
LOAN AGREEMENT

For a

Dated subordinated unsecured loan

between

NORDEA BANK NORGE ASA

as Lender

and

NORDEA EIENDOMSKREDITT AS

as Borrower

LOAN AGREEMENT

This agreement for a dated subordinated unsecured loan (hereinafter referred to as the “**Agreement**”) is dated as of 23 September 2016 and made between

NORDEA BANK NORGE ASA, reg. no. 911 044 110, Essendrops gate 7
0368 OSLO (the “**Lender**”)

and

NORDEA EIENDOMSKREDITT AS, reg. no. 971 227 222, Essendrops gate 7
0368 OSLO (the “**Borrower**”).

RECITAL:

- A. The Borrower is a wholly owned subsidiary of the Lender. The Lender regularly transfers qualifying mortgage loans to the Borrower and the Borrower’s business is to issue covered bonds secured with the mortgage loan portfolio. The Borrower is thus a credit institution which is subject to regulations on capital adequacy.
- B. A dated subordinated loan of NOK 780 000 000 from the Lender to the Borrower is currently outstanding (the “**Existing Dated Subordinated Loan**”). The Existing Dated Subordinated Loan constitutes Tier 2 capital (No. *tilleggs kapital*) under Norwegian regulations and has a first early redemption date on 29 November 2016.
- C. The Existing Dated Subordinated Loan will cease to fully count towards the Borrower’s Regulatory Capital and in order for the Borrower to meet internal capital targets and external regulatory requirements the Borrower plans to take up a new dated subordinated loan from the Lender that qualifies as Tier 2 capital on the terms set out herein, subject to FSA approval.

IT IS AGREED AS FOLLOWS:

1. Definitions

In this Agreement:

Borrower’s Regulatory Capital means the Borrower’s actual Regulatory Capital calculated in accordance with prevailing laws and regulations on capital adequacy in Norway.

Business Day means any day on which Norwegian commercial banks are open for general business, and when Norwegian banks can settle foreign currency transactions, being any day on which the Norwegian Central Bank’s Settlement System is open.

Calculation Regulation means Regulation No 435 of 1 June 1990 on measurement of own funds of financial institutions, clearing houses and investment firms (No: *Beregningsforskriften*).

Capital Requirements means regulatory capital requirements according to prevailing laws, regulations or other rules in Norway, or according to decisions by the FSA or

other competent authority. As at the date of this agreement the Capital Requirements are stated *inter alia* in chapter 14 in the Norwegian Financial Undertakings Act of 10 April 2015 No. 17 (No: *Finansforetaksloven*), the regulation No. 1506 on capital requirements of 14 December 2006 and in the Calculation Regulation.

FSA means the Financial Supervisory Authority in Norway (No: *Finanstilsynet*).

Hybrid Capital Obligations means any obligation of the Borrower, which by applicable law or its term is, or is expressed to be, subordinated to depositors, general creditors and subordinated debt of the Borrower, and that is approved as Additional Tier 1 capital (No: *Annen godkjent kjernekapital/hybridkapital*) according to prevailing laws and regulations in Norway.

Issuer Call means the Borrower's right to redeem the loan before the Maturity Date at certain dates according to clause 9.1 below.

Junior Obligations means the share capital and any obligations of the Borrower ranking or expressed to rank junior to Subordinated Indebtedness including both common equity Tier 1 (No: *ren kjernekapital*) and additional Tier 1 i.e. Hybrid Capital Obligations (No: *annen godkjent kjernekapital/hybridkapital*).

Loan means the dated subordinated unsecured loan made available under this Agreement or the principal amount outstanding for the time being of that loan.

Maturity Date means the date which is falling ten (10) years after the Utilisation Date.

Regulatory Call means the Borrower's right to redeem the Loan before the Maturity Date in the event of change of law etc. affecting the utilisation of the Loan as Regulatory Capital, in accordance with clause 8.1 below.

Regulatory Capital means Tier 1 capital (No. *kjernekapital*) and Tier 2 capital (No. *tilleggs kapital*) as it is defined in prevailing laws and regulations on capital adequacy in Norway. As at the date of this agreement Tier 1 capital and Tier 2 capital are defined in the Calculation Regulation.

Subordinated Indebtedness means any obligation of the Borrower having a fixed maturity, which by applicable law or by its terms is, or is expressed to be, subordinated and unsecured in the event of liquidation or bankruptcy of the Borrower to all other unsecured, unsubordinated creditors of the Borrower.

Utilisation Date means 29 September 2016.

2 The Loan

Subject to the terms and conditions of this Agreement, the Lender makes available to the Borrower a dated subordinated unsecured loan in the amount of **NOK 1 200 000 000** (the "Loan Amount").

3 Purpose

The purpose of the Loan is to fulfil Capital Requirements. The Borrower shall apply all amounts borrowed by it under this Agreement towards satisfying internal capital targets

and external capital requirements including replacing and refinancing in full the indebtedness incurred under the Existing Dated Subordinated Loan and for general corporate purposes.

4 Utilisation

The Loan shall be utilised in full on the Utilisation Date by payment from the Lender to the Borrower's account 6003.05.69345 held with the Lender.

5 Interest

- 5.1 The period between the Utilisation Date of the Loan and the Maturity Date shall be divided into interest periods (**Interest Periods**).
- 5.2 Each Interest Period shall last three (3) months. The first Interest Period shall be the period from and including the Utilisation Date to but excluding the date falling three (3) months thereafter. Each subsequent Interest Period shall be the period from and including an Interest Payment Date to but excluding the next Interest Payment Date. No Interest Period shall extend beyond the Maturity Date.
- 5.3 The Loan shall accrue interest on the Loan Amount at the variable rate determined by the Lender for each Interest Period as the aggregate amount of:
- (i) 3-months NIBOR; and
 - (ii) a margin of 1.90 per cent per annum.

NIBOR (Norwegian Interbank Offered Rate) is the quoted rate per annum for deposits in NOK for a period equal to the Interest Period on the Reuters' screen, NIBP/NIBQ at or about 12.00 noon (Oslo time) two Business Days prior to the first day of the relevant Interest Period (**Interest Determination Date**) or such other page(s) replacing said page for this purpose; or

if no such rate so appears, the Lender will request appropriate quotations and will determine the rate based on the rate for deposits in NOK offered by the four largest Norwegian foreign exchange banks at approximately 12.00 noon (Oslo time) on the Interest Determination Date for a period of the duration of the Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time. If two or more rates are so quoted, the rate shall be determined to the arithmetic mean of the quotations. If fewer than two rates are so quoted, the rate shall be determined to the arithmetic mean of the rate for deposits in NOK offered by banks selected by the Lender at approximately 12.00 noon (Oslo time) on the Interest Determination Date to major banks in Europe for a period of the duration of the Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time.

subject always to a minimum interest rate (both NIBOR and margin) of 0%, i.e. no negative interest is payable.

5.4 Interest will be computed from (and including) the first day of each Interest Period until (but excluding) the last day of such Interest Period, on the actual number of days elapsed on a 360 day/year basis or, in case where the practice in the relevant interbank market differs, in accordance with that market practice.

5.5 The Borrower shall pay accrued interest on the Loan on the last day of each Interest Period, subject to the Modified Following Business Day Convention (each an **Interest Payment Date**).

6 Subordination

6.1 This Loan constitutes direct and unsecured obligations of the Borrower and rank:

(i) at least *pari passu* with the claims of creditors of other present and future Subordinated Indebtedness of the Borrower which in each case by law or by their terms are expressed to rank *pari passu* with the Subordinated Indebtedness;

(ii) in priority to the payment of any present or future claims in respect of any subordinated indebtedness of the Borrower not having a fixed maturity; and

(iii) in priority to the payment of any present or future claims in respect Junior Obligations.

6.2 In the event of liquidation or bankruptcy of the Borrower, this Loan will be subordinated in right of payment to all other creditors of the Borrower other than:

(i) creditors in respect of Subordinated Indebtedness;

(ii) subordinated creditors in respect of any subordinated indebtedness of the Borrower not having a fixed maturity; and

(iii) creditors in respect of Junior Obligations.

6.3 In the event of the liquidation or bankruptcy of the Borrower, the Lender shall not be entitled to exercise any right of set-off or counterclaim against moneys owed by the Borrower in respect of this Loan.

7 Repayment

7.1 Subject to Clause 8 (*Early Termination*) below, this Loan shall be repaid in full (together with accrued interest) on the Maturity Date.

7.2 The Loan shall be repaid in NOK.

7.3 All payments to be made by the Borrower according to this Agreement shall be made in full without any set-off or counter-claim.

7.4 If any payment under this agreement is due on a day, which is not a Business Day, the payment shall be due on the subsequent Business Day. If, as a result thereof, the

payment is to be effected on a day in the succeeding calendar month, then the payment shall be made on the last Business Day of the preceding calendar month (**Modified Following Business Day Convention**).

- 7.5 The Borrower shall on demand by the Lender, pay to the Lender its break costs attributable to all or any part of the Loan being paid by the Borrower on a day other than the last day of an Interest Period.

8 Early Termination

- 8.1 *Regulatory Early Termination.* If (i) there is a change in law, in regulations, rules and/or practices applicable to this Loan having a negative effect on the extent to which the Loan may be included as Regulatory Capital for the Borrower or (ii) if the treatment of the Loan for tax purposes is materially amended, then the Borrower is in both scenarios entitled to, subject to the prior approval of the FSA, redeem this Loan at par value together with accrued interest, having given not less than three (3) Business Days' notice to the Lender.

- 8.2 *Issuer Call Early Termination.* On the Interest Payment Date falling five (5) years after the Utilisation Date and on each subsequent Interest Payment Date, the Borrower is entitled to prepay this Loan by redemption at par value together with accrued interest, having given not less than three (3) Business Days' notice to the Lender. The Borrower must not exercise such an Issuer Call Early Termination unless it has received prior approval from the FSA; and

- (i) The Loan will be replaced with Regulatory Capital of the same or better quality and the replacement of the Loan will be done at conditions which are sustainable for the income capacity of the Borrower, or
- (ii) The Borrower has demonstrated that the Borrower's Regulatory Capital is well above the Capital Requirements after the call option is exercised.

- 8.3 *Early Termination following change of control.* In the event that the Borrower ceases to be part of the Nordea Group, the Borrower shall undertake to have the Loan refinanced and to promptly repay the Loan and any accrued interest, subject to receipt of prior approval from the FSA.

9 Representations of the Borrower

- 9.1 The Borrower represents and warrants to the Lender on the Utilisation Date and on each Interest Payment Date as follows:
- (a) the Borrower is a limited liability company, duly incorporated and validly existing under the laws of Norway, and conducts its business activity in accordance with applicable laws and obligations;

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- (b) the Borrower has obtained all corporate authorizations and has taken all necessary actions to authorise its entry into and performance of this Agreement and the transactions contemplated hereunder;
 - (c) the person(s) representing the Borrower at the execution of this Agreement is/are duly authorised;
 - (d) all claims of the Lender towards the Borrower under this Agreement constitutes direct and unsecured obligations of the Borrower and rank:
 - (i) *pari passu* with all other present and future Subordinated Indebtedness of the Borrower which in each case by law or by their terms are expressed to rank *pari passu* with the Subordinated Indebtedness;
 - (ii) in priority to the payment of any present or future claims in respect of any subordinated indebtedness of the Borrower not having a fixed maturity; and
 - (iii) in priority to the payment of any present or future claims in respect of Junior Obligations.
 - (e) the execution of this Agreement does not and shall not contravene or constitute a default under:
 - (i) any law applicable to the Borrower; or
 - (ii) any agreement to which the Borrower is a party or by which the Borrower is otherwise bound which is of material importance to the Borrower.

10 Covenants of the Borrower

- 10.1 The Borrower undertakes with respect to the Lender that, from the date of execution of this Agreement until all its liabilities under this Agreement have been fulfilled:
- (a) it shall conduct its business in accordance with the applicable legal regulations;
 - (b) it shall maintain the validity of the possessed authorizations necessary to continue its activity; and
 - (c) it shall undertake any and all actions necessary to maintain its legal status.

11 No events of default

- 11.1 No remedy against the Borrower, other than claiming in the liquidation or bankruptcy of the Borrower, shall be available to the Lender, whether for the recovery of amounts owing in respect of the Loan or in respect of any breach by the Borrower of any of its obligations or undertakings with respect to this Agreement.

12 Tax gross-up

- 12.1 All payments the Borrower makes under this Agreement shall be made in full, free and clear of and without any deduction for or on account of any tax, except to the extent that the law requires the Borrower to make such deductions. Should any tax or amounts with respect to tax be legally required to be deducted, or if any other deductions have to be made, from any amounts payable or paid by the Borrower under this Agreement, the Borrower shall pay such additional amounts as may be necessary to ensure that the Lender receives a net amount equal to the amount that it would have received had the payment not been made subject to tax or such other deduction.

13 Limitation of liability

- 13.1 The Lender shall not be held responsible for any damage arising out of any Norwegian or foreign legal enactment, or any measure undertaken by a Norwegian or foreign public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance. The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Lender takes such measures, or is subject to such measures.
- 13.2 Unless the Lender's liabilities have been limited otherwise in this Agreement, any damage that may arise in other cases shall not be indemnified by the Lender if it has observed normal care. The Lender shall not in any case be held responsible for any indirect damage, consequential damage and/or loss of profit. Should there be an obstacle as described above for the Lender to take any action in compliance with this Agreement, such action may be postponed until the obstacle has been removed.

14 Amendments

- 14.1 The terms and conditions of this Agreement may only be amended in writing.
- 14.2 If there is a change of law or regulation applicable to this Loan that will result in the Borrower not being able to have full benefit of this Loan for capital adequacy, solvency, loss-absorbing or similar purposes, then the Borrower may, with the prior approval from the FSA, make necessary amendments to this Agreement in order for the Loan to qualify for such purposes. If the circumstances with respect to such regulatory change are such that either an amendment of the Agreement pursuant to this clause 14.2 or an early termination pursuant to clause 8.1 would be applicable, the Borrower may in its discretion determine which to apply, in each case subject to FSA approval.

15 Notices

- 15.1 Any notice, request, consent, or other communication to be made by a party hereto shall be made in writing to the following addresses, or to such other address as may be established by a party and announced to the other party:

If to the Lender:

Nordea Bank Norge ASA
Postboks 1166 Sentrum
0107 Oslo

If to the Borrower:

Nordea Eiendomskreditt AS
Postboks 1166 Sentrum
0107 Oslo

16 Law and Dispute Settlement

- 16.1 This Agreement has been prepared and shall be construed in accordance with Norwegian law.
- 16.2 Any dispute arising out of or in connection with this Agreement shall, so long as both parties hereto belong to the Nordea Group, be finally settled by the Chief Executive Officer (CEO) of Nordea Bank AB (publ) as sole arbitrator, or such person as he or she may appoint. In the event any of the parties hereto no longer belongs to the Nordea Group, such disputes shall be finally settled by arbitration. The arbitration proceedings shall take place in the domicile of the Borrower.

This Agreement was signed by the Parties on the date stated above.

NORDEA BANK NORGE ASA

By: 
Name: SNORRE STORSET
Title: CEO

NORDEA EIENDOMSKREDITT AS

By: 
Name: Marianne Glatved
Title: Managing Director