanken Vest. The Bank is not transferring loans to Verd Boligkreditt AS, as it has its own covered bond subsidiary Sparebanken Vest Boligkreditt AS for such purpose.

Fisheries, fish-farming, oil exploration and production and shipping are important sectors of activities in Western Norway. The Bank has a long track-record of dealing with the biggest and most important corporate customers in these sectors, and does so through our corporate market division at our headquarters in Bergen. The Bank distributes mutual fund products of other suppliers. In the area of unit trust saving, the Bank has distribution agreements with Odin Forvaltning AS, Alfred Berg Kapitalforvaltning AS, Danske Capital and Holberg Forvaltning AS.

The Bank has a large customer base, a strong capital base, a good standing and reputation in the market, a broad range of products, a loyal and competent workforce and strong local roots.

Sparebanken Vest maintains a high profile as a responsible contributor to society by allocating part of its profit as a gift for the public benefit.

Asset/loan Structure

Gross lending in the third quarter of 2016 was NOK 135.2 billion, an increase of NOK 7.5 billion compared to the third quarter of 2015 (NOK 127.8). Out of gross lending, loans to the retail market amounted to NOK 103.3 billion (compared to NOK 96.8 billion in the third quarter of 2015), NOK 54.6 billion of which have been transferred to Sparebanken Vest Boligkreditt. Gross lending to the corporate market amounted to NOK 32 billion (compared to NOK 30.9 billion in the third quarter of 2015).

Total deposits from customers amounted to NOK 65.6 billion in the third quarter of 2016 (compared to NOK 63 billion in the third quarter of 2015). Deposits break down as follows: NOK 42.6 billion (NOK 41.3 billion) from retail customers and NOK 22.9 billion (NOK 21.7 billion) from corporate customers.

LOANS BY SECTOR AND INDUSTRY

The table below sets out the Bank's loans broken down by sector and industry for the periods specified²:

Gross loans	As at 30 September 2016	As at 30 September 2015	As at 31 December 2015
Primary industries	3 332	2 826	2 870
Manufacturing and mining	1 316	1 718	1 346
Power and water supply	1 609	1 306	1 447
Building and construction	3 598	3 638	3 648
Commerce	1 526	1 440	1 403
International shipping and pipeline transport	4 830	5 078	5 261
Hotel and restaurants	538	452	463
Property management	12 353	11 910	12 337
Services	2 678	2 349	2 559
Municipal/public sector	30	25	26
Other financial corporations	147	182	204
Total corporate sector	31 957	30 923	31 564
Retail customers	103 277	96 845	98 360
Gross loans to customers	135 234	127 768	129 924

Asset quality/bad debt analysis

Sparebanken Vest was one of the few large banks that went through the bank crisis in Norway in the late 1980s and early 1990s without any financial help from the Savings Banks' Guarantee Fund. Management believes this was a result of both sound credit policy and the right strategic choices. Sparebanken Vest still has a high percentage of its lending portfolio with retail customers, and banks generally face lower losses in this segment.

In the third quarter of 2016, defaults and potential bad debt amounted to NOK 1,241 million (compared to NOK 1,053 million in the third quarter of 2015) for the corporate market and NOK 238 million (compared to NOK 220 million in the third quarter of 2015) for the retail market. The total losses on loans and guarantees taken against income amounted to NOK 36 million in the third quarter.

² All amounts in the table below are in NOK million.

Defaults and other potential bad debts, 2013-2015

In NOK million

	2015	2014	2013
Loans in default more than 90 days	204	376	382
Other potential bad debt	1 204	948	1 092
Total defaults and potential bad debt	1 444	1 324	1 474
- individual write-downs on loans	-562	-501	-408
Net defaults and potential bad debt	882	823	1 066

Risk management

As a financial institution, Sparebanken Vest has risk exposure both on its financial and its operational activities. The Bank has developed systems for monitoring operational risk, and has established a Risk Control Group to monitor all risks in the Bank and to perform continuous internal controls in accordance with current statutory regulations and international standards (EU/Basel II). Credit risk is managed through the Board's guidelines for credit policy, risk profile and authorisations. The guidelines are managed through established procedures for credit ratings, credit committees and reporting of risk classes.

Sparebanken Vest was in 2007 granted permission from the Financial Supervisory Authority of Norway to use Internal Rating Based models in its risk management and measurement for capital adequacy. The Bank applied for the use of Advanced Internal Rating Based (**AIRB**) models for the commercial market in Q1 2013. The Financial Supervisory Authority of Norway (Finanstilsynet) has yet to approve the application.

Sparebanken Vest's foreign exchange activities are conducted according to policies and limits set by the Board. The interest rate risk is primarily caused by the Bank's holding of bonds based on the authorities' requirements regarding liquid reserves. The interest rate risks are closely monitored and limits are set by the Board and reported on a monthly basis. This risk has been moderate throughout the past years. Investments in equity markets are at a low level in relation to the Bank's balance sheet figures.

Source of funds

As of 30 September 2016, Sparebanken Vest's customer deposits financed 48.5 per cent. of its total customer loans. The other main source of funds for Sparebanken Vest is the capital markets. The Bank has access to funds in the Norwegian and international markets both on a short and a long term basis. The Bank also receives direct deposits from Norwegian and international banks and large Norwegian enterprises and also has access to the syndicate market. As pricing and availability of funding in the domestic market has been favourable over the past months, a majority of the funding requirements have been covered in Norway. For diversification purposes, Sparebanken Vest aims to increase its funding from international markets. The Bank therefore established its Euro Medium Term Note Programme in 2001, and a covered bond subsidiary is operational and provides access to funding from a broader investor base.

Capital adequacy

Figure 4 – Capital adequacy, Basel 1 floor

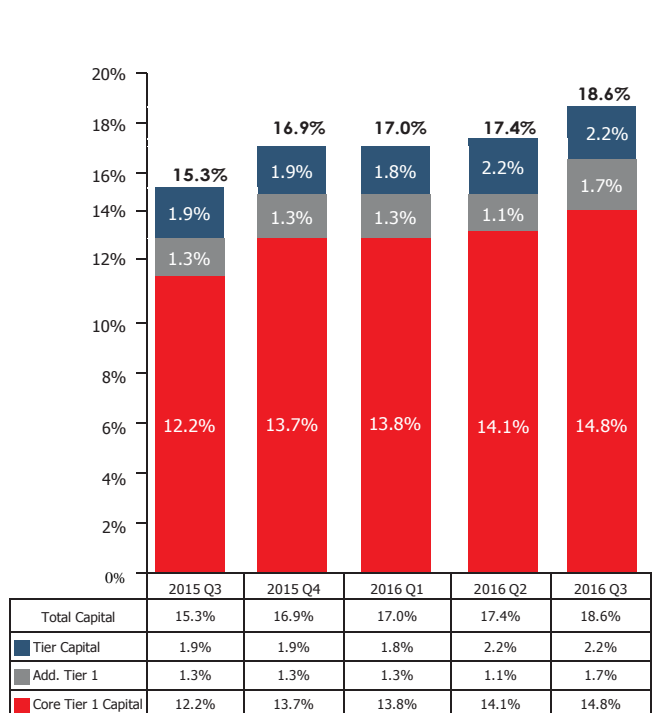
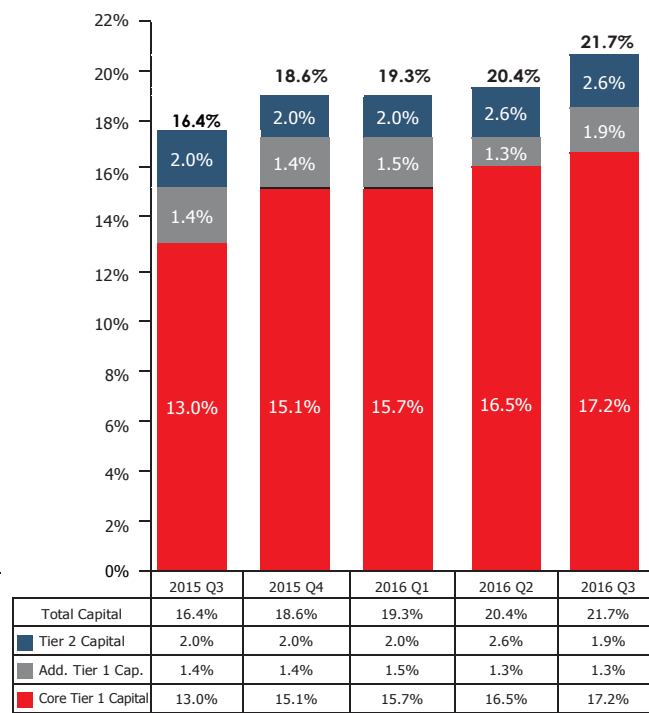


Figure 5 – Capital adequacy, IRB



The Bank's Core Tier 1 capital adequacy ratio, taking into account the Basel I floor, increased by 0.7 percentage points in the third quarter to 14.8 per cent. (from 13.7 per cent. on 31 December 2015). This was due mainly to profit accumulation, limited growth in total assets and capital measures. The Bank was in compliance with the applicable combined minimum and buffer requirement of at least 11 per cent. Core Tier 1 capital at the end of the third quarter of 2016.

From 30 June 2016, the countercyclical capital buffer requirement is 1.5 percentage points, which has increased the total requirement to 11.5 per cent. plus an addition for Pillar II. Sparebanken Vest's capital target also takes into account that the bank must meet a Pillar II requirement by a satisfactory margin. The Financial Supervisory Authority of Norway has not yet stipulated the final requirement. The Bank wishes to meet regulatory minimum requirements through maximum use of hybrid capital (1.5 per cent.) and supplementary capital (2 per cent.).

In letters sent to the regional savings banks in the third quarter 2015, the FSAN expressed an expectation of a level of 14.5 per cent. for Core Tier 1 capital at the end of 2016. The Board of Directors of Sparebanken Vest immediately took note of this expectation and decided that the Bank should strengthen its equity certificate capital through a rights issue of NOK 750 million to existing equity certificate holders. The issue was carried out in the fourth quarter of 2015. The issue was oversubscribed. As a result of the issue and after carrying out the Bank's ICAAP process in the fourth quarter 2015, the Bank has increased its target for the Core Tier 1 capital adequacy ratio to 14.5 per cent.. The Bank's Core Tier 1 ratio, taking into account the Basel I floor, increased by 0.7 percentage points from the second to the third quarter of 2016 at 14.8%, including 80% of the accumulated profit. This means that, as of the third quarter, the bank exceeds the capital target of 14.5%.

Since 1989, the Bank has never had a capital adequacy ratio lower than 8 per cent., and even during the banking crisis in Norway in the early 1990s the Bank never required any capital from the Savings Banks' Guarantee Fund.

DIRECTORS AND MANAGEMENT

Sparebanken Vest is organised in accordance with the Financial Undertakings Act of 2015.

The general meeting is the highest authority for the Bank and its role is to supervise the Board of Directors as it implements management strategy for the Bank.

The general meeting has 48 members, consisting of four groups elected by depositors (16), municipalities (8), equity capital certificate holders (12) and employees (12). The individual members are listed below.

The Board consists of 10 members. The members are elected for two years in accordance with the Bank's Articles of Association. The Managing Director is not a member of the Board.

The mandate of the Board of Directors is to develop and implement the strategies of the Bank. The Managing Director's mandate is to lead the Bank's day-to-day activities in accordance with the guidelines established by the Board of Directors. In addition, local bank councils have been established in six of the Bank's seven regions.

The Bank observes the Norwegian Recommendations of corporate governance drawn up by the Norwegian Corporate Governance Board (NUES).

The Managing Director and CEO of Sparebanken Vest, Jan Erik Kjerpeseth, succeeded Stein Klakegg as Managing Director and CEO on 31 October 2013. Mr Kjerpeseth joined the Bank in 1999, and has held various positions in the Bank, including deputy managing director.

The Board of Directors of Sparebanken Vest consists of the following members, each having their business address at Jonsvollsgaten 2, 5011 Bergen, Norway, whose principal activities in and outside the Bank are as follows:

Name	Position in Board	Other Principal Activities
Trygve Bruvik	Chair	Chair and member of the board since April 2008. Currently manages a family-owned property and investment company. Former Managing Director/CEO of Vesta from 1994 to 2002. Holds directorships in G.C. Rieber AS (Deputy Chair) and several smaller companies. He has previously held the offices of Chair of the main board of the Norwegian Financial Services Association and Chair of the main board of the Norwegian Insurance Association. He has a degree in business economics from BI Norwegian Business School and an engineering degree from Bergen Engineering College.
Øyvind A. Langedal	Deputy Chair	Member of the board since April 2007. Deputy Managing Director of Coast Center Base AS, Ågotnes. Has been CFO/ Deputy Managing Director of Coast Center Base AS since 1998. Has previous experience from Økonomipartner Bergen AS, Rieber Skinn AS and Jebsens Rederi AS. Currently

		Chair of the board of Vardø Barents Base AS and Maritime Waste Management AS and member of the board of Sambygg AS, Kirkenesbase AS and Helgelandsbase Holding AS.
		Graduate of the Bank Academy and has studied economics and management at NHHK (continuing and further education at NHH).
Gunnar Skeie	Member	Member of the Board since March 2016. Is CEO of Sparebankstiftinga Hardanger. Former lawyer and partner at law firm Kvåle og Skeie ANS in Norheimsund. Educated as Cand.jur at the University of Bergen.
Richard Rettedal	Member	Member of the board since April 2008. Managing Director of Sekal AS. Former CFO of Skanem AS and Head of Finance and Administration at Roxar. Worked for Roxar in Dubai for a prolonged period. Board member of Multi Markets AS. He has an MBA with specialisation in finance from the University of Wisconsin – Madison, Florida International University and the University of Stavanger.
Birthe Kåfjord Lange	Member	Member of the board since April 2012. Director of NHH Executive. Former PLD manager for Statoil ASA. Former member of the board of Bergen Private Gymnas AS, the board of the Norwegian School of Economics (NHH), the nomination committee of BOB and various other offices. Deputy member of the board of directors of NHH. She has a PhD and degree studies from the NHH and a cand.mag degree from the University of Bergen/Bergen University College.
Arild Bødal	Member	Member of the board since April 2011. Founder and general manager of Septik24 AS since 2003. General manager/business developer in Isco AS from 1998 to 2003, general manager of Karstad Stryn from 1996 to 1998 and CFO of Karstad from 1989 to 1996. Chair of the board of Smartek AS, Miljøservice AS, Johnny Birkeland Transport, HØST Valuable Waste AS, Fjord Invest Såkorn, Gode Busser Holding AS, Vidre AS and NSM Bygginvest AS. Qualified as an authorised accountant at BI Norwegian Business School, has a

university college degree in business and administration, studied business economics at NKS and took part of a Master's degree in business administration (MBA) at Heriot-Watt University. Has also taken various management development courses at BI Norwegian Business School, NHH and the Norwegian University of Science and Technology (NTNU).

Berte-Elen Konow

Member of the board since April 2015. Konow is a lawyer and holds the post of law professor at the Faculty of Law at the University of Bergen. She has been the Vice-Dean for Research since 2013. Konow's own research and teaching is related to the fields of contract law, mortgage law and private international law. Her work experience includes practising as an assistant advocate and a period as acting judge at Gulating Court of Appeal. She has been a member of Sparebanken Vest's Control Committee. She chairs the Complaints Board for Insurance and Reinsurance Brokering Activities and is a board member of the Supervisory Council for Legal Practice. She has many years' experience as a member of the faculty board at the Faculty of Law, as well as from various committees and councils at the University of Bergen.

Kristin Axelsen Representative of employees

Fred Risløw Representative of employees

Anne Marit Hope Representative of employees

The general meeting of Sparebanken Vest consists of the following representatives:

Representatives elected among depositors

Gro Jofrid Aarli
Sonja Mellingen
Birthe Drageset
Rune Stavenes
Camilla Meland Madsen
Hallvard Bjørgum
Lilliann Høyvang Amdreassen
Gunnar Silden
Ove Ellingsen
Jon Askeland
Kjersti Vespestad
Nils Dale Elde

Ragnhild Langøy
Kari-Anne Landro
Frode Høyland
Bjarte Skrettingland

Representatives elected among municipalities

Trude Drevland
Kristin Akselberg
Eli Årdal Berland
Terje Søviknes
Pål Kårbø
Anita Nybø
Henrik Oppen
Ola Ingvaldstad

Representatives elected among equity certificate holders

Trond Mohn
Eivind Lunde
Bjørn Eknes
Jan Øvrebø
Birgit Nistad
Borghild Storaas Ones
Jon Olav Heggseth
Vendel Irene Hovda
Gustav A. Birkeland
Anne Maria Langeland
Widar Slemdal Anndersen
Tone Haaland

Representatives elected among employees

Anne Grethe Grøttvedt
Arvid Eriksen
Bodil Digranes
Kirsten Gulbrandsen
Jostein Lid
Jens Petter Helland
Kjell Gunnar Lilleøren
Karen Margrete Riisnes
Wenche Anglevik
Solfrid Hagen
Unni Grete Brakedal Våge
Eirik Hjelle

As far as is known to Sparebanken Vest, there are no potential conflicts of interest between the duties to the Bank of the respective members to the Board of Directors or the general meeting listed above, and their private interests or other duties in respect of their management roles.

AUDITORS

As of the date of this Base Prospectus Sparebanken Vest's external auditors are Deloitte AS, a member of Den norske Revisorforening (DnR).

MAJOR SHAREHOLDERS

Sparebanken Vest's equity consists of: equity certificates (ECs) which are publicly traded on the Oslo Stock Exchange, primary capital, the reserve for unrealised gains, other group equity and minority interests. ECs are very similar to shares in a bank, being traded and taxed according to the same statutory provisions. As of 30 June 2016, the largest owner of ECs in Sparebanken Vest was Sparebankstiftinga Hardanger which held 25.33 per cent. of the ECs issued. The ten largest owners of ECs in sum accounted for 62.4 per cent. of the ECs issued.

FINANCIAL INFORMATION

Norwegian regulation has required a bank's consolidated accounts (group figures) to be prepared in accordance with IFRS since 1 January 2004.

The Group's consolidated accounts are prepared in accordance with IFRS, based on the best interpretation of the framework currently in force.

The income statement, balance sheet and cash flow statement set out below have been extracted without adjustment from the Group's consolidated accounts.

INCOME STATEMENT

Group (IFRS) (NOK million)

	Notes	01/01-16 - 30/09-16	01/01-15 - 30/09-15	Q3 2016	Q3 2015	2015
Interest income and similar income		3 200	3 534	1 049	1 147	4 653
Interest expenses and similar expenses		1 398	1 771	457	554	2 299
Net interest and credit commission income	3	1 802	1 763	592	593	2 354
Commission income and income from banking services		372	367	126	129	489
Commission expenses and expenses relating to banking services		65	68	21	29	86
Income from ownership interests in associated companies		82	39	35	5	70
Net gain/(loss) on financial instruments		124	-29	40	-68	-83
Other operating income		147	159	54	46	204
Net other operating income	4	660	468	234	83	594
Net operating income		2 462	2 231	826	676	2 948
Payroll and general administration expenses	15	596	804	4	257	1 083
Depreciation		91	78	31	27	118
Other operating expenses		197	190	61	65	242
Total operating expenses	5	884	1 072	96	349	1 443
Profit before write-downs and tax		1 578	1 159	730	327	1 505
Net gain on fixed assets	15	23	0	3	0	76
Write-downs on loans and guarantees	6	6	104	-36	27	185
Pre-tax profit		1 595	1 055	769	300	1 396
Tax		344	274	178	86	349
Profit for the period		1 251	781	591	214	1 047
Profit/Diluted profit per equity certificate		5,15	4,78	2,44	1,31	6,32

BALANCE SHEET

Group (IFRS) (NOK million)

	Notes	30/09-16	30/09-15	31/12-15
Assets				
Cash to and receivables from central banks		329	704	631
Loans to and receivables from credit institutions		1 829	2 003	2 167
Net lendings	7, 8	134 210	126 853	128 927
Shares at fair value through profit or loss		400	591	380
Shares available for sale		40	0	0
Commercial papers and bonds		17 893	17 931	21 455
Financial derivatives		3 803	6 266	6 728
Shareholdings in associated companies		944	716	841
Deferred tax asset		27	0	0
Other intangible assets		278	292	279
Tangible fixed assets		142	973	177
Prepaid expenses		68	57	21
Other assets		82	148	57
Total assets		160 045	156 534	161 663
Liabilities and equity				
Liabilities to credit institutions		3 903	5 353	4 849
Deposits	9	65 574	63 041	63 900
Securitised liabilities	13	73 115	73 478	77 069
Financial derivatives		1 564	1 439	1 611
Accrued expenses and pre-paid income		238	159	196
Pension commitments		28	305	226
Deferred tax		0	50	12
Other provision for commitments		1	2	2
Tax payable		451	319	414
Subordinated loan capital	13	2 120	2 416	1 838
Other liabilities		229	268	232
Total liabilities		147 223	146 830	150 349
Equity certificates	12	1 476	794	1 476
Own equity certificates		0	0	0
Premium reserve		617	568	617
Equalisation reserve		487	354	555
Total equity certificate capital		2 580	1 716	2 648
Primary capital		7 702	6 919	7 733
Gift fund		150	175	175
Compensation fund		14	14	14
Total primary capital		7 866	7 108	7 923
Other equity		1 398	880	166
Hybridcapital		978	0	577
Total equity		12 822	9 704	11 314
Total liabilities and equity		160 045	156 534	161 663

CASH FLOW STATEMENT

Group (IFRS) (NOK million)

	01/01-16 - 30/09-16	01/01-15 - 30/09-15	2015
Cash flows from operations			
Interest, commission and customer fees received	3 586	3 863	5 192
Interest, commission and customer fees paid	-158	-177	-1 014
Interest received on other assets	264	305	375
Interest payments on other funding	-1 153	-1 099	-1 400
Payments to other suppliers for goods and services	-491	-406	-553
Payment to employees, pension schemes, National Insurance contributions, tax withholdings etc.	-558	-585	-735
Payment of taxes	-323	-319	-343
Dividends received on securities for trading purposes	0	6	8
Net receipts/payments on sales/purchases of securities for trading purposes	2	-47	231
Net cash flow from operations	1 169	1 541	1 761
Cash flows from investment activities			
Payments received/made relating to customers' loans	-5 509	-8 203	-10 572
Net receipts/payments on loans to credit institutions	318	-457	-606
Dividends received on securities not for trading purposes	124	7	10
Net receipts/payments on sales/purchases of securities not for trading purposes	-4	-10	12
Net receipts/payments on sales/purchases of other financial instruments	3 617	-1 433	-4 770
Payment received from sale of associated companies	46	11	13
Payments related to associated companies	-92	0	0
Payments received from the sale of operating assets etc.	35	3	876
Payments made on purchases of operating assets etc.	-95	-247	-277
Net cash flows from investment activities	-1 560	-10 329	-15 314
Cash flows from financing activities			
Payments received/made relating to customer deposits	1 300	-3 999	-2 549
Payments received/made on deposits from Norges Bank and other financial institutions	-101	991	526
Receipts related to issues of subordinated loan capital	700	0	0
Receipts related to issues of bonds and commercial papers	8 192	21 061	26 187
Payments related to redemptions of bonds and commercial papers	-9 890	-10 598	-12 735
New equity certificates	0	0	731
Dividends paid / Gifts for the public benefit	-112	-172	-185
Net cash flow from financing activities	89	7 283	11 975
Net cash flow for the period	-302	-1 505	-1 578
Net change in cash and cash equivalents	-302	-1 505	-1 578
Cash and cash equivalents at beginning of period	631	2 209	2 209
Cash and cash equivalents at end of period	329	704	631

TAXATION

Norway

The following is a general description of certain Norwegian tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Norway of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This overview is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Taxation on Interest

Interest paid to a non-resident holder of Notes will not be subject to Norwegian income or withholding tax. Such holder of Notes may, however, be subject to taxation if the holding of Notes is effectively connected with a business carried on by the holder of Notes in Norway.

Such tax liability may be modified through an applicable tax treaty.

In a White Paper to the Norwegian Parliament in October 2015 (Meld. St. 4 (2015-2016)), the Norwegian Government advised that it will look further into the possible introduction of a Norwegian withholding tax on interest. A detailed proposal is expected to be submitted for public consultation when ready.

Taxation of Capital Gains

A non-resident holder of Notes is not taxed in Norway on gains derived from the sale, disposal or redemption of the Notes. Such holder of Notes may, however, be subject to taxation if the holding of Notes is effectively connected with a business carried on by the holder of Notes in Norway.

Such tax liability may be modified through an applicable tax treaty.

Wealth Tax

Norway does not levy any property tax or similar taxes on the Notes.

An individual non-resident holder of Notes is not subject to wealth tax, unless the holding of Notes is effectively connected with a business carried on by the holder of Notes in Norway.

Such tax liability may be modified through an applicable tax treaty.

Transfer Tax

There is currently no Norwegian transfer tax on the transfer of Notes.

Luxembourg Taxation

The following overview is of a general nature. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

(i) *Non-resident holders of Notes*

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

(ii) *Resident holders of Notes*

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

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 20 per cent.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Norway) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under Condition 16 in "Terms and Conditions – Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (such programme agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 10 January 2017 agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

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 Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (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 available exemption from registration under the Securities Act.

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 Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (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 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 Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes 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 Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Norway

Each Dealer has represented and agreed, 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 Base Prospectus 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 Notes in Norway or to residents of Norway except:

- (a) in respect of an offer of Notes addressed to investors subject to a minimum purchase of Notes 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 Notes 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 Notes shall be registered with the Norwegian Central Securities Depository (*Verdipapirsentralen*) unless (i) the Notes are denominated in NOK and offered or sold outside of Norway to non-Norwegian tax residents only, or (ii) the Notes are denominated in a currency other than NOK and offered or sold outside of Norway.

United Kingdom

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

- (i) in relation to any Notes having a maturity of less than one year from the date of their issue, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in

acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) by the Issuer;

- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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 of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**). 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, directly or indirectly, any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer or the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The update of the Programme and the issue of Notes under the Programme have been authorised by a resolution of the Board of Directors of the Issuer dated 18 February 2014.

Approval, Listing and Admission to Trading

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available for inspection and may be obtained from the registered office of the Issuer and from the specified offices of the Paying Agent for the time being in London and Luxembourg:

- (i) the constitutional documents (with an English translation thereof) of the Issuer;
- (ii) the audited consolidated and non-consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2014 and 2015 (with an English translation thereof) in each case together with the audit reports prepared in connection therewith;
- (iii) the most recently published audited consolidated and non-consolidated annual financial statements of the Issuer in each case together with the audit reports prepared in connection therewith and the most recently published unaudited consolidated and non-consolidated quarterly interim financial statements of the Issuer (if any) (with an English translation thereof);
- (iv) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (v) a copy of this Base Prospectus;
- (vi) any future prospectuses, information memoranda supplements and Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference; and
- (vii) in the case of each issue of Notes admitted to trading on the Luxembourg Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

The Issuer does not publish audited interim financial statements.

In addition, copies of this Base Prospectus, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website, www.bourse.lu.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records in relation thereto). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the

applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Significant or Material Change

There has been no significant change in the financial or trading position of the Group since 30 September 2016 and there has been no material adverse change in the financial position or prospects of the Group since 31 December 2015.

Litigation

The Group is not or has not been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have had a significant effect on the financial position or profitability of the Group.

Auditors

As of the date of this Base Prospectus the auditors of the Issuer are Deloitte AS, authorised public accountants and a member of Den norske Revisorforening (DnR). Deloitte AS have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in the Kingdom of Norway for each of the two financial years ended 31 December 2015 and 2014. The auditors of the Issuer have no material interest in the Issuer.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Some of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Yield

The yield for any particular Series of Notes will be specified in the applicable Final Terms and will be calculated on the basis of the compound annual rate of return if the relevant Notes were to be purchased at the Issue Price on the Issue Date and held to maturity. The Final Terms in respect of any Floating Rate Notes will not include any indication of yield.

THE ISSUER

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Denmark

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Genossenschaftsbank, Frankfurt am Main**
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Morgan Stanley & Co. International plc

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London E14 4QA

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