

PROSPECTUS dated 24 February 2015



**DNB Bank ASA**

(incorporated in Norway)

**NOK2,150,000,000**

## **Floating Rate Perpetual Additional Tier 1 Capital Notes**

Issue Price: 100.00 per cent.

The NOK2,150,000,000 Floating Rate Perpetual Additional Tier 1 Capital Notes (the “Notes”) will constitute undated, unsecured and subordinated obligations of DNB Bank ASA (the “Bank” or the “Issuer”), a public limited liability company organised under the laws of the Kingdom of Norway (“Norway”), and will constitute *Fondsobligasjoner* and will be issued on the Terms and Conditions of the Notes set out herein (the “Conditions”, and references to a number Condition shall be construed accordingly).

The Notes will be denominated in Norwegian kroner and will bear interest on their outstanding principal amount from time to time at a floating rate of interest equal to 3-month NIBOR plus a margin of 3.25 per cent. per annum. Interest will be payable quarterly in arrear on 26 February, 26 May, 26 August and 26 November in each year, commencing on 26 May 2015 (each an “Interest Payment Date”), provided that any payment of interest may be cancelled, in whole or in part, in the sole and full discretion of the Issuer, and shall be cancelled (in whole or in part) in certain circumstances described in Condition 6 (*Interest Cancellation*) and following the occurrence of a Trigger Event (as further described in Condition 7 (*Loss Absorption Following a Trigger Event*)). The Financial Supervisory Authority of Norway (*Finanstilsynet*) (the “Norwegian FSA”) may also direct the Bank to exercise its discretion to cancel interest scheduled to be paid on any Interest Payment Date. Interest which has been cancelled in accordance with the Conditions will not accumulate, and holders of the Notes will not at any time be entitled to any such cancelled interest.

**If at any time the CET1 Ratio of the Bank or the Bank Group falls below 5.125 per cent., the Outstanding Principal Amount of the Notes will be Written Down by the Write-Down Amount, as further provided in Condition 7 (*Loss Absorption Following a Trigger Event*). The Outstanding Principal Amount may, in the sole discretion of the Bank and subject to certain conditions, be subsequently reinstated (in whole or in part) out of the profits generated by the Bank or the Bank Group, as further described in Condition 8 (*Discretionary Reinstatement of the Notes*).**

**The principal amount of the Notes may also, in certain circumstances, be written down by the shareholders of the Bank or by the Norwegian authorities pursuant to powers granted to them under Chapter 3 of the Norwegian Bank Security Act of 6 December 1996 No 75, as further described herein.**

The Notes will be perpetual with no fixed maturity date. The Bank may, in its sole discretion but subject to the approval of the Norwegian FSA and to compliance with Applicable Banking Regulations, elect to redeem the Notes (in whole but not in part) (i) on 26 February 2020 (the “First Call Date”) or any Interest Payment Date thereafter, provided that any principal amount by which the Notes have been Written Down pursuant to Condition 7 have first been reinstated in full pursuant to Condition 8, or (ii) on any Interest Payment Date following the occurrence of a Tax Event, a Withholding Tax Event or a Capital Event (each as defined in the Conditions). In any such case, the Notes will be redeemed at their Redemption Amount.

If at any time a Tax Event, a Withholding Tax Event or a Capital Event occurs, the Bank may, instead of redeeming the Notes as aforesaid, subject to the approval of the Norwegian FSA and to compliance with Applicable Banking Regulations, elect in its sole discretion either to substitute all (but not some only) of the Notes for, or to vary the terms of the Notes provided that they remain or become, Qualifying Additional Tier 1 Notes (having terms not materially less favourable to a holder than the terms of the Notes, as reasonably determined by the Bank).

**Investing in the Notes involves significant risks. Please review carefully the section entitled “Risk Factors” in this Prospectus.**

This prospectus has been approved by the Central Bank of Ireland (the “Central Bank”), as competent authority under Directive 2003/71/EC, as amended (the “Prospectus Directive”). The Central Bank only approves this prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC and/or which are to be offered to the public in any Member State of the European Economic Area. Applications have also been made (i) to the Irish Stock Exchange for the Notes to be admitted to the official list of the Irish Stock Exchange (the “Official List”) and to trading on its regulated market (the “Main Securities Market”) and (ii) to the Oslo Stock Exchange, *Oslo Børs*, for the Notes to be listed on the regulated market of the Oslo Stock Exchange. The Main Securities Market and the Oslo Stock Exchange are regulated markets for the purposes of Directive 2004/39/EC.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”). For a description of these and certain further restrictions on offers, sales and transfers of the Notes and distribution of this Prospectus, see “Subscription and Sale”.

**The Notes are not intended to be sold and should not be sold to retail clients in the EEA, as defined in the rules set out in the Temporary Marketing Restriction (Contingent Convertible Securities) Instrument 2014 (as amended or replaced from time to time, the “TMR”) other than in circumstances that do not and will not give rise to a contravention of those rules by any person. Prospective investors are referred to the section headed “Restrictions on marketing and sales to retail investors” on page 3 of this Prospectus for further information.**

The Notes will be issued in uncertificated, de-materialised book-entry form in denominations of NOK1,000,000 each and will be cleared through the Norwegian central Securities Depository, the *Verdipapirsentralen* (the “VPS”).

The Notes are expected to be rated “BBB-” by Standard & Poor’s Credit Market Services Europe Limited (“S&P”). In addition, the Issuer has been assigned credit ratings of “A+” by S&P, “A1” by Moody’s Investors Service Ltd (“Moody’s”) and “AA” by DBRS Ratings Limited (“DBRS”). Each of S&P, Moody’s and DBRS is a credit rating agency established in the European Union and registered under the Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). 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.

**Manager**  
**DNB Bank ASA**

## IMPORTANT INFORMATION

This Prospectus comprises a prospectus for the purposes of Article 5.3 of the Prospectus Directive. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

Certain information under “*Description of the Issuer and the DNB Group*” has been extracted from publicly available sources and references to any such third-party sources of information are included herein. 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 such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No person other than the Issuer (in such capacity) has separately 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 Manager (in such capacity) as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the Notes or their distribution. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer (in such capacity).

No person has been authorised by the Issuer or the Manager to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer or the Manager.

Neither this Prospectus nor any other information supplied in connection with the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or as constituting an invitation or offer by the Issuer or the Manager that any recipient of this Prospectus or any other information supplied in connection with the 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 Prospectus nor any other information supplied in connection with the Notes constitutes an offer by or on behalf of the Issuer or the Manager to any person to subscribe for or to purchase any Notes.

The delivery of this Prospectus does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. Neither the Issuer nor the Manager undertakes to review the financial condition or affairs of the Issuer during the life of the Notes for the benefit of any investor in the Notes. Prospective investors should review, *inter alia*, the documents deemed to be incorporated herein by reference when deciding whether or not to purchase any Notes.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy 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 Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Manager do not represent that this 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 Manager which is intended to permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this 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 Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom, Norway and Japan. For a further description of certain restrictions on offers and sales of the Notes and on the distribution of this Prospectus, see “*Subscription and Sale*”.

## **RESTRICTIONS ON MARKETING AND SALES TO RETAIL INVESTORS**

The Notes are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes to retail investors.

In particular, in August 2014, the UK Financial Conduct Authority published the TMR, which took effect on 1 October 2014. Under the rules set out in the TMR (as amended or replaced from time to time, the “**TMR Rules**”), certain contingent write-down or convertible securities, such as securities having features substantially similar to the Notes, must not be sold to retail clients in the European Economic Area (the “**EEA**”) and nothing may be done that would or might result in the buying of such securities or the holding of a beneficial interest in such securities by a retail client in the EEA (in each case within the meaning of the TMR Rules), other than in accordance with the limited exemptions set out in the TMR Rules.

The Manager is required to comply with the TMR Rules. By purchasing, or making or accepting an offer to purchase, any Notes from the Issuer and/or the Manager, each prospective investor represents, warrants, agrees with, and undertakes to, the Issuer and the Manager that:

1. it is not a retail client in the EEA (as defined in the TMR Rules);
2. whether or not it is subject to the TMR Rules, it will not sell or offer the Notes to retail clients in the EEA or do anything (including the distribution of the Prospectus) that would or might result in the buying of the Notes or the holding of a beneficial interest in the Notes by a retail client in the EEA (in each case within the meaning of the TMR Rules), other than (i) in relation to any sale or offer to sell Notes to a retail client in or resident in the United Kingdom (the “**UK**”), in circumstances that do not and will not give rise to a contravention of the TMR Rules by any person and/or (ii) in relation to any sale or offer to sell Notes to a retail client in any EEA member state other than the UK, where (a) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Notes and is able to bear the potential losses involved in an investment in the Notes and (b) it has at all times acted in relation to such sale or offer in compliance with the Markets in Financial Instruments Directive (2004/39/EC) (“**MiFID**”) to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and
3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Notes, including any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes by investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes from the Issuer and/or the Manager, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

The TMR Rules must be complied with when selling the Notes to Norwegian investors in Norway. In addition, the Notes may only be sold to Norwegian non-professional investors (as defined in the Norwegian Securities Trading Act and the Norwegian Securities Trading Regulation) if the relevant investor previously has invested at least NOK 5 million in bonds and has obtained sufficient knowledge through relevant education or work experience in accordance with MiFID.

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) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets;
- (iv) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where Norwegian kroner (the currency for principal and interest payments) is different from the potential investor's currency; 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 may be considered by eligible investors who are in a position to give the above representations, warranties and undertakings and to be able to satisfy themselves that the Notes would constitute an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

## Websites

In this Prospectus, references to websites or uniform resource locators (“URLs”) are inactive textual references and are included for information purposes only. The contents of any such website or URL shall not form part of, or be deemed to be incorporated into, this Prospectus.

## Definitions and rounding

In this Prospectus, references to:

- the “**DNB Group**” are to DNB ASA and its subsidiaries (including the Issuer) as a whole;
- the “**Bank Group**” are to the Issuer and its consolidated subsidiaries as a whole;
- “**NOK**”, “**Norwegian kroner**” or “**kroner**” are to the currency of Norway;
- the “**Norwegian FSA**” are to The Financial Supervisory Authority of Norway (*Finanstilsynet*) or such successor authority exercising primary supervisory authority with respect to prudential matters in relation to the Issuer, the Bank Group and/or the DNB Group, as appropriate; and
- the “**Conditions**” are to the Terms and Conditions of the Notes (and reference to a numbered Condition shall be construed accordingly).

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

## **FORWARD-LOOKING STATEMENTS**

This Prospectus contains forward-looking statements, which reflect the current expectation of the DNB Group's management with respect to future events, financial and operating performance and future market conditions. Words such as "believe", "anticipate", "expect", "aim", "project", "expect", "intend", "predict", "target", "may", "might", "assume", "could", "will" and "should" or other variations or comparable terminology are intended to identify forward-looking statements. Forward-looking statements appear in a number of places in this Prospectus including, without limitation, the documents referred to in "*Documents Incorporated by Reference*", "*Risk Factors*" and "*Description of the Issuer and the DNB Group*". These forward-looking statements address matters such as:

- the DNB Group's and the Bank's business strategy and financial targets;
- performance of the financial markets;
- future prospects of the DNB Group and the Bank such as growth prospects, cost development under the cost programme and future write-downs on loans; and
- future exposure to credit, market, liquidity and other risks.

By their nature, forward-looking statements involve risk and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. While the Bank has prepared these forward-looking statements in good faith and on the basis of assumptions it believes to be reasonable, any such forward-looking statements are not guarantees or warranties of future performance. The Bank's and/or the DNB Group's actual financial condition, results of operation and cash flows, and the development of the markets in which it operates, may differ materially from those expressed or implied in the forward-looking statements contained in this Prospectus.

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## **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. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are described below.*

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

*Capitalised terms used and not otherwise defined in this section have the meanings given to such terms in “Terms and Conditions of the Notes” or on page 4 of this Prospectus.*

### **FACTORS THAT MAY AFFECT THE ISSUER’S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES**

#### ***Economic activity in Norway***

The Issuer’s business activities are dependent on the level of banking, finance and financial services required by its customers. In particular, levels of borrowing are heavily dependent on customer confidence, employment trends, the state of the economy and market interest rates at the time. 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.

#### ***Risks relating to disruptions in the global credit markets and economy***

Financial markets are subject to periods of historic volatility which may impact the Issuer’s ability to raise debt in a similar manner, and at a similar cost, to the funding raised in the past. Challenging market conditions have resulted in greater volatility but also in reduced liquidity, widening of credit spreads and lack of price transparency in credit markets. Changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, may affect the financial performance of the Issuer. In addition, the financial performance of the Issuer could be adversely affected by a worsening of general economic conditions in the markets in which it operates.

#### ***Business risk factors***

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

#### ***Credit risk***

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Issuer’s businesses. Adverse changes in the credit quality of the Issuer’s borrowers and counterparties or a general deterioration in Norwegian or global economic conditions, or arising

from systematic risks in the financial systems, could affect the recoverability and value of the Issuer's assets and require an increase in the Issuer's provision for bad and doubtful debts and other provisions.

#### *Market risk*

The most significant market risks the Issuer faces are interest rate, foreign exchange and bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. Changes in currency rates, particularly in the Norwegian krone-U.S. dollar and Norwegian krone-euro exchange rates, affect the value of assets and liabilities denominated in foreign currencies, and may affect income from foreign exchange dealing. The performance of financial markets may cause changes in the value of the Issuer's investment and trading portfolios. The Issuer has implemented risk management methods to mitigate and control these and other market risks to which the Issuer is exposed, and exposures are constantly measured and monitored. However, it is difficult to predict changes in economic or market conditions and to anticipate the effects that such changes could have on the Issuer's financial performance and business operations.

#### *Operational risk*

The Issuer's businesses are dependent on its ability to process a very large number of transactions efficiently and accurately. Operational risk and losses can result from fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, equipment failures, natural disasters or the failure of external systems, for example, those of the Issuer's suppliers or counterparties. Although the Issuer has implemented risk controls and loss mitigation actions, and substantial resources are devoted to developing efficient procedures and to staff training, it is not possible to implement procedures which are fully effective in controlling each of the operational risks.

#### *Liquidity risk*

The inability of the Issuer to anticipate and provide for unforeseen decreases or changes in funding sources could have adverse consequences on the Issuer's ability to meet its obligations when they fall due.

#### *Credit ratings*

The Issuer's credit ratings are important to its business. There can be no assurance that the rating agencies will not downgrade the ratings of the Issuer or the ratings of the Issuer's debt instruments (including Notes issued under this Prospectus) either as a result of the financial position of the DNB Group or changes to applicable rating methodologies used by S&P, Moody's, DBRS and any other relevant rating agency. A rating agency's evaluation of the Issuer may also be based on a number of factors not entirely within the control of the Issuer, such as conditions affecting the financial services industry generally. Any reduction in the Issuer's credit ratings or the ratings of its debt instruments could adversely affect its liquidity and competitive position, undermine confidence in the Issuer and the DNB Group, increase its borrowing costs, limit its access to the capital markets, or limit the range of counterparties willing to enter into transactions with the Issuer and the DNB Group. Such development could have a material adverse effect on the Issuer and the DNB Group's business, financial situation, results of operations, liquidity and/or prospects.

#### *Impact of regulatory changes*

Each of the Issuer and the DNB Group are subject to financial services laws, regulations, administrative actions and policies in Norway and in each other jurisdiction in which the Issuer and the DNB Group, respectively carries on business. Changes in supervision and regulation, in particular in Norway, could materially affect the Issuer's and the DNB Group's business, the products and services offered or the value of its assets. Although the Issuer and the DNB Group works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Issuer and the DNB Group.

#### *EU bank recovery and resolution directive*

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 European Union Member States from 1 January 2015, except for the general bail-in tool (see below) which is 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 and even if Norway is seeking to adopt EU directives and regulations prior to their implementation in the EEA Agreement, no draft regulations have been suggested in Norway at present. It should also be noted that some of the provisions of the BRRD relating to the supranational powers of the European Banking Authority appear to conflict with the Norwegian constitution, and that implementation will therefore require a three-quarters majority of the Norwegian Parliament. Even though the Ministers of Finance in the EEA member states reached agreement with the European Union Member States on 14 October 2014 on the principles of how the supranational powers of the European Banking Authority shall be implemented in the EEA, this agreement is subject to the approval of the Norwegian Parliament. At present it is not clear when, or in what form, this matter will be presented to the Norwegian Parliament for approval. With respect to Norwegian rules in force regarding loss absorption, please see *"The Notes may also be written down by the Bank's shareholders or the Norwegian authorities under the Norwegian Bank Security Act"* below.

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, which would include the Notes, to equity (the **"general bail-in tool"**), with such equity also being subject to any future application of the general bail-in tool.

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 the 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 the 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 the 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 relevant credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors.

It is currently unclear whether the BRRD will be implemented in Norway, and any such implementation may require appropriate consideration of applicable constitutional issues. Presently, the Notes will be subject to the Bank Security Act described below.

If the BRRD were to be implemented in Norway, Additional Tier 1 instruments such as the Notes may be expected to be within the scope of both the general bail-in tool and the power to permanently write-down or convert into equity capital instruments at the point of non-viability and before any other resolution action is taken, in each case as described above.

If the BRRD is implemented in Norway in line with the EU legislation, holders of Notes may be subject to write-down or conversion into equity on any application of the general bail-in tool or the non-viability loss absorption powers, which may result in such holders losing some or all of their investment in the Notes, or their rights in respect of the Notes and/or the value of their investment may otherwise be materially adversely affected.

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 Bank and/or the Notes. Any action taken under such legislation in respect of the Issuer or the DNB Group could also affect the ability of the Issuer to satisfy its obligations under the Notes.

As it remains uncertain whether (and, if so, when) the BRRD will be implemented in Norway, and in any event the Norwegian authorities could elect to adopt more onerous provisions than required under the EU legislation, it is difficult to anticipate the potential implications for the Bank or the Notes.

***The Notes may also be written down by the Bank's shareholders or the Norwegian authorities under the Norwegian Bank Security Act***

The Notes may also be written down by the shareholders of the Bank or by the Norwegian authorities pursuant to powers granted to them under Chapter 3 of the Norwegian Bank Security Act of 6 December 1996 No 75 (*Lov om sikringsordninger for banker, forsikringsselskaperenes garantiordninger og offentlig administrasjon m.v. av finansinstitusjoner*) (the “**Bank Security Act**”).

Pursuant to section 3-6 of the Bank Security Act, if:

- (a) the Bank's most recent audited accounts reveal that its net assets are less than 25 per cent. of its share capital (for the avoidance of doubt, this ratio is measured against issued share capital and not the total equity of the Bank); or
- (b) a substantial part of the Subordinated Loan Capital (as defined below) of the Bank is lost,

the general meeting of shareholders of the Bank, failing which the relevant Norwegian authorities, can:

- (i) firstly, cancel share capital to compensate for the shortfall; and
- (ii) secondly, if any remaining shortfall exceeds a substantial part (as determined by the general meeting of shareholders of the Bank or by the relevant Norwegian authorities) of the Bank's subordinated loan capital, cancel, in whole or in part, such subordinated loan capital (“**Subordinated Loan Capital**”) (which would include principal in respect of the Notes).

Any instruments written down and/or cancelled pursuant to the Bank Security Act will not be reinstated in whole or in part at any time. Accordingly, if the principal amount of the Notes were to be written down pursuant to the Bank Security Act, then there will be no Discretionary Reinstatement of the Notes under the Conditions in respect of that part of the principal which has been so written down pursuant to the Bank Security Act.

The write down of the Notes under the Bank Security Act will affect the claims of the Holders in various respects. Firstly, in the event of a winding-up of the Issuer, the claims of the Holders will be in respect of the Outstanding Principal Amount of the Notes at the time of the winding-up of the Issuer, and not for the Original Principal Amount. Similarly, upon any redemption of the Notes by the Issuer, whether at its option pursuant to Condition 9.2 or following the occurrence of a Capital Event, a Tax Event or a Withholding Tax Event, the redemption amount of each Note will be its Outstanding Principal Amount (together with accrued and unpaid interest) and not its Original Principal Amount. Whilst the Issuer is not entitled to exercise its optional redemption right pursuant to Condition 9.2 until any principal amount by which the Notes have been Written Down pursuant to Condition 7 has first been reinstated in full pursuant to Condition 8, the Issuer is not able to reinstate any principal amount of the Notes which has been written down pursuant to the Bank Security Act and, accordingly, the Issuer would be entitled to redeem the Notes pursuant to Condition 9.2 (subject to compliance with the conditions to such redemption) notwithstanding that the Outstanding Principal Amount of the Notes is less than their Original Principal Amount by virtue of such write-down under the Bank Security Act.

In addition, interest will accrue only on the Outstanding Principal Amount of the Notes from time to time, and accordingly for so long as the Outstanding Principal Amount of the Notes is less than their Original Principal Amount, the maximum amount of interest which may be paid by the Issuer (subject always to cancellation as provided in the Conditions) on any Interest Payment Date shall be less than if the Notes had not been written down.

The circumstances in which the Notes may be written down pursuant to the Bank Security Act are not identical to the circumstances in which a Write Down will occur following a Trigger Event. In the absence of extraordinary circumstances, it is expected that a Trigger Event would occur before the circumstances in which the Notes may be written down pursuant to the Bank Security Act, in which case the Notes will be Written Down pursuant to the Conditions of the Notes. However, it is possible that both a Trigger Event and the events enabling a write-down under the Bank Security Act could occur at or around the same time, and in such circumstances the interaction between the Write Down provisions of the Conditions and the write-down of the Notes under the Bank Security Act is not entirely clear. It is however, under such circumstances, likely that the Norwegian FSA may determine that the Notes will be written down under the Bank Security Act. In addition, in such circumstances, if the Norwegian FSA informs the Bank that any Subordinated Loan Capital which are not Parity Loss Absorbing Instruments or Prior Loss Absorbing Instruments should nevertheless be treated effectively as if they were Parity Loss Absorbing Instruments or Prior Loss Absorbing Instruments for the purposes of determining the amount by which the Notes are required to be Written Down, then such Subordinated Loan Capital shall be so treated for the purposes of calculation of the Write Down Amount.

Holders will not be entitled to any compensation or other payment as a result of any write down of the Notes pursuant to the Bank Security Act. Accordingly, if the Notes are written down under the Bank Security Act, Holders could lose all or part of the value of their investment in the Notes. In addition, any actual or anticipated use of the powers under the Bank Security Act to write down the Notes will be likely to have a severe adverse effect on the market price of the Notes.

#### ***CRD IV – capital requirements***

The directive of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013 and published in the Official Journal of the European Union on 27 June 2013, together with the associated regulation 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, in each case as amended or replaced from time to time (“**CRD IV**”) provides for the new, stricter capital requirements, and on 14 June 2013 the Norwegian Government sanctioned an act which implemented the capital adequacy rules of CRD IV.

Implementation of the rules was effected by making amendments to the Norwegian Financial Institutions Act (“FIA”) which came into force on 1 July 2013 and imply a gradual increase in capital adequacy requirements over the coming years.

The new and amended provisions of the FIA require that the capital adequacy requirement of 8 per cent. shall consist of at least 4.5 per cent. common equity tier 1 capital and at least 6 per cent. tier 1 capital.

In addition to the requirement for 4.5 per cent. common equity tier 1 capital, FIA imposes various capital buffer requirements which must be met by Norwegian financial institutions, all consisting of common equity tier 1. The capital buffer requirements consist of (i) a conservation buffer of 2.5 per cent. and (ii) a systemic risk buffer of 3 per cent. From 1 July 2014, the Issuer was required to hold a total of 10 per cent. common equity in addition to the 3.5 per cent. of other capital instruments.

From 30 June 2015, banks will also have to comply with a counter-cyclical buffer and a capital buffer to mitigate systemic risk. The counter-cyclical buffer is currently set at 1 per cent., but the level will be determined by the Ministry of Finance each quarter. A decision to increase the level will normally enter into force no earlier than 12 months after the decision was made. On 19 December 2014 the Ministry of Finance announced that the requirement shall remain at 1 per cent., whilst simultaneously expressing the view that the requirement ought to be increased to 1.5 per cent. from 31 December 2015 (although no decision to this effect has been taken).

In addition, systemically important banks must hold a buffer for systemically important institutions of 1 per cent. of common equity tier 1 from 1 July 2015. The Norwegian Ministry adopted regulation on the identification of systemically important institutions on 12 May 2014 and notified, amongst others, the Issuer that it has been decided that the Issuer is regarded by the Ministry of Finance to be one of the systemically important institutions to which the additional buffer will apply. This means that the Issuer must hold at least a total of 12 per cent. common equity tier 1 capital from 1 July 2015. It has been decided that the additional buffer for systemically important institutions, including the Issuer, will increase to 2 per cent. from 1 July 2016.

Effective from 30 September 2014, the Norwegian Government amended the requirements for each of the different types of capital, namely common equity tier 1 (*egenkapital*), additional tier 1 (*hybridkapital*) and Tier 2 capital (*tilleggskapital*), in line with the definitions set out in CRD IV.

***Capital, including the Notes, raised or issued by the Bank will not fully count towards the capital requirements of the DNB Group***

Capital, including the Notes, raised or issued at the Bank level will be recognised at the DNB Group level in accordance with the principle set out in *Forskrift om endring av forskrift om anvendelse av soliditetsregler på konsolidert basis mv.*, §4a. As a result of compliance with this principle, the full principal amount of capital raised at the Bank level may not be recognised at the DNB Group level. For further information regarding the current regulatory capital ratios of the Bank and the DNB Group, see “*Description of the Issuer and the DNB Group – Regulatory Capital Ratios*”.

**RISKS RELATED TO THE STRUCTURE OF THE NOTES**

***The obligations of the Issuer in respect of the Notes are unsecured and deeply subordinated***

The Notes constitute unsecured and subordinated obligations of the Issuer.

On a liquidation, dissolution or other winding-up of the Issuer by way of public administration (referred to herein as a “**winding-up of the Issuer**”), all claims in respect of the Notes will rank junior to the claims of all Senior Creditors of the Issuer and *pari passu* with claims in respect of any Parity Securities. If, on a winding-up of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, the Holders will lose their entire investment in the Notes. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in

respect of its obligations in respect of the Notes and all other claims that rank *pari passu* with the Notes, Holders will lose some (which may be substantially all) of their investment in the Notes.

There is no restriction on the amount of securities or other liabilities that the Issuer may issue, incur or guarantee and which rank senior to, or *pari passu* with, the Notes. The issue or guaranteeing of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders during a winding-up of the Issuer and may limit the Issuer's ability to meet its obligations under the Notes.

In addition, as further described below under "*Upon the occurrence of a Trigger Event, the principal amount of the Notes will be Written Down*", the principal amount of the Notes will, in certain circumstances, be Written Down, which may be in part or in whole and may occur on one or more occasions. In a winding-up of the Issuer, the claims of Holders in respect of their Notes will be for the Outstanding Principal Amount at the time of the winding-up of the Issuer, which may be less than the Original Principal Amount of the Notes. The Notes do not contain any restriction on the Issuer's ability to issue securities that may have rights similar but preferential to those of the Notes including securities having more favourable, or no, provisions similar to the Trigger Event applicable to the Notes.

Although the Notes have the potential (subject always to the Issuer's right to cancel interest payments) to pay a higher rate of interest than securities which are not subordinated, there is a substantial risk that investors in the Notes will lose all or some of the value of their investment should a winding-up of the Issuer occur.

***The Issuer may at any time elect, and in certain circumstances shall be required, not to make interest payments on the Notes***

The Issuer may at any time elect, in its full and sole discretion, to cancel any interest payment (in whole or in part) on the Notes which would otherwise be due on any Interest Payment Date. Additionally, the Norwegian FSA has the power to direct the Issuer to exercise its discretion to cancel any interest payment (in whole or in part) on the Notes.

Furthermore, the Issuer will cancel any interest payment (in whole or in part) which would otherwise fall due on an Interest Payment Date if and to the extent that payment of such payment of interest would: (i) when aggregated with other relevant stipulated payments or distributions, exceed the Distributable Items of the Issuer; or (ii) when aggregated with other relevant distributions, cause any Maximum Distributable Amount then applicable to the Bank or the Bank Group to be exceeded.

In addition, if a Trigger Event occurs, the Issuer will cancel all interest accrued up to (and including) the Write Down Date.

With respect to cancellation of interest due to insufficient Distributable Items, see also "*The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Notes*" below. With respect to cancellation of interest due to the application of a Maximum Distributable Amount, see also "*Payments on the Notes will be subject to the Maximum Distributable Amount introduced under the CRR/CRD IV regulations of 22 August 2014*" below.

Any interest which is cancelled as a result of optional or mandatory cancellation as described above shall not accumulate and shall no longer be due and payable by the Issuer. A cancellation of interest in accordance with the Conditions will not constitute a default of the Issuer under the Notes for any purpose, and Holders will have no right to such cancelled interest, or any amount in respect thereof, at any time (including in a winding-up of the Issuer).

If the Issuer elects to cancel, or is prohibited from paying, interest on the Notes at any time, there is no restriction under the terms of the Notes on the Issuer from otherwise paying dividends, interest or other distributions on, or redeeming or repurchasing, any of its other liabilities (including liabilities which rank *pari passu* with, or junior to, the Notes) or any of its share capital. In proposing the interim or final distributions (if any) to be declared in respect of the ordinary shares of the Issuer in respect of any given financial year, the Issuer will have regard to all relevant factors which it considers to be appropriate, including the profitability of the Issuer, its resources

available for distribution and the capital and liquidity position of the Issuer at the time of proposing the distribution for approval by the shareholders of the Issuer. The obligations of the Issuer under the Notes are senior in ranking to the ordinary shares of the Issuer. It is the Issuer's current intention that, whenever exercising its discretion to propose any dividend in respect of the ordinary shares, or its discretion to cancel interest on the Notes, the Issuer will take into account the relative ranking of these instruments in its capital structure. However, the Issuer may at any time depart from this policy at its sole discretion.

Any actual or anticipated cancellation of interest on the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's financial condition. Any indication that the CET1 Ratio of the Bank or the Bank Group is trending towards a failure to meet fully the combined capital buffer requirement (the level at which the Maximum Distributable Amount restriction becomes relevant) may have an adverse effect on the market price of the Notes.

In addition, whilst any maximum distributable amount applicable to the DNB Group as a result of its failure to comply fully with the DNB Group's combined buffer requirement at any time will not, of itself, result in mandatory restrictions on payments under the Notes, the Issuer expects the Norwegian FSA to have regard to the overall capital strength of the DNB Group in assessing whether to exercise its powers of intervention in respect of the DNB Group or the Bank (which could include, for example, instructing the Bank to exercise its discretion to cancel interest payments in respect of the Notes). Accordingly, any indication that the common equity tier 1 ratio of the DNB Group is trending towards a failure to meet fully the combined capital buffer requirement may also have an adverse effect on the market price of the Notes.

***The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Notes***

The Issuer will cancel any payment of interest amount (in whole or in part) which would otherwise fall due on an Interest Payment Date if and to the extent that payment of such interest would, when aggregated with other relevant stipulated payments or distributions, exceed the Distributable Items of the Issuer.

The level of the Issuer's Distributable Items is affected by a number of factors. The Issuer's future Distributable Items, and therefore the ability of the Issuer to make interest payments under the Notes, are a function of the Issuer's existing Distributable Items and its future profitability. In addition, the Issuer's Distributable Items may also be adversely affected by the servicing of more senior instruments or parity ranking instruments.

The level of the Issuer's Distributable Items may be affected by changes to regulation or the requirements and expectations of applicable regulatory authorities. Any such potential changes could adversely affect the Issuer's Distributable Items in the future.

The Issuer's Distributable Items, and therefore the Issuer's ability to make interest payments under the Notes, may be adversely affected by the performance of the business of the Bank Group in general, factors affecting its financial position (including capital and leverage), the economic environment in which the Bank Group operates and other factors outside of the Issuer's control. In addition, adjustments to earnings, as determined by the Board, may fluctuate significantly and may materially adversely affect Distributable Items.

***Payments on the Notes will be subject to the Maximum Distributable Amount introduced under the CRR/CRD IV regulations of 22 August 2014***

In circumstances where section 6 of the CRR/CRD IV regulations of 22 August 2014 (*forskrift om kapitalkrav og nasjonal tilpasning av CRR/CRD IV*) (the "**August 2014 Regulations**") applies, no payments (or deemed payments) will be made on the Notes (whether by way of principal, interest, Discretionary Reinstatement or otherwise) if and to the extent that such payment would, when aggregated together with other distributions of the kind referred to in section 6(2) of the August 2014 Regulations, cause the Maximum Distributable Amount (if

any), determined in accordance with section 6(3) of the August 2014 Regulations then applicable to any of the Issuer or the Bank Group to be exceeded.

Under Applicable Banking Regulations, the Bank, the Bank Group and the DNB Group are required to hold a minimum amount of regulatory capital equal to 8 per cent. of their respective risk-weighted assets, of which at least 6 per cent. must consist of tier 1 capital and at least 4.5 per cent. must consist of common equity tier 1 capital. In addition to these so-called “own funds” requirements, supervisors may add extra capital to cover other risks (thereby increasing the regulatory minimum required under Applicable Banking Regulations) and the Bank, the Bank Group and/or the DNB Group may also decide to hold an additional amount of capital. Applicable Banking Regulations also introduced capital buffer requirements that are in addition to the minimum capital requirement and required to be met with common equity tier 1 capital, including a capital conservation buffer, a counter-cyclical buffer, a systemic risk buffer and a buffer for systematically important institutions, such as the Bank. Some or all of these buffers may be applicable to the Bank, the Bank Group and/or the DNB Group as determined by the Norwegian FSA.

Under the August 2014 Regulations, institutions which fail to fully meet their combined buffer requirement will be subject to restricted “discretionary payments”, including payments relating to common equity tier 1 and additional tier 1 instruments and variable remuneration to staff. The restrictions will be scaled according to the extent of the breach of the combined buffer requirement and calculated as a percentage of the profits of the relevant institution since the last distribution of profits or other relevant “discretionary payment”. Such calculation will result in a “maximum distributable amount” in each relevant period. As an example, the scaling is such that in the bottom quartile of the “combined buffer requirement”, no “discretionary distributions” will be permitted to be paid. As a consequence, in the event of breach of the combined buffer requirement by the Bank and/or the Bank Group, it may be necessary to reduce discretionary payments, including potentially cancelling (in whole or in part) interest payments in respect of the Notes.

In addition, whilst any maximum distributable amount applicable to the DNB Group as a result of its failure to comply fully with the DNB Group’s combined buffer requirement at any time will not, of itself, result in mandatory restrictions on payments under the Notes, the Issuer expects the Norwegian FSA to have regard to the overall capital strength of the DNB Group in assessing whether to exercise its powers of intervention in respect of the DNB Group or the Bank (which could include, for example, instructing the Bank to exercise its discretion to cancel interest payments in respect of the Notes).

Each of the Bank, the Bank Group and the DNB Group currently intend to maintain an internal management buffer comprising common equity tier 1 capital over the combined buffer requirement. There can be no assurance, however, that the Bank, the Bank Group and the DNB Group will continue to maintain such internal management buffers or that any such buffers would be sufficient to protect against a breach of the combined buffer requirement, potentially resulting in restrictions on payments on the Notes.

The requirements are calculated by reference to a number of factors any one of which, or combination of which, may not be easily observable or capable of calculation by investors. Further, the Norwegian FSA may raise the capital requirement of the Issuer to cover other risks without such information being disclosed to the public. Accordingly, investors in the Notes may not be able to assess or predict accurately the proximity of the risk of interest payments not being made.

***The Notes may be traded with accrued interest, but (i) under certain circumstances described above, such interest will be cancelled and not paid on the relevant Interest Payment Date and (ii) the Issuer retains full discretion to cancel interest otherwise scheduled to be paid on the relevant Interest Payment Date***

The Notes may trade, and/or the prices for the Notes may appear, in any trading systems and/or on any stock exchange on which the Notes are for the time being quoted, with accrued interest. If this occurs, purchasers of Notes in the secondary market will pay a price that reflects such accrued interest upon purchase of the Notes. However, if a payment of interest on any Interest Payment Date is cancelled (in whole or in part) as described herein and thus is not due and payable, purchasers of such Notes will not be entitled to that interest payment (or, if

the Issuer elects to make a payment of a portion, but not all, of such interest payment, the portion of such interest payment not paid) on the relevant Interest Payment Date.

***Upon the occurrence of a Trigger Event, the principal amount of the Notes will be Written Down***

The Notes are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Additional Tier 1 capital of the Bank, the Bank Group and the DNB Group. Such eligibility depends upon a number of conditions being satisfied, which are reflected in the Conditions of the Notes. One of these relates to the ability of the Notes and the proceeds of their issue to be available to absorb any losses of any of the Bank and the Bank Group.

Accordingly, if at any time the CET1 Ratio (calculated as provided in the Conditions) of the Bank and/or the Bank Group falls below 5.125 per cent., the Issuer shall immediately notify the Norwegian FSA and, without delay and by no later than one month (or such other period as the Norwegian FSA may then require) from the occurrence of the relevant Trigger Event, shall:

- (a) cancel all interest accrued to (but excluding) the Write Down Date (whether or not such interest has become due for payment and including any interest scheduled for payment on the Write Down Date); and
- (b) (without the need for the consent of the Holders) reduce the then Outstanding Principal Amount of each Note by the relevant Write Down Amount (such reduction, a “**Write Down**” and “**Written Down**” being construed accordingly).

The relevant Write Down Amount of each Note will be the lower of (i) and (ii) below:

- (i) the amount per Note which is determined by the Bank to be necessary (in conjunction with (a) the concurrent Write Down of the other Notes and (b) the concurrent (or substantially concurrent) write-down or conversion into equity of, or other loss absorption measures taken in respect of, any other Prior Loss Absorbing Instruments and/or Parity Loss Absorbing Instruments) to restore each of the Bank's and/or the Bank Group's (as applicable) CET1 Ratio to at least 5.125 per cent. (and so that the lowest of such CET1 Ratios is equal to (or as near as is practicable equal to but not less than) 5.125 per cent.); and
- (ii) the amount necessary to reduce the Outstanding Principal Amount of each Note to nil.

If for any reason the Bank is unable to effect the concurrent (or substantially concurrent) write-down or conversion of any given Prior Loss Absorbing Instruments and/or Parity Loss Absorbing Instruments within the period required by the Norwegian FSA, the Notes will be Written Down notwithstanding that the relevant Prior Loss Absorbing Instruments and/or Parity Loss Absorbing Instruments are not also written down or converted (and, in such circumstances, the Write Down Amount may be higher than would otherwise have been the case).

The Write Down of the Notes will affect the claims of the Holders in various respects. Firstly, in the event of a winding-up of the Issuer, the claims of the Holders will be in respect of the Outstanding Principal Amount of the Notes at the time of the winding-up of the Issuer, and not for the Original Principal Amount. Similarly, upon a redemption of the Notes by the Issuer following the occurrence of a Capital Event, a Tax Event or a Withholding Tax Event, the redemption amount of each Note will be its Outstanding Principal Amount (together with accrued and unpaid interest) and not its Original Principal Amount. The Issuer is not permitted to redeem the Notes pursuant to Condition 9.2, until any principal amount by which the Notes have been Written Down pursuant to Condition 7 have first been reinstated in full pursuant to Condition 8; however, that restriction does not apply to a redemption following the occurrence of a Capital Event, a Tax Event or a Withholding Tax Event. Investors should note that the restriction under Condition 9.2 applies only to the extent that the Notes have been Written Down pursuant to Condition 7 and does not apply to any part of the principal amount of the Notes which has been written down pursuant to the Bank Security Act – see “*The Notes may also be written down by the Bank’s shareholders or the Norwegian authorities under the Norwegian Bank Security Act*” above.

Secondly, interest will accrue only on the Outstanding Principal Amount of the Notes from time to time, and accordingly for so long as the Outstanding Principal Amount of the Notes is less than their Original Principal



Amount, the maximum amount of interest which may be paid by the Issuer (subject always to cancellation as provided above) on any Interest Payment Date shall be less than if no Write Down had occurred.

In addition, as the occurrence of a Trigger Event is linked to the CET1 Ratios of the Bank and the Bank Group, any reduction in either such CET1 Ratio may have an adverse effect on the market price of the Notes, and such adverse effect may be particularly significant if there is any indication or expectation that any such CET1 Ratio is or may be trending towards 5.125 per cent.

A Write Down may occur on any one or more occasions, and the Outstanding Principal Amount of the Notes may be reduced in part or in whole. Holders will not be entitled to any compensation or other payment as a result of any Write Down of the Notes. Accordingly, if a Trigger Event occurs, Holders could lose all or part of the value of their investment in the Notes if the Issuer subsequently redeems the Notes or a winding-up of the Issuer occurs.

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, which may be outside the control of the Issuer. The determination by the Bank that a Trigger Event has occurred shall be based on information (whether or not published) available to management of the Bank including information internally reported within the Bank and/or the Bank Group (as applicable) pursuant to procedures for ensuring effective on-going monitoring of the capital ratios of the Bank and the Bank Group. Accordingly, whether or not either such CET1 Ratio is trending towards 5.125 per cent. may not be easily visible to Holders or other prospective investors. Accordingly, investors may be unable to accurately predict if and when a Trigger Event may occur. See *“The circumstances surrounding or triggering a Write Down are unpredictable, and there are a number of factors that could affect the CET1 Ratio of the Bank and/or the Bank Group”* below.

The Issuer and the DNB Group intends to publish information regarding the regulatory capital ratios of the Issuer, the Bank Group and the DNB Group as part of their financial statements each quarter. However, there can be no assurance that the Issuer will publicly report such information at such intervals or at any other time.

Whilst the Conditions provide for Discretionary Reinstatement of the principal amount of the Notes in certain circumstances, any such Discretionary Reinstatement will be in the sole and full discretion of the Issuer, there is no provision for the automatic Discretionary Reinstatement of the Notes in any circumstances and any Discretionary Reinstatement will be subject to certain restrictions. Discretionary Reinstatement may only occur if each of the Bank and the Bank Group generates a net profit in any given financial year, and only a specified percentage of the lowest of any such profits will be available for the Issuer to apply (in its sole discretion) to a Discretionary Reinstatement of the Notes. See Condition 8 (*Discretionary Reinstatement of the Notes*) for further details on the calculation of such amount. Further, a Discretionary Reinstatement will not be effected in circumstances where it would cause a Trigger Event, or would result in any Maximum Distributable Amount then applicable to the Bank and/or the Bank Group to be exceeded. Even if, following a Trigger Event, the Bank and the Bank Group each record net profits, there can be no assurance that any Discretionary Reinstatement of any part of the principal amount of the Notes will be effected.

In addition to Write Down of the Notes in accordance with the Conditions, the principal amount of the Notes may be written down pursuant to the Bank Security Act (as defined below) – see *“The Notes may also be written down by the Bank’s shareholders or the Norwegian authorities under the Norwegian Bank Security Act”* below.

***The circumstances surrounding or triggering a Write Down are unpredictable, and there are a number of factors that could affect the CET1 Ratio of the Bank and/or the Bank Group***

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, which may be outside the control of the Issuer. The CET1 Ratio of the Bank and the Bank Group can be expected to fluctuate on an on-going basis and could be affected by one or more factors, including, among other things, changes in the mix of the business of the Bank and/or the Bank Group, major events affecting their respective earnings, distributions payments, regulatory changes (including changes to definitions and calculations of the CET1 Ratio and its components, including Common Equity Tier 1 and Risk Weighted Assets) and their ability to manage Risk Weighted Assets.

Further, the calculation of the CET1 Ratio of the Bank and/or the Bank Group may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules, whether or not the fundamental data of the Bank and/or the Bank Group which feeds into such accounting or regulatory framework changes.

It will be difficult to predict when, if at all, a Trigger Event may occur. Accordingly, the trading behaviour of the Notes is not necessarily expected to follow the trading behaviour of other types of securities without this feature. Any indication that a Trigger Event may occur can be expected to have a material adverse effect on the market price of the Notes.

***Payments on the Notes may be restricted if the DNB Group fails to meet its combined buffer requirement, which will be affected by the performance of the DNB Group's non-banking businesses as well as the performance of the Bank Group***

Whilst any maximum distributable amount applicable to the DNB Group as a result of its failure to comply fully with the DNB Group's combined buffer requirement (see "*Payments on the Notes will be subject to the Maximum Distributable Amount introduced under the CRR/CRD IV regulations of 22 August 2014*" above) at any time will not, of itself, result in mandatory restrictions on payments under the Notes, the Issuer expects the Norwegian FSA to have regard to the overall capital strength of the DNB Group in assessing whether to exercise its powers of intervention in respect of the DNB Group or the Bank (which could include, for example, instructing the Bank to exercise its discretion to cancel interest payments in respect of the Notes).

In addition to the activities of the Bank Group, the DNB Group also offers a range of other financial services including asset management activities organised under DNB Asset Management Holding AS, life insurance and pension saving products offered by DNB Livsforsikring ASA, and non-life insurance products provided by DNB Skadesforsikring AS. Please see "*Description of the Issuer and the DNB Group - DNB Group - Legal structure*" below for further details. As a result, the financial performance of the DNB Group and, therefore, the potential for payment restrictions on the Notes, will be affected by or subject to a range of factors affecting those non-banking businesses.

In particular, the calculation of the DNB Group's common equity tier 1 ratio, which is directly linked to whether or not the DNB Group is meeting its combined buffer requirement, will be affected by the performance of the insurance business. The investments in the insurance businesses in accordance with the current Norwegian regulation are reflected in the capital adequacy of the DNB Group by way of a full consolidation method. Risk weighted assets ("**RWA**") for the insurance business are calculated and included in the DNB Group's RWA and the common equity tier 1 capital of the insurance entities are included in the DNB Group's own funds. Following the implementation of the Solvency II regulation from 1 January 2016, the Norwegian authorities have announced that the capital adequacy treatment of investments in insurance subsidiaries in financial conglomerates will be changed. However, it is not yet known how the Norwegian regulation will be designed within the national discretion allowed under CRR and the conglomerate directive. Negative performance and increased capital needs in the insurance business will have a negative impact on the DNB Group's common equity tier 1 ratio. Norwegian authorities have proposed that key elements of the transitional rules applicable to Solvency II shall be implemented in Norway, among other measures, and that there shall be a 16 year transition period before the full effect of Solvency II has to be recognised.

According to IFRS, the DNB Group shall assess at the end of each reporting period whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of future cash flows, the entire deficiency shall be recognised in profit or loss. Hence, the DNB Group's common equity tier 1 capital will be reduced accordingly, which will adversely affect the DNB Group's common equity tier 1 ratio.

The DNB Group also comprises DNB Asset Management and the performance of this business will also be recognised in the DNB Group's financial position. Hence, a negative performance in the Asset Management business will negatively impact the financial performance and the common equity tier 1 ratio of the DNB Group.

***The Notes do not contain events of default and the enforcement rights available to Holders under the Notes are limited***

The terms of the Notes do not provide for any events of default. Holders may not at any time demand repayment or redemption of their Notes, and enforcement rights for any payment are limited to the claim of Holders in a winding-up of the Issuer. In a winding-up of the Issuer, the holder of any Note may prove or claim in such proceedings in respect of such Note, such claim being for payment of the Outstanding Principal Amount of such Note at the time of commencement of such winding-up together with any interest accrued and unpaid on such Note (to the extent that the same is not cancelled in accordance with the terms of the Notes) from (and including) the Interest Payment Date immediately preceding commencement of such winding-up and any other amounts payable on such Note under the Conditions. Under Norwegian law, a Holders' claim will be converted to NOK at the exchange rate prevailing on the date on which the Issuer entered into public administration.

A Holder may not itself file for the liquidation or bankruptcy of the Issuer.

***The Notes are not protected under the Norwegian Banksikringsfond***

The *Banksikringsfond* is the statutory fund of last resort for customers of authorised financial services firms paying compensation to customers if the firm is unable, or likely to be unable, to pay certain claims (including in respect of deposits and insurance policies) made against it (together, “**Protected Liabilities**”).

The Notes are not, however, Protected Liabilities under such scheme and, moreover, are not guaranteed or insured by any government, government agency or compensation scheme of the Kingdom of Norway or any other jurisdiction.

***There is no scheduled redemption date for the Notes and Holders have no right to require redemption***

The Notes have no fixed maturity. The Issuer has no obligation at any time to redeem the Notes, and the Holders have no rights to require redemption or purchase of the Notes by the Bank at any time.

Provided that any amount of principal Written Down pursuant to Condition 7 (*Loss Absorption Following a Trigger Event*) has first been reinstated pursuant to Condition 8 (*Discretionary Reinstatement of the Notes*), the Issuer may redeem the Notes (in whole but not in part) in its sole discretion, subject to the approval of the Norwegian FSA and to compliance with Applicable Banking Regulations, on the First Call Date or any Interest Payment Date thereafter at their Redemption Amount. Investors should note that the foregoing proviso applies only to the extent that the Notes have been Written Down pursuant to Condition 7 and does not apply to any part of the principal amount of the Notes which has been written down pursuant to the Bank Security Act – see “*The Notes may also be written down by the Bank’s shareholders or the Norwegian authorities under the Norwegian Bank Security Act*” above.

Further, following the occurrence of a Capital Event, a Tax Event or a Withholding Tax Event, the Issuer may redeem the Notes (in whole but not in part) in its sole discretion, subject to the approval of the Norwegian FSA and to compliance with Applicable Banking Regulations, on any Interest Payment Date at their Redemption Amount.

At any time when the Notes may be redeemed by the Issuer, the market price of the Notes is unlikely to substantially exceed the price at which the Issuer may elect to redeem the Notes. If the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case Holders may only be able to reinvest the redemption proceeds in Notes with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

It is not possible to predict whether the events referred to above will occur and lead to circumstances in which the Issuer may elect to redeem the Notes, and if so whether or not the Issuer will satisfy the conditions, or elect, to redeem the Notes. The Issuer may be more likely to exercise its option to redeem the Notes at a time when its

funding costs would be lower than the prevailing interest rate payable in respect of the Notes. If the Notes are so redeemed, there can be no assurance that Holders will be able to reinvest the amounts received upon redemption at a rate that will provide as favourable a rate of return as their investment in the Notes.

### ***Substitution and variation***

If at any time a Tax Event, a Withholding Tax Event or a Capital Event occurs, the Bank may, instead of giving notice to redeem the Notes as aforesaid, but solely to the extent permitted at such time by Applicable Banking Regulations and subject to the approval of the Norwegian FSA, having given not less than 30 nor more than 60 days' notice to the holders of the Notes, either substitute all (but not some only) of the Notes for, or vary the terms of the Notes provided that they remain or become, Qualifying Additional Tier 1 Notes.

Whilst Qualifying Additional Tier 1 Notes must have terms which (as reasonably determined by the Bank) are not materially less favourable to the Holders than the Notes, there can be no assurance that the terms of the substitute or varied Notes will be as favourable to all Holders in all circumstances.

### ***The Notes are novel and complex financial instruments that involve a high degree of risk and may not be a suitable investment for all investors***

The Notes are novel and complex financial instruments that involve a high degree of risk. As a result, an investment in the Notes will involve certain increased risks. Each potential investor of the Notes must determine the suitability (either alone or with the help of a financial adviser) of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where such potential investor's financial activities are principally denominated in a currency other than Norwegian kroner, and the possibility that substantially the entire principal amount of the Notes could be lost in the event of a Write Down or other write down of the Notes;
- (iv) understand thoroughly the terms of the Notes (including, in particular, calculation of the CET1 Ratio of the Bank and the Bank Group, as well as under what circumstances the Trigger Event will occur and the circumstances in which interest payments must be cancelled); and
- (v) be 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.

Sophisticated investors generally do not purchase complex financial instruments that bear a high degree of risk as stand-alone investments. They purchase such financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless they have the knowledge and expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the likelihood of cancellation of interest and/or Write Down and the value of the Notes, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Prospectus.

***Because the Notes are held in the VPS, investors will have to rely on the VPS procedures***

The Notes will be issued in uncertificated, dematerialised book-entry form and cleared in the VPS. Legal title to the Notes will be evidenced by book entries in the records of the VPS. Settlement of sale and purchase transactions in respect of the Notes in the VPS will take place three Oslo business days after the date of the relevant transaction. Transfers of interests in the Notes will take place in accordance with the rules and procedures for the time being of the VPS.

Each person who is for the time being shown in the records of the VPS as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by the VPS as to the nominal amount of such Notes standing to the account of any person shall, save in the case of manifest error, be conclusive and binding for all purposes, including any form of statement or print out of electronic records provided by the VPS in accordance with its usual procedures and in which the holder of a particular nominal amount of such Notes is clearly identified together with the amount of such holding) shall be treated by the Issuer, the Account Manager and the Paying Agent as the holder of such nominal amount of such Notes for all purposes.

***Meetings of Holders and modification***

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

In addition, the Account Manager and the Bank may agree, without the consent of the Holders, to:

- (i) any modification (except such modifications in respect of which an increased quorum is required as mentioned in Condition 15.1) to the Notes and/or the Conditions which is not prejudicial to the interests of the Holders; or
- (ii) subject to Condition 9.7 (*Conditions to redemption etc.*), any modification to the Notes and/or the Conditions 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 Holders.

***Change of law***

The Conditions of the Notes will be governed by the laws of England save that the provisions regarding subordination of the Notes, Write Down and Discretionary Reinstatement will be governed by the laws of Norway. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or Norway or administrative practice after the date of this Prospectus.

***Legality of purchase***

Neither the Issuer nor any of its affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor in the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it. The Manager is also required to comply with the TMR Rules and as a result of this compliance, prospective investors will be required to give the representations, warranties, agreements and undertakings as set out on page 3 of this Prospectus.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) 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.

### ***EU Savings Directive***

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March, 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January, 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

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

### ***Payments on the Notes may be subject to U.S. withholding under FATCA***

The United States has enacted rules, commonly referred to as “**FATCA**”, that generally impose a new reporting and withholding regime with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends and certain payments made by entities that are classified as financial institutions under FATCA. The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with Norway (the “**Norway IGA**”). Under the Norway IGA, as currently drafted, the Issuer does not expect payments made on or with respect to the Notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA.

## **RISKS RELATED TO THE MARKET GENERALLY**

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

## **The secondary market generally**

The Notes represent a new Note for which no secondary trading market currently exists and there can be no assurance that one will 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. Illiquidity may have a severely adverse effect on the market value of Notes.

If a market for the Notes does develop, the trading price of the Notes may be subject to wide fluctuations in response to many factors, including those referred to in this risk factor, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Notes. Publicly traded Notes from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market. If any market in the Notes does develop, it may become severely restricted, or may disappear, if the financial condition and/or the CET1 Ratio of the Bank and/or the Bank Group and/or the common equity tier 1 ratio of the DNB Group deteriorates such that there is an actual or perceived increased likelihood of the Issuer being unable or unwilling to pay interest on the Notes in full, or of the Notes being Written Down or otherwise subject to loss absorption or an applicable statutory loss absorption regime. In addition, the market price of the Notes may fluctuate significantly in response to a number of factors, some of which are beyond the Issuer's control, including:

- variations in operating results of the Bank, the Bank Group and/or the DNB Group;
- any shortfall in revenue or net profit or any increase in losses from levels expected by market commentators;
- increases in capital expenditure compared with expectations;
- any perception that the Bank's and/or the DNB Group's strategy is or may be less effective than previously assumed or that the Bank and/or the DNB Group is not effectively implementing any significant projects;
- changes in financial estimates by Notes analysts;
- changes in market valuations of similar entities;
- announcements by the Bank and/or the DNB Group of significant acquisitions, strategic alliances, joint ventures, new initiatives, new services or new service ranges;
- regulatory matters, including changes in regulatory regulations or Norwegian FSA requirements;
- additions or departures of key personnel; and
- future issues or sales of Notes or other securities.

Any or all of these events could result in material fluctuations in the price of Notes which could lead to investors losing some or all of their investment.

The issue price of the Notes might not be indicative of prices that will prevail in the trading market, and there can be no assurance that an investor would be able to sell its Notes at or near the price which it paid for them, or at a price that would provide it with a yield comparable to more conventional investments that have a developed secondary market.

Moreover, although the Issuer or any member of the DNB Group may (subject to the approval of the Norwegian FSA and compliance with Applicable Banking Regulations) purchase Notes at any time, they have no obligation to do so. Purchases made by the Issuer or any member of the DNB Group could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

In addition, Holders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Prospectus), whereby there is a general lack of liquidity in the secondary market which may result in investors suffering losses on the Notes in secondary re-sales even if there is no decline in the performance of the Notes or the financial condition of the Bank, the Bank Group or the DNB Group. The Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Although applications have been made for the Notes to be admitted to trading on the Irish Stock Exchange and the Oslo Stock Exchange, there is no assurance that such application will be accepted or that an active trading market will develop.

#### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes in Norwegian kroner. 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 Norwegian kroner. These include the risk that exchange rates may significantly change (including changes due to devaluation of pounds sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency or Norwegian kroner may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Norwegian kroner would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) 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. As a result, investors may receive less interest or principal than expected, or no interest or principal as measured in the Investor's Currency.

#### ***Credit ratings may not reflect all risks and may be lowered, suspended, withdrawn or not maintained***

S&P is expected to assign a credit rating of “BBB-” to the Notes. In addition, S&P, Moody's and DBRS have assigned credit ratings to the Issuer. These 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 or the standing of the Issuer.

A rating is not a recommendation to buy, sell or hold securities and any rating agency may revise, suspend or withdraw at any time the relevant rating assigned by it if, in the sole judgement of the relevant rating agency, among other things, the credit quality of the Notes or, as the case may be, the Issuer has declined or is in question. In addition, there is no guarantee that any rating of the Notes and/or the Issuer will be maintained by the Issuer following the date of this Prospectus. If any rating assigned to the Notes and/or the Issuer is revised lower, suspended, withdrawn or not maintained by the Issuer, the market value of the Notes may be reduced.

The Issuer is exposed to changes in the rating methodologies applied by rating agencies. Any adverse changes of such methodologies may materially and adversely affect the Issuer's operations or financial condition, the Issuer's willingness or ability to leave individual transactions outstanding and adversely affect the Issuer's capital market standing. In particular, there is an on-going debate about rating methodologies for hybrid capital instruments such as the Notes.



## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the audited consolidated and non-consolidated annual financial statements of the Issuer for the financial years ended 31 December 2012 (which can be viewed online at <http://www.dnb.no/portalfront/nedlast/no/om-oss/resultater/2012/annual-report-dnb-bank-2012.pdf>) and 31 December 2013 (which can be viewed online at <https://www.dnb.no/portalfront/nedlast/no/om-oss/resultater/2013/annual-report-dnb-bank-2013.pdf>), prepared in accordance with International Financial Reporting Standards as approved by the EU, and simplified International Financial Reporting Standards pursuant to the Norwegian Accounting Act § 3-9, respectively, including the information set out at the following pages of the Issuer's 'Annual Report 2012' and 'Annual Report 2013', respectively:

	2012	2013
Income statement	page 16	page 16
Balance sheet	page 17	page 17
Statement of changes in equity	page 18	page 18
Cash flow statement	page 19	page 19
Accounting principles	pages 20-28	pages 20-29
Notes to the accounts	pages 29-109	pages 30 – 114
Auditor's report	page 112	page 117

- (b) the preliminary and unaudited consolidated and non-consolidated financial statements of the Issuer as at, and for the quarter and year ended, 31 December 2014 (which can be viewed online at <https://www.dnb.no/portalfront/nedlast/no/om-oss/resultater/2014/4-kvartal/kvartalsrapport-dnb-bank-4Q14-en.pdf>), including the information set out at the following pages of the Issuer's 'Fourth quarter report 2014 (preliminary and unaudited)':

Income statements	pages 10 and 12
Balance sheets	pages 11 and 13
Statement of changes in equity	page 14
Cash flow statement	pages 15-16
Accounting principles and explanatory notes	pages 17-39

Any other information not listed above but contained in (a) or (b) above is incorporated by reference for information purposes only. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

The information specified above appearing in such documents shall be incorporated in, and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Following the publication of this Prospectus, a supplement to this Prospectus may be prepared by the Issuer and approved by the Central Bank 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 Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the Irish Stock Exchange's website at [www.ise.ie](http://www.ise.ie) and, upon request, free of charge from the registered office of the Issuer and the specified offices of the Paying Agent.

## OVERVIEW OF THE NOTES

*This Overview of the Notes contains a brief description of certain features of the Notes, and is subject to and qualified in its entirety by the information contained in “Terms and Conditions of the Notes”. Capitalised terms used but not otherwise defined in this Overview of the Notes shall have the meanings given to them under “Terms and Conditions of the Notes”.*

<b>The Issuer:</b>	DNB Bank ASA (the “ <b>Bank</b> ” and together with its consolidated subsidiaries, the “ <b>Bank Group</b> ”).
<b>Manager:</b>	DNB Bank ASA
<b>Account Manager:</b>	DNB Bank ASA, Verdipapirservice
<b>Paying Agent:</b>	DNB Bank ASA
<b>The Notes:</b>	NOK2,150,000,000 Floating Rate Perpetual Additional Tier 1 Capital Notes. The Notes constitute <i>Fondsobligasjoner</i> .
<b>Issue Price:</b>	100.00 per cent. of the principal amount of the Notes.
<b>Issue Date:</b>	26 February 2015.
<b>Status and Subordination:</b>	<p><u>Status</u></p> <p>The Notes will constitute undated, unsecured and subordinated obligations (<i>Fondsobligasjoner</i>) of the Bank will rank <i>pari passu</i> without any preference among themselves and will be subordinated on a winding-up as provided below.</p> <p><u>Subordination</u></p> <p>If at any time the Bank is liquidated, dissolved or otherwise wound up (except, in any such case, a solvent liquidation, dissolution, or winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Bank) by way of public administration, claims in respect of the Notes shall rank (a) <i>pari passu</i> without any preference among themselves and with claims in respect of Parity Securities; (b) in priority to claims in respect of Junior Securities; and (c) junior to any present or future claims of Senior Creditors.</p>
<b>Principal Loss Absorption:</b>	<p><u>Trigger Event and Write-Down</u></p> <p>If at any time the Bank determines that the CET1 Ratio for the Bank and/or the Bank Group has fallen below 5.125 per cent. (a “<b>Trigger Event</b>”), then the Bank shall immediately notify the Norwegian FSA and, without delay and by no later than one month (or such other period as the Norwegian FSA may then require) from the occurrence of the relevant Trigger Event, shall:</p> <ul style="list-style-type: none"><li>(i) cancel all interest accrued to (but excluding) the Write Down Date (whether or not such interest has become due for payment and including any interest scheduled for payment on the Write Down Date); and</li><li>(ii) (without the need for the consent of the holders) reduce the then Outstanding Principal Amount of each Note by the relevant Write Down Amount (such reduction, a “<b>Write Down</b>” and “<b>Written Down</b>” being construed accordingly).</li></ul>

Prior Loss Absorbing Instruments and Parity Loss Absorbing Instruments

Write Down of the Notes will be effected, save as may otherwise be required by the Norwegian FSA:

- (i) following, or concurrently (or substantially concurrently) with, the write-down or conversion into equity of the entire (save, if applicable, for any one cent or similar floor contained in the terms thereof) outstanding principal amount of any Prior Loss Absorbing Instruments; and
- (ii) *pro rata* with (a) the concurrent Write Down of the other Notes and (b) the concurrent (or substantially concurrent) write-down or conversion into equity, as the case may be, of any Parity Loss Absorbing Instruments (based on the prevailing principal amount of the relevant Parity Loss Absorbing Instrument),

provided, however, that if for any reason the Bank is unable to effect the concurrent (or substantially concurrent) write-down or conversion of any given Prior Loss Absorbing Instruments and/or Parity Loss Absorbing Instruments within the period required by the Norwegian FSA, the Notes will be Written Down notwithstanding that the relevant Prior Loss Absorbing Instruments and/or Parity Loss Absorbing Instruments are not also written down or converted.

For the avoidance of doubt, to the extent that the Bank is unable to write down or convert any Prior Loss Absorbing Instruments and/or Parity Loss Absorbing Instruments as aforesaid, the Write Down Amount determined in accordance with part (i) of the definition of “Write Down Amount” will be calculated on the basis that such Prior Loss Absorbing Instruments and/or Parity Loss Absorbing Instruments are not available to be written down or converted, and accordingly the Write Down Amount determined in accordance with that part (i) will be higher than it would otherwise have been if such Prior Loss Absorbing Instruments and/or Parity Loss Absorbing Instruments had been available to be written down or converted.

Write Down Amount

“**Write Down Amount**” means, with respect to each Note, the lower of (i) and (ii) below:

- (i) the amount per Note which is determined by the Bank to be necessary (in conjunction with (a) the concurrent Write Down of the other Notes and (b) the concurrent (or substantially concurrent) write-down or conversion into equity of, or other loss absorption measures taken in respect of, any other Prior Loss Absorbing Instruments and/or Parity Loss Absorbing Instruments, in each case in the manner and to the extent provided above under “*Prior Loss Absorbing Instruments and Parity Loss Absorbing Instruments*”) to restore each of the Bank's and/or the Bank Group's (as applicable) CET1 Ratio to at least 5.125 per cent. (and so that the lowest of such CET1 Ratios is equal to (or as near as is practicable equal to but not less than) 5.125 per cent.); and
- (ii) the amount necessary to reduce the Outstanding Principal Amount of each Note to nil.

If the Outstanding Principal Amount of the Notes is Written Down to nil, the

Notes will not be automatically cancelled.

Write Down may occur on more than one occasion; No default

A Trigger Event may occur on more than one occasion and each Note may be Written Down on more than one occasion. Any such Write Down shall not constitute a default under the terms of the Notes for any purpose.

**Discretionary Reinstatement:** Discretionary Reinstatement

If, at any time following a Write Down, each Relevant Entity records a positive Net Profit, the Bank may, in its sole and absolute discretion, increase the Outstanding Principal Amount of the Notes (a “**Discretionary Reinstatement**”) by such amount as the Bank may elect, provided that such Discretionary Reinstatement shall not:

- (i) result in the Outstanding Principal Amount of the Notes being greater than their Original Principal Amount;
- (ii) result in the occurrence of a Trigger Event; or
- (iii) result in the Maximum Write-up Amount to be exceeded when taken together with the aggregate of:
  - (a) any previous Discretionary Reinstatement of the Notes out of the same Relevant Profits since the Reference Date (if any);
  - (b) the aggregate amount of any interest on the Notes that has been paid or calculated (but disregarding any such calculated interest which has been cancelled) since the Reference Date on the basis of an Outstanding Principal Amount that is lower than the Original Principal Amount;
  - (c) the aggregate amount of the increase in principal amount of the Written-Down Additional Tier 1 Instruments to be written-up out of the same Relevant Profits concurrently (or substantially concurrently) with the Discretionary Reinstatement and (if applicable) any previous increase in principal amount out of the same Relevant Profits of such Written-Down Additional Tier 1 Instruments since the Reference Date; and
  - (d) the aggregate amount of any interest on such Written-Down Additional Tier 1 Instruments that have been paid or calculated (but disregarding any such calculated interest which has been cancelled) since the Reference Date on the basis of a prevailing principal amount that is lower than the original principal amount at which such Written-Down Additional Tier 1 Instruments were issued.

*A Discretionary Reinstatement will also not be effected in circumstances in which it would cause any Maximum Distributable Amount then applicable to any of the Bank and/or the Bank Group (as further described below) to be exceeded.*

The “**Maximum Write-up Amount**” means:

- (A) (i) the Relevant Profits, multiplied by (ii) the sum of the aggregate Original Principal Amount of the Notes and the aggregate original

principal amount of all Written-Down Additional Tier 1 Instruments issued directly or indirectly by the Relevant Entity whose Net Profits are the Relevant Profits referred to in (A)(i), divided by (iii) the total Tier 1 Capital of such Relevant Entity as at the date of the relevant Discretionary Reinstatement; or

- (B) such higher amount as may be permissible pursuant to Applicable Banking Regulations then in force.

*Write-up of Written-Down Additional Tier 1 Instruments*

Any Discretionary Reinstatement shall be applied concurrently (or substantially concurrently) and *pro rata* with other write-ups to be effected out of the Relevant Profits in respect of any Written-Down Additional Tier 1 Instruments.

The Bank will not reinstate the principal amount of any Written-Down Additional Tier 1 Instrument that have terms permitting a write-up of such principal amount to occur out of the Relevant Profits on a similar basis to that set out in respect of the Notes unless it does do on a *pro rata* basis with a Discretionary Reinstatement of the Notes.

*Discretionary Reinstatement may occur on more than one occasion*

A Discretionary Reinstatement may occur on one or more occasions until the Outstanding Principal Amount of the Notes has been reinstated to the Original Principal Amount.

*For the avoidance of doubt, Discretionary Reinstatement shall apply to the Notes only if, and to the extent that, the Notes have been Written Down following the occurrence of a Trigger Event in accordance with the provisions of “Principal Loss Absorption” above. If at any time the Notes are written down pursuant to the Bank Security Act (as further described below), the principal amount by which the Notes are written down pursuant to the Bank Security Act shall not be reinstated (whether by way of Discretionary Reinstatement or otherwise) in any circumstances.*

**Loss Absorption under the Norwegian Bank Security Act**

In addition to the provisions of “Principal Loss Absorption” above, the Notes may be written down by the shareholders of the Bank or by the Norwegian authorities pursuant to powers granted to them under Chapter 3 of the Norwegian Bank Security Act of 6 December 1996 No 75 (*Lov om sikringsordninger for banker, forsikringsselskaperenes garantiordninger og offentlig administrasjon m.v. av finansinstitusjoner*) (the “**Bank Security Act**”), as further described in “Risk Factors – The Notes may also be written down by the Bank’s shareholders or the Norwegian authorities under the Norwegian Bank Security Act”.

**Maximum Distributable Amount:**

In circumstances where section 6 of the CRR/CRD IV regulations of 22 August 2014 (*forskrift om kapitalkrav og nasjonal tilpasning av CRR/CRD IV*) (the “**August 2014 Regulations**”) applies, no payments (or deemed payments) will be made on the Notes (whether by way of principal, interest, Discretionary Reinstatement or otherwise) if and to the extent that such payment would, when aggregated together with other distributions of the kind referred to in section 6(2) of the August 2014 Regulations, cause the maximum distributable amount (if any), determined in accordance with section 6(3) of the August 2014 Regulations then applicable to any of the Bank and/or the Bank Group to be exceeded. See “Risk Factors – Payments on the Notes will be subject to the Maximum Distributable Amount introduced under the

*CRR/CRD IV regulations of 22 August 2014”.*

**Interest:**

Subject as described below under “*Cancellation of Interest Payment*”, the Notes will bear interest on their Outstanding Principal Amount from time to time at a floating rate equal to 3-month NIBOR plus 3.25 per cent per annum, payable quarterly in arrear on 26 February, 26 May, 26 August and 26 November in each year (each an “**Interest Payment Date**”).

The first Interest Payment Date will be 26 May 2015.

**Cancellation of Interest Payments:**

*Optional cancellation of interest*

The Bank may elect at any time, in its sole and full discretion, to cancel (in whole or in part) any payment of interest otherwise scheduled to be paid on an Interest Payment Date.

Non-payment of any amount of interest scheduled to be paid on an Interest Payment Date will constitute evidence of cancellation of the relevant payment, whether or not notice of cancellation has been given by the Bank.

*The Norwegian FSA may also direct the Bank to exercise its discretion to cancel interest scheduled to be paid on an Interest Payment Date.*

*Insufficient Distributable Items*

Payments of interest in respect of the Notes in any financial year shall only be made out of Distributable Items of the Bank. The Bank will cancel any interest otherwise scheduled to be paid on an Interest Payment Date if and to the extent that the amount of such interest, when aggregated together with any interest payments or distributions which have been made or which are required to be paid or made during the then current financial year on all other own funds items of the Bank (excluding any such interest payments or distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in the calculation of Distributable Items), exceeds the amount of Distributable Items of the Bank as at such Interest Payment Date.

*Maximum Distributable Amount*

In addition, the Bank will also cancel any interest to the extent required as provided above under “*Maximum Distributable Amount*”.

**Interest non-cumulative; no default**

If the payment of interest scheduled on an Interest Payment Date is cancelled, in whole or in part, in accordance with the provisions of “*Cancellation of Interest Payments*”, the Bank shall not have any obligation to make such interest payment (or the cancelled part thereof) on such Interest Payment Date or any time thereafter and the failure to pay such interest (or the cancelled part thereof) shall not constitute a default of the Bank for any purpose.

Any such interest will not accumulate or be payable at any time thereafter, the Bank will not be obliged to (and will not) make any other payment or settlement in any form in lieu thereof, and holders of the Notes shall have no right thereto whether in a winding-up of the Bank or otherwise.

*No such cancellation of interest shall prevent the Bank from making payments of interest, dividends or other distributions on, or from redeeming or purchasing, any obligations, including any Junior Securities or Parity Securities.*

<b>Redemption:</b>	<p>The Notes have no fixed maturity date.</p> <p>The Bank may, upon giving not less than 30 nor more than 60 days' notice to holders, in its sole discretion (and without the requirement for the consent or approval of the holders) elect to redeem the Notes in whole (but not in part):</p> <ul style="list-style-type: none"> <li>(i) on 26 February 2020 (the “<b>First Call Date</b>”) or any Interest Payment Date thereafter, subject to the proviso below; or</li> <li>(ii) on any Interest Payment Date upon the occurrence of a Tax Event, a Withholding Tax Event or a Capital Event,</li> </ul> <p>in each case at their Redemption Amount; provided, however, that if at any time the Notes have been Written Down pursuant to Condition 7 (<i>Loss Absorption Following a Trigger Event</i>), the Bank shall not be entitled to exercise its option under (i) above until the principal amount of the Notes so Written Down has been fully reinstated pursuant to Condition 8 (<i>Discretionary Reinstatement of the Notes</i>).</p> <p>For the avoidance of doubt, the proviso above requires the principal amount of the Notes to be reinstated if and to the extent that such principal has been Written Down pursuant to Condition 7. If, at any time, the Notes are written down by the shareholders of the Bank or by the Norwegian authorities pursuant to the Bank Security Act, such principal amount is not capable of being reinstated under Condition 8, and the Bank shall be entitled to exercise its option under (i) above (subject to certain conditions) notwithstanding that the Outstanding Principal Amount of the Notes is less than their Original Principal Amount by virtue of such write-down under the Bank Security Act.</p>
<b>Purchase:</b>	<p>The Bank or any member of the DNB Group may at any time (but subject to applicable law and regulation) purchase Notes in the open market or otherwise and at any price in accordance with applicable laws and regulations, provided that no such purchase will be effected unless the prior approval of the Norwegian FSA is obtained.</p>
<b>Conditions to redemption and purchase:</b>	<p>Any redemption of the Notes by the Bank, and any purchase of the Notes by the Bank or any member of the DNB Group, will be subject to the prior approval of the Norwegian FSA and to compliance with all applicable laws and regulations, including the Applicable Banking Regulations.</p> <p>In the case of a redemption of the Notes as a result of a Withholding Tax Event or a Tax Event, the tax consequences of such event must also be materially adverse to the Bank.</p>
<b>Substitution and variation</b>	<p>If at any time a Tax Event, a Withholding Tax Event or a Capital Event occurs, the Bank may, instead of giving notice to redeem the Notes as aforesaid, but solely to the extent permitted at such time by Applicable Banking Regulations and subject to the approval of the Norwegian FSA, having given not less than 30 nor more than 60 days' notice to the holders of the Notes, either substitute all (but not some only) of the Notes for, or vary the terms of the Notes provided that they remain or become, Qualifying Additional Tier 1 Notes (having terms not materially less favourable to a holder than the terms of the Notes, as reasonably determined by the Bank).</p>
<b>Enforcement on a winding up:</b>	<p>There are no events of default under the terms of the Notes.</p>



If the Bank is liquidated, dissolved or otherwise wound-up by way of public administration, in each case by a court or agency or supervisory authority in the Kingdom of Norway having jurisdiction in respect of the same, the holder of any Note may prove or claim in such proceedings in respect of such Note, such claim being for payment of the Outstanding Principal Amount of such Note at the time of commencement of such winding-up together with any interest accrued and unpaid on such Note (to the extent that the same is not cancelled in accordance with the terms of the Notes) from (and including) the Interest Payment Date immediately preceding commencement of such winding-up and any other amounts payable on such Note under the Conditions.

A Holder may not itself file for the liquidation or bankruptcy of the Bank.

*For the avoidance of doubt, in a winding-up of the Bank the holders will have a claim for the Outstanding Principal Amount and not for the Original Principal Amount.*

<b>Form and Denomination:</b>	The Notes will be issued in uncertificated and dematerialised book-entry form in the initial denominations of NOK1,000,000.
<b>Clearing:</b>	The Notes will be cleared through the Norwegian Central Securities Depository, the <i>Verdipapirsentralen</i> (“VPS”).
<b>Taxation:</b>	All payments of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Norway or any political subdivision or any authority or agency thereof or therein having power to tax unless such withholding or deduction is required by law. In such event, save as set out in the Conditions, the Bank will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes 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 in the absence of such withholding or deduction.
<b>Governing Law:</b>	<p>The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law except that (i) the provisions relating to subordination, Write Down and Discretionary Reinstatement and any non-contractual obligations arising out of or in connection with such provisions, (ii) any other write-down or conversion of the Notes in accordance with Norwegian law and regulation applicable to the Bank from time to time and (iii) the provisions relating to bondholder meetings and any non-contractual obligations arising therefrom or in connection therewith, will in each case be governed by, and construed in accordance with, Norwegian law.</p> <p>The Notes must also comply with the Norwegian Securities Register Act of 5 July 2002 no. 64, as amended from time to time and the Holders will be entitled to the rights and are subject to the obligations and liabilities which arise under this Act and any related regulations and legislation.</p>
<b>Listing and trading:</b>	Applications have been made (i) to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange to trading on the Main Securities Market and (ii) to the Oslo Stock Exchange, <i>Oslo Børs</i> , for the

Notes to be listed on the regulated market of the Oslo Stock Exchange.

**Selling Restrictions:**

United States (Regulation S), the United Kingdom, Norway and Japan.

The Notes are not intended to be sold and should not be sold to retail clients in the EEA, as defined in the rules set out in the TMR other than in circumstances that do not and will not give rise to a contravention of those rules by any person. The TMR Rules must be complied with when selling the Notes to Norwegian investors in Norway. In addition, the Notes may only be sold to Norwegian non-professional investors (as defined in the Norwegian Securities Trading Act and the Norwegian Securities Trading Regulation) if the relevant investor previously has invested at least NOK 5 million in bonds and has obtained sufficient knowledge through relevant education or work experience in accordance with MiFID.

See the section headed “*Restrictions on marketing and sales to retail investors*” on page 3 of this Prospectus for further information.

**Ratings:**

The Notes are expected to be rated “BBB-” by S&P. 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 without notice.

**VPS Identification Number:**

NO0010730708

## TERMS AND CONDITIONS OF THE NOTES

*The following (except for paragraphs in italics, which are included by way of disclosure only) is the text of the Terms and Conditions of the Notes. The Notes will not be evidenced by any physical note or document of title other than statements of account made by the VPS. Ownership of the Notes will be recorded and transfer effected only through the book-entry system and register maintained by the VPS.*

### 1. Introduction

- 1.1 *Notes:* The NOK2,150,000,000 Floating Rate Perpetual Additional Tier 1 Capital Notes (the “**Notes**”) are issued by DNB Bank ASA (the “**Bank**”). The Notes constitute *Fondsobligasjoner*.
- 1.2 *Procedures:* DNB Bank ASA, Verdipapirservice will act as account manager for the Notes in the VPS (the “**Account Manager**”) and DNB Bank ASA will act as paying agent for the Notes (the “**Paying Agent**”). The Notes are subject to the rules and procedures for the time being of the VPS and applicable market practice in the Norwegian bond market.

### 2. Definitions and Interpretation

- 2.1 *Definitions:* In these Conditions the following expressions have the following meanings:

“**Accounting Currency**” means NOK or such other primary currency used in the presentation of the Bank’s and/or the Bank Group’s accounts (as the context requires) from time to time;

“**Additional Tier 1 Capital**” means the Additional Tier 1 capital of the Bank within the meaning of the section 15 of the Calculation Regulations;

“**Applicable Banking Regulations**” means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy applicable to the Bank or the Bank Group, as the case may be, including, without limitation to the generality of the foregoing, the August 2014 Regulations, the Calculation Regulations, any CRD IV Implementation Measures and any other laws, regulations, requirements, guidelines and policies relating to capital adequacy as then applied and interpreted in Norway by the Norwegian Ministry of Finance and/or Norwegian FSA (whether or not such requirements, guidelines or policies have the force of law and whether they are applied generally or specifically to the Bank or the Bank Group, as applicable);

“**August 2014 Regulations**” means the CRR/CRD IV regulations of 22 August 2014 (*forskrift om kapitalkrav og nasjonal tilpasning av CRR/CRD IV*), as the same may be amended or replaced from time to time;

“**Bank Group**” means the Bank together with its consolidated subsidiaries;

“**Business Day**” means 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 Oslo;

“**Calculation Regulations**” means Norwegian Regulation 1990-06-01 No. 435 on the measurement of own funds of financial institutions, clearing houses and investment firms (*FOR 1990-06-01 nr 435: Forskrift om beregning av ansvarlig kapital for finansinstitusjoner, oppgjørssentraler og verdipapirforetak*), as amended or replaced from time to time;

“**Capital Event**” means the determination by the Bank, after consultation with the Norwegian FSA, that as a result in a change (or pending change) in the regulatory classification of the Notes under the Applicable Banking Regulations, the entire Outstanding Principal Amount of the Notes is (or would be)

fully excluded from the Tier 1 Capital of any one or more of the Bank, the Bank Group or the DNB Group;

**“CET1 Capital”** means, at any date, with respect to a Relevant Entity, the sum, expressed in the Accounting Currency, of all amounts that constitute common equity tier 1 capital of such Relevant Entity as at such date, less any deductions from common equity tier 1 capital required to be made as at such date, in each case as calculated by the Bank in accordance with the Calculation Regulations and on the basis that all measures used in such calculation shall (for so long as the same apply to the Relevant Entity) be calculated applying the transitional provisions set out in the Calculation Regulations;

**“CET1 Ratio”** means, at any date, with respect to a Relevant Entity, the ratio of CET1 Capital (*ren kjernekapitaldekning*) of such Relevant Entity as at such date to the Risk Weighted Assets of such Relevant Entity as at such date, expressed as a percentage and calculated by the Bank in accordance with the Applicable Banking Regulations and on the basis that all measures used in such calculation shall (for so long as the same apply to the Relevant Entity) be calculated applying the transitional provisions set out in the Calculation Regulations;

**“Change in Law”** means (a) any amendment to, clarification of, or change (including any announced prospective change) in the laws or treaties (or any regulations thereunder) of Norway or any political subdivision or taxing authority thereof or therein affecting taxation, (b) any governmental action in Norway or any amendment to, clarification of, or change in the position or interpretation of such laws or treaties (or any regulations thereunder) or governmental action or any official interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in Norway or any political subdivision or taxing authority thereof or therein, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification, change, action, pronouncement or decision is effective or such action, pronouncement or decision is announced on or after the Issue Date;

**“Code”** means the U.S. Internal Revenue Code of 1986;

**“CRD IV”** means the legislative package consisting of the CRD IV Directive, the CRR and any CRD IV Implementation Measures;

**“CRD IV Directive”** means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as the same may be amended from time to time;

**“CRD IV Implementation Measures”** means any regulatory capital rules implementing (or promulgated in the context of) the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts or regulations (including technical standards) adopted by the European Commission, national laws and regulations adopted by the Norwegian Ministry of Finance and guidelines issued by the Norwegian FSA, the European Banking Authority or any other relevant authority, which are applicable to the Bank or the Bank Group, as applicable;

**“CRR”** means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as the same may be amended from time to time;

**“Discretionary Reinstatement”** has the meaning given to such term in Condition 8.1 (*Discretionary Reinstatement of the Notes*);

**“Distributable Items”** means, with respect to any payment of interest on the Notes, those profits and reserves (if any) of the Bank which are available, in accordance with applicable law and regulation for the

time being, for the payment of such interest payment and any other payments by the Bank which, under Applicable Banking Regulations, are required to be made only out of such profits and reserves;

“**DNB Group**” means DNB ASA together with its consolidated subsidiaries;

“**First Call Date**” means 26 February 2020;

“**Full Loss Absorbing Instruments**” has the meaning given to such term in Condition 7.5 (*Full Loss Absorbing Instruments*);

“**Holders**” means the holders of the Notes and references herein to a “**holder**” in respect of any Note shall be construed accordingly;

“**Interest Payment Date**” has the meaning given to such term in Condition 5.2 (*Interest Payment Dates and Interest Periods*);

“**Interest Period**” has the meaning given to such term in Condition 5.2 (*Interest Payment Dates and Interest Periods*);

“**Issue Date**” means 26 February 2015;

“**Junior Securities**” means all classes of share capital of the Bank and any obligations of the Bank ranking or expressed to rank junior to the Notes;

“**Maximum Write-up Amount**” means:

- (i) (a) the Relevant Profits, multiplied by (b) the sum of the aggregate Original Principal Amount of the Notes and the aggregate original principal amount of all Written-Down Additional Tier 1 Instruments issued directly or indirectly by the Relevant Entity whose Net Profits are the Relevant Profits referred to in (i)(a), divided by (c) the total Tier 1 Capital of such Relevant Entity as at the date of the relevant Discretionary Reinstatement; or
- (ii) such higher amount as may be permissible pursuant to Applicable Banking Regulations then in force;

“**Net Profit**” means, at any time: (i) with respect to the Bank, the non-consolidated net profit (excluding minority interests) of the Bank; and (ii) with respect to the Bank Group, the consolidated net profit (excluding minority interests) of the Bank Group, in each case determined on the basis of the audited annual accounts for the then most recent financial year of the Relevant Entity;

“**NOK**” means Norwegian Kroner, being the currency of Norway;

“**Norwegian FSA**” means the Financial Supervisory Authority of Norway (*Finanstilsynet*) or such other agency of the Kingdom of Norway which assumes or performs the functions, as at the Issue Date, performed by such authority or such other or successor authority exercising primary supervisory authority with respect to prudential matters in relation to the Bank and the Bank Group;

“**Original Principal Amount**” means, in respect of a Note, its principal amount on the Issue Date not taking into account any Write Down or any other write-down or cancellation or any subsequent Discretionary Reinstatement;

“**Outstanding Principal Amount**” means, in relation to each Note, the Original Principal Amount of such Note, as reduced from time to time by any Write Downs or any other write-down or cancellation, as the case may be, and, if applicable, as subsequently increased from time to time by any Discretionary Reinstatement in accordance with the terms of the Notes;

**“Parity Loss Absorbing Instrument”** means, at any time, any instrument (other than the Notes) issued directly or indirectly by the Bank or any other member of the DNB Group which has terms pursuant to which all or some of its principal amount may be written-down (whether on a permanent or temporary basis) or converted into equity (in each case in accordance with its conditions) on the occurrence, or as a result, of a relevant Trigger Event;

**“Parity Securities”** means any present or future instruments issued by the Bank which are eligible to be recognised as Additional Tier 1 Capital from time to time by the Norwegian FSA, any guarantee, indemnity or other contractual support arrangement entered into by the Bank in respect of securities (regardless of name or designation) issued by a subsidiary of the Bank which are eligible to be recognised as Additional Tier 1 Capital and any instruments issued, and subordinated guarantees, indemnities or other contractual support arrangements entered into, by the Bank which rank, or are expressed to rank, *pari passu* therewith (and shall include, for so long as any of the same remain outstanding, the £350,000,000 Fixed/Floating Rate Non-cumulative Perpetual Step-up Capital Contribution Securities issued by the Bank (XS0285087358)), but excluding Junior Securities;

*For the avoidance of doubt, although the Bank's £350,000,000 Fixed/Floating Rate Non-cumulative Perpetual Step-up Capital Contribution Securities (XS0285087358) (“Capital Contribution Securities”) are Parity Securities for the purposes of Condition 4 (Status of the Notes), the Capital Contribution Securities are not Parity Loss Absorbing Instruments for the purposes of Write Down as described in Condition 7 (Loss Absorption Following a Trigger Event). The Capital Contribution Securities are senior to the Notes in this respect and will be subject to write down in accordance with their terms only following the occurrence of a lower capital trigger than the Trigger Event in the terms of the Notes.*

**“Prior Loss Absorbing Instrument”** means, at any time, any instrument issued directly or indirectly by the Bank or any other member of the DNB Group which has terms pursuant to which all or some of its principal amount may be written-down (whether on a permanent or temporary basis) or converted into equity (in each case in accordance with its conditions) on the occurrence, or as a result, of the Bank's and/or the Bank Group's, as applicable, CET1 Ratio falling below a level that is higher than 5.125 per cent.;

**“Proceedings”** has the meaning given to such term in Condition 19.2 (*Governing Law and Submission to Jurisdiction*);

**“Qualifying Additional Tier 1 Notes”** means securities (whether debt, equity or otherwise) issued directly by the Bank or issued by another member of the DNB Group and unconditionally and irrevocably guaranteed by the Bank where such securities and/or such guarantee, as appropriate:

- (i) have terms not materially less favourable to a holder of the Notes, as reasonably determined by the Bank, than the terms of the Notes;
- (ii) subject to (i) above, shall (1) rank at least equal to the ranking of the Notes, (2) have the same (or higher) interest rate and the same Interest Payment Dates as those from time to time applying to the Notes, (3) have the same redemption rights as the Notes, (4) comply with the then current requirements of Applicable Banking Regulations in relation to Additional Tier 1 Capital, (5) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, and (6) are assigned (or maintain) at least the same credit ratings as were assigned to the Notes immediately prior to such variation or substitution; and
- (iii) if the Notes were listed on any market(s) or stock exchange(s) immediately prior to such substitution or variation, are listed on the same market(s) or stock exchange(s) or another regulated market or stock exchange of equivalent standing;

**“Rate of Interest”** means, in respect of any Interest Period, the Reference Rate plus 3.25 per cent. as determined by the Account Manager (in conjunction with the Bank, where applicable) in accordance with Condition 5 (*Interest*) (provided that if any Rate of Interest so determined would be lower than nil, the Rate of Interest for the relevant Interest Period shall be nil);

**“Redemption Amount”** means, in the case of any redemption of the Notes on any redemption date, the Outstanding Principal Amount of the Notes on such redemption date together with interest accrued (if any) from (and including) the Interest Payment Date immediately preceding such redemption date (or, if none, the Issue Date) to (but excluding) such redemption date;

**“Reference Banks”** means four major banks engaged in the Norwegian interbank market selected by the Account Manager with the approval of the Bank;

**“Reference Date”** means the accounting date as at which the applicable Relevant Profits were determined;

**“Reference Rate”** means, in relation to an Interest Period and the Reference Rate Determination Date in relation to such Interest Period, the Screen Rate at approximately 12.15 p.m. (Oslo time) on that Reference Rate Determination Date. On days on which Oslo Børs has shorter opening hours (New Year’s Eve and the Wednesday before Maundy Thursday), the data published at approximately 10.15 a.m. shall be used. If the Screen Rate is unavailable, has been removed or changed such that the quoted interest rate no longer represents, in the opinion of the Account Manager, a correct expression of the relevant interest rate, an alternative page or other electronic source which in the opinion of the Account Manager and the Bank gives the same interest rate shall be used. If this is not possible, the Account Manager will request the principal Norwegian office of each of the Reference Banks to provide the Account Manager with the rate at which deposits in NOK are offered by it to prime banks in the Norwegian interbank market for three months at approximately 12.15 p.m. (Oslo) time on the Reference Rate Determination Date in question and for a Representative Amount. If at least three rates are provided, the Reference Rate will be the arithmetic mean of the rates provided, eliminating the highest rate (or, in the event of equality, one of the highest) and the lowest rate (or, in the event of equality, one of the lowest). If two rates are provided, the Reference Rate will be the arithmetic mean of the rates provided. If fewer than two rates are provided as requested, the Reference Rate will be the arithmetic mean of the rates quoted by major banks in Oslo, selected by the Account Manager at approximately 12.15 p.m. (Oslo time) on the first day of such Interest Period for loans in NOK to leading European banks for a period of three months commencing on the first day of such Interest Period and for a Representative Amount. If the Reference Rate cannot be determined in accordance with the above provisions, the Reference Rate shall be determined as at the last preceding Reference Rate Determination Date;

**“Reference Rate Determination Date”** means, in relation to an Interest Period, the day falling two Business Days prior to the date on which such Interest Period commences;

**“Relevant Date”** has the meaning given to such term in Condition 11.2 (*Gross up*);

**“Relevant Entity”** means the Bank or the Bank Group, as the case may be;

**“Relevant Profits”** means the lowest of the relevant Net Profit of the Bank and the Bank Group;

**“Representative Amount”** means, in relation to any quotation of a rate for which a Representative Amount is relevant, an amount that is representative for a single transaction in the relevant market at the relevant time;

**“Risk Weighted Assets”** means, at any date, with respect to a Relevant Entity, the aggregate amount, expressed in the Accounting Currency, of the risk weighted assets of such Relevant Entity as at such date, as calculated by the Bank, in accordance with the Applicable Banking Regulations. For the purposes of this definition, the term “risk weighted assets” means the risk weighted assets or total risk exposure amount, as calculated by the Bank in accordance with Applicable Banking Regulations;

“**Screen Rate**” means the rate for the 3-month deposits in NOK which appears on Oslo Børs’ webpage (or such replacement page on that service which displays the information);

“**Senior Creditors**” means (a) depositors of the Bank, (b) other unsubordinated creditors of the Bank and (c) subordinated creditors of the Bank in respect of any present or future obligation (including, without limitation, obligations which are eligible to be recognised as Tier 2 Capital and any obligation in respect of a guarantee, indemnity or other support arrangement entered into by the Bank), whether dated or undated, of the Bank which by its terms is, or is expressed to be, subordinated in the event of liquidation, dissolution, administration or other winding up of the Bank, by way of public administration or otherwise, to the claims of depositors and all other unsubordinated creditors of the Bank, excluding Parity Securities and Junior Securities;

“**Specified Office**” means the address of the Account Manager and the Paying Agent, for the time being: DNB Bank ASA, Dronning Eufemias gt 30, 0021 Oslo, Norway;

A “**Tax Event**” will occur if the Bank has received an opinion of counsel in the Kingdom of Norway (experienced in such matters) to the effect that, as a result of a Change in Law:

- (A) the Bank is, or will be, subject to additional taxes, duties or other governmental charges or civil liabilities with respect to the Notes; or
- (B) the Bank is not, or will not be entitled, to claim a deduction in respect of any payments of interest in respect of the Notes in computing its taxation liabilities (or such deduction would be materially reduced); or
- (C) the treatment of any of the Bank’s items of income or expense with respect to the Notes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Bank will not be respected by a taxing authority, which subjects the Bank to additional taxes, duties or other governmental charges.

“**Tier 1 Capital**” means, at any time, with respect to a Relevant Entity, the Tier 1 capital of such Relevant Entity as calculated by the Bank in accordance with the Applicable Banking Regulations, subject always to applicable transitional and grandfathering arrangements as interpreted by the Norwegian FSA;

“**Tier 2 Capital**” means the Tier 2 capital of the Bank within the meaning of section 16 of the Calculation Regulations;

“**Trigger Event**” has the meaning given to such term in Condition 7.1 (*Loss Absorption Event*);

“**VPS**” means the Norwegian Central Securities Depository, the *Verdipapirsentralen*;

A “**Withholding Tax Event**” will occur if the Bank has received an opinion of counsel in the Kingdom of Norway (experienced in such matters) to the effect that, as a result of a Change in Law, there is more than an insubstantial risk that the Bank would be required to pay additional amounts as provided in Condition 11 (*Taxation*);

“**Write Down**” and “**Written Down**” have the meanings given to such terms in Condition 7.1 (*Loss Absorption Following a Trigger Event*);

“**Write Down Amount**” has the meaning given to such term in Condition 7.4 (*Write Down Amount*);

“**Write Down Date**” has the meaning given to such term in Condition 7.2 (*Write Down Notice*);

“**Write Down Notice**” has the meaning given to such term in Condition 7.2 (*Write Down Notice*); and



**“Written-Down Additional Tier 1 Instruments”** means, at any time, any instrument (other than the Notes) issued directly or indirectly by the Bank or, as applicable, any member of the DNB Group, which is qualifying as Additional Tier 1 Capital of the Bank or the Bank Group as applicable, and which, immediately prior to the relevant Discretionary Reinstatement, has a prevailing principal amount lower than the principal amount that it was originally issued with due to such principal amount having been written down on a temporary basis pursuant to its terms.

2.2 *Interpretation:* In these Conditions:

- (i) any reference to principal shall be deemed to include the Outstanding Principal Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of principal payable pursuant to these Conditions;
- (ii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions; and
- (iii) any reference to a numbered **“Condition”** shall be to the relevant Condition in these Terms and Conditions.

**3. Form, Denomination and Title**

3.1 *Form of Notes and denomination:* The Notes are in uncertificated, dematerialised book-entry form, in the denomination of NOK1,000,000 each.

The Outstanding Principal Amount of the Notes may be adjusted as provided in Condition 7 (*Loss Absorption Following a Trigger Event*) and Condition 8 (*Discretionary Reinstatement of the Notes*) or as otherwise required by then current legislation and/or regulations applicable to the Bank. Any such adjustment to the Outstanding Principal Amount of the Notes will not have any effect on the denomination of the Notes.

3.2 *Title:* The holder of a Note will be the person evidenced as such by a book entry in the records of the VPS. Title to the Notes will pass by registration in the registers between the direct or indirect accountholders at the VPS in accordance with the rules and procedures of the VPS. Where a nominee is so evidenced, it shall be treated by the Bank as the holder of the relevant Note.

For so long as the Notes are held in VPS, each person who is for the time being shown in the records of the VPS as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by VPS as to the nominal amount of such Notes standing to the account of any person shall, save in the case of manifest error, be conclusive and binding for all purposes, including any form of statement or print out of electronic records provided by VPS in accordance with its usual procedures and in which the holder of a particular nominal amount of such Notes is clearly identified together with the amount of such holding) shall be treated by the Bank, the Account Manager and the Paying Agent as the holder of such nominal amount of such Notes for all purposes.

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

References to the VPS shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Bank and the Account Manager in which the Notes are, for the time being, cleared.

**4. Status of the Notes**

- 4.1 *Status*: The Notes constitute undated, unsecured and subordinated obligations (*Fondsobligasjoner*) of the Bank, and will at all times rank *pari passu* without any preference among themselves. The Notes are subordinated as described in Condition 4.2 (*Subordination*).
- 4.2 *Subordination*: In the event of a liquidation, dissolution or winding-up of the Bank by way of public administration (except, in any such case, a solvent liquidation, dissolution, or winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Bank), claims in respect of the Notes shall rank:
- (i) *pari passu* without any preference among themselves and with claims in respect of Parity Securities;
  - (ii) in priority to claims in respect of Junior Securities; and
  - (iii) junior to any present or future claims of Senior Creditors.

## 5. Interest

- 5.1 *Interest Rate*: The Notes bear interest from (and including) the Issue Date on their Outstanding Principal Amount from time to time.
- 5.2 *Interest Payment Dates and Interest Periods*: Subject to Condition 6 (*Interest Cancellation*) and Condition 7.1 (*Loss Absorption Following a Trigger Event*), interest will be payable quarterly in arrear on 26 February, 26 May, 26 August and 26 November in each year, commencing 26 May 2015 (each an “**Interest Payment Date**”), provided that if any such date falls on a day which is not a Business Day, 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

The period from (and including) the Issue Date to (but excluding) the first Interest Payment Date, and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date, is called an “**Interest Period**”.

- 5.3 *Accrual of interest*: Each Note will cease to bear interest from the due date for redemption unless payment of the Outstanding Principal Amount in respect thereof is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition until whichever is the earlier of:
- (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder; and
  - (ii) the day which is seven days after the Account Manager has notified the Holders in accordance with Condition 16 (*Notices*) that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- 5.4 *Determination of Reference Rate and Rate of Interest in relation to an Interest Period*: The Account Manager will, as soon as practicable after 12:15 p.m. (Oslo time) on each Reference Rate Determination Date in relation to an Interest Period, determine the Reference Rate and Rate of Interest for such Interest Period.
- 5.5 *Publication of Reference Rate and Rate of Interest*: With respect to each Interest Period, the Account Manager will cause the relevant Reference Rate and Rate of Interest determined by it to be notified to the Paying Agent and each listing authority, stock exchange and/or quotation system (if any) on which the Notes are for the time being admitted to listing, trading and/or quotation as soon as practicable after such

determination but in any event not later than the second Business Day thereafter. Notice thereof shall also promptly be given to the Holders in accordance with Condition 16 (*Notices*).

5.6 *Calculation of amount of interest:* The amount of interest payable in respect of a Note for any period shall be calculated by:

- (i) applying the applicable Rate of Interest to the Outstanding Principal Amount of a Note;
- (ii) multiplying the sum by the actual number of days in the relevant accrual period concerned divided by 360; and
- (iii) rounding the resulting figure to the nearest øre (half an øre being rounded upwards).

If, pursuant to Condition 7 (*Loss Absorption Following a Trigger Event*) or Condition 8 (*Discretionary Reinstatement of the Notes*) or as otherwise required by then current legislation and/or regulations applicable to the Bank, the Outstanding Principal Amount of the Notes is reduced and/or reinstated during an Interest Period, the amount of interest will be adjusted by the Account Manager to reflect interest having accrued on the relevant Outstanding Principal Amount during each part of such Interest Period.

5.7 *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Account Manager will (in the absence of wilful default, bad faith or manifest error) be binding on the Bank, Paying Agent and the Holders and (subject as aforesaid) no liability to any such person will attach to the Account Manager in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

## 6. Interest Cancellation

6.1 *Optional Interest Cancellation:* The Bank may elect at any time, in its sole and full discretion, to cancel (in whole or in part, as applicable) any payment of interest otherwise scheduled to be paid on an Interest Payment Date.

*The Norwegian FSA may also direct the Bank to exercise its discretion to cancel interest scheduled to be paid on an Interest Payment Date.*

*In circumstances where section 6 of the CRR/CRD IV regulations of 22 August 2014 (forskrift om kapitalkrav og nasjonal tilpasning av CRR/CRD IV) (the “**August 2014 Regulations**”) applies, no payments (or deemed payments) will be made on the Notes (whether by way of principal, interest, Discretionary Reinstatement or otherwise) if and to the extent that such payment would, when aggregated together with other distributions of the kind referred to in section 6(2) of the August 2014 Regulations, cause the maximum distributable amount (if any), determined in accordance with section 6(3) of the August 2014 Regulations (a “**Maximum Distributable Amount**”) then applicable to any of the Bank and/or the Bank Group to be exceeded.*

6.2 *Insufficient Distributable Items:* Payments of interest in respect of the Notes in any financial year shall only be made out of Distributable Items of the Bank. The Bank will cancel any interest otherwise scheduled to be paid on an Interest Payment Date if and to the extent that the amount of such interest, when aggregated together with any interest payments or distributions which have been made or which are required to be paid or made during the then current financial year on all other own funds items of the Bank (excluding any such interest payments or distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in the calculation of Distributable Items), exceeds the amount of Distributable Items of the Bank as at such Interest Payment Date.

- 6.3 *Notice of Interest Cancellation:* The Bank shall give notice to the Holders in accordance with Condition 16 (*Notices*) of any such cancellation of a payment of interest, which notice might be given after the date on which the relevant payment of interest is scheduled to be made, provided that any failure to give any such notice shall not affect the cancellation of the relevant interest payment and shall not constitute a default of the Bank for any purpose. Non-payment of any amount of interest (in whole or in part) scheduled to be paid on an Interest Payment Date will constitute evidence of cancellation of the relevant payment (or the relevant part thereof), whether or not notice of cancellation has been given by the Bank.
- 6.4 *Interest non-cumulative; no default:* If the payment of interest scheduled on an Interest Payment Date is cancelled, in whole or in part, in accordance with the provisions of this Condition 6 (*Interest Cancellation*), the Bank shall not have any obligation to make such interest payment (or the cancelled part thereof) on such Interest Payment Date or any time thereafter and the failure to pay such interest (or the cancelled part thereof) shall not constitute a default of the Bank under the Notes or for any purpose.

Any such interest will not accumulate or be payable at any time thereafter, the Bank will not be obliged to (and will not) make any other payment or settlement in any form in lieu thereof, and Holders shall have no right thereto whether in a winding-up of the Bank or otherwise.

## **7. Loss Absorption Following a Trigger Event**

- 7.1 *Loss Absorption Following a Trigger Event:* If at any time the Bank determines that the CET1 Ratio for the Bank and/or the Bank Group has fallen below 5.125 per cent. (a “**Trigger Event**”), then the Bank shall immediately notify the Norwegian FSA and, without delay and by no later than one month (or such other period as the Norwegian FSA may then require) from the occurrence of the relevant Trigger Event, shall:

- (i) cancel all interest accrued to (but excluding) the Write Down Date (whether or not such interest has become due for payment and including any interest scheduled for payment on the Write Down Date); and
- (ii) (without the need for the consent of the Holders) reduce the then Outstanding Principal Amount of each Note by the relevant Write Down Amount (such reduction, a “**Write Down**” and “**Written Down**” being construed accordingly).

*In addition to the provisions of “Principal Loss Absorption” above, the Notes may be written down by the shareholders of the Bank or by the Norwegian authorities pursuant to powers granted to them under Chapter 3 of the Norwegian Bank Security Act of 6 December 1996 No 75 (Lov om sikringsordninger for banker, forsikringsselskaper og garantiordninger og offentlig administrasjon m.v. av finansinstitusjoner) (the “**Bank Security Act**”). See Risk Factors – “The Notes may also be written down by the Bank’s shareholders or the Norwegian authorities under the Norwegian Bank Security Act”.*

- 7.2 *Write Down Notice:* The Bank shall, as soon as reasonably practicable following the determination that a Trigger Event has occurred, and in any event not more than 5 days following such determination, give notice (which notice shall be irrevocable) to the Holders (the “**Write Down Notice**”) in accordance with Condition 16 (*Notices*) stating:

- (i) that the Trigger Event has occurred;
- (ii) the date on which the Write Down will take effect (the “**Write Down Date**”); and
- (iii) if then determined, the principal amount by which each Note will be Written Down on the Write Down Date.

If the Write Down Amount has not been determined when the Write Down Notice is given, the Bank shall, as soon as reasonably practicable following such determination, notify Holders of the Write Down Amount in accordance with Condition 16 (*Notices*).

Any failure or delay by the Bank in giving any such notice to the Holders referred to under this Condition 7.2 (*Write Down Notice*) will not in any way impact on the effectiveness of, or otherwise invalidate, any Write Down, or give Holders any rights as a result of such failure or delay, and shall not constitute a default by the Bank under the Notes or for any purpose.

7.3 *Prior Loss Absorbing Instruments and Parity Loss Absorbing Instruments*: Write Down of the Notes will be effected, save as may otherwise be required by the Norwegian FSA:

- (i) following, or concurrently (or substantially concurrently) with, the write-down or conversion into equity of the entire (save, if applicable, for any one cent or similar floor contained in the terms thereof) outstanding principal amount of any Prior Loss Absorbing Instruments; and
- (ii) *pro rata* with (a) the concurrent Write Down of the other Notes; and (b) the concurrent (or substantially concurrent) write-down or conversion into equity, as the case may be, of any Parity Loss Absorbing Instruments (based on the prevailing principal amount of the relevant Parity Loss Absorbing Instrument),

provided, however, that if for any reason the Bank is unable to effect the concurrent (or substantially concurrent) write-down or conversion of any given Prior Loss Absorbing Instruments and/or Parity Loss Absorbing Instruments within the period required by the Norwegian FSA, the Notes will be Written Down notwithstanding that the relevant Prior Loss Absorbing Instruments and/or Parity Loss Absorbing Instruments are not also written down or converted.

For the avoidance of doubt, to the extent that the Bank is unable to write down or convert any Prior Loss Absorbing Instruments and/or Parity Loss Absorbing Instruments as aforesaid, the Write Down Amount determined in accordance with part (i) of the definition of “Write Down Amount” will be calculated on the basis that such Prior Loss Absorbing Instruments and/or Parity Loss Absorbing Instruments are not available to be written down or converted, and accordingly the Write Down Amount determined in accordance with that part (i) will be higher than it would otherwise have been if such Prior Loss Absorbing Instruments and/or Parity Loss Absorbing Instruments had been available to be written down or converted.

7.4 *Write Down Amount*: “**Write Down Amount**” means, in respect of any Write Down, the amount by which the then Outstanding Principal Amount of each Note is to be Written Down, being the lower of (i) and (ii) below:

- (i) the amount per Note which is determined by the Bank to be necessary (in conjunction with (a) the concurrent Write Down of the other Notes; and (b) the concurrent (or substantially concurrent) write-down or conversion into equity of, or other loss absorption measures taken in respect of, any other Prior Loss Absorbing Instruments and/or Parity Loss Absorbing Instruments, in each case in the manner and to the extent provided in Condition 7.3 (*Prior Loss Absorbing Instruments and Parity Loss Absorbing Instruments*)) to restore each of the Bank's and/or the Bank Group's (as applicable) CET1 Ratio to at least 5.125 per cent. (and so that the lowest of such CET1 Ratios is equal to (or as near as is practicable equal to but not less than) 5.125 per cent.); and
- (ii) the amount necessary to reduce the Outstanding Principal Amount of each Note to nil.

7.5 *Full Loss Absorbing Instruments*: If, in connection with the Write Down or the calculation of the Write Down Amount, there are outstanding any Parity Loss Absorbing Instruments the terms of which provide

that they shall be written down or converted into equity in full and not in part only (“**Full Loss Absorbing Instruments**”) then:

- (i) the requirement that a Write Down of the Notes shall be effected *pro rata* with the write-down or conversion into equity, as the case may be, of any Parity Loss Absorbing Instruments shall not be construed as requiring the Notes to be Written Down in full simply by virtue of the fact that such Full Loss Absorbing Instruments will be written-down or converted in full; and
- (ii) for the purposes of calculating the Write Down Amount, the Full Loss Absorbing Instruments will be treated (for the purposes only of determining the write-down of principal or conversion into equity, as the case may be, among the Notes and such other Parity Loss Absorbing Instruments on a *pro rata* basis) as if their terms permitted partial write-down or conversion into equity, such that the write-down or conversion into equity of such Full Loss Absorbing Instruments shall be deemed to occur in two concurrent stages: (a) first, the principal amount of such Full Loss Absorbing Instruments shall be written-down or converted into equity *pro rata* with the Notes and all other Parity Loss Absorbing Instruments to the extent necessary to restore each of the Bank’s and/or the Bank Group’s (as the case may be) CET1 Ratio to at least 5.125 per cent.; and (b) secondly, the balance (if any) of the principal amount of such Full Loss Absorbing Instruments remaining following (a) shall be written-off or converted into equity, as the case may be, with the effect of increasing the Bank’s and/or the Bank Group’s, as the case may be, CET1 Ratio above the minimum required level under (a) above.

7.6 *Interest accrual:* Following a reduction of the Outstanding Principal Amount of the Notes as described above, interest will accrue on the reduced Outstanding Principal Amount of each Note from (and including) the relevant Write Down Date, and (for the avoidance of doubt) such interest will be subject to Condition 6 (*Interest Cancellation*) and Condition 7.1 (*Loss Absorption following a Trigger Event*).

7.7 *Write Down may occur on one or more occasion; No default:* A Write Down may occur on one or more occasions and accordingly the Notes may be Written Down on one or more occasions (provided however, for the avoidance of doubt, that the principal amount of a Note shall not at any time be reduced to below nil). Any reduction of the Outstanding Principal Amount pursuant to Condition 7 (*Loss Absorption Following a Trigger Event*) shall not constitute a default by the Bank under the Notes or for any purpose.

7.8 *Cancellation not automatic:* If the Outstanding Principal Amount of the Notes is Written Down to nil, the Notes will not be automatically cancelled.

7.9 *Currency:* For the purposes of any calculation in connection with a Write Down or Discretionary Reinstatement of the Notes which necessarily requires the determination of a figure in the Accounting Currency (or in an otherwise consistent manner across obligations denominated in different currencies), including (without limitation) any determination of a Write Down Amount and/or a Maximum Write-up Amount, any relevant obligations (including the Notes) which are not denominated in the Accounting Currency shall, (for the purposes of such calculation only) be deemed notionally to be converted into the Accounting Currency at the foreign exchange rates determined, in the sole discretion of the Bank, to be applicable based on its regulatory reporting requirements under Applicable Banking Regulations.

## **8. Discretionary Reinstatement of the Notes**

8.1 *Discretionary Reinstatement of the Notes:* If, at any time while any Note remains Written Down, each Relevant Entity records a positive Net Profit, the Bank may, in its sole and absolute discretion, increase the Outstanding Principal Amount of the Notes (a “**Discretionary Reinstatement**”) by such amount as the Bank may elect, provided that such Discretionary Reinstatement shall not:

- (i) result in the Outstanding Principal Amount of the Notes being greater than their Original Principal Amount;
- (ii) result in the occurrence of a Trigger Event; or
- (iii) result in the Maximum Write-up Amount to be exceeded when taken together with the aggregate of:
  - (a) any previous Discretionary Reinstatement of the Notes out of the same Relevant Profits since the Reference Date (if any);
  - (b) the aggregate amount of any interest on the Notes that has been paid or calculated (but disregarding any such calculated interest which has been cancelled) since the Reference Date on the basis of an Outstanding Principal Amount that is lower than the Original Principal Amount;
  - (c) the aggregate amount of the increase in principal amount of the Written-Down Additional Tier 1 Instruments to be written-up out of the same Relevant Profits concurrently (or substantially concurrently) with the Discretionary Reinstatement and (if applicable) any previous increase in principal amount out of the same Relevant Profits of such Written-Down Additional Tier 1 Instruments since the Reference Date; and
  - (d) the aggregate amount of any interest on such Written-Down Additional Tier 1 Instruments that have been paid or calculated (but disregarding any such calculated interest which has been cancelled) since the Reference Date on the basis of a prevailing principal amount that is lower than the original principal amount at which such Written-Down Additional Tier 1 Instruments were issued.

*A Discretionary Reinstatement will also not be effected in circumstances in which it would cause any Maximum Distributable Amount then applicable to the Bank and/or the Bank Group to be exceeded.*

8.2 *Notice of Discretionary Reinstatement:* In the event of a Discretionary Reinstatement in accordance with Condition 8.1 (*Discretionary Reinstatement of the Notes*), the Bank will give notice to Holders in accordance with Condition 16 (*Notices*) not more than ten business days following the day on which it resolves to effect such Discretionary Reinstatement, which notice shall specify the amount of such Discretionary Reinstatement and the date on which such Discretionary Reinstatement will be effected.

8.3 *Write-up of Written-Down Additional Tier 1 Instruments:* Any Discretionary Reinstatement shall be applied concurrently (or substantially concurrently) and *pro rata* with other write-ups to be effected out of the Relevant Profits in respect of any Written-Down Additional Tier 1 Instruments.

The Bank will not reinstate the principal amount of any Written-Down Additional Tier 1 Instrument that have terms permitting a write-up of such principal amount to occur out of the Relevant Profits on a similar basis to that set out in respect of the Notes unless it does do on a *pro rata* basis with a Discretionary Reinstatement of the Notes.

8.4 *Interest Accrual:* Following a Discretionary Reinstatement in respect of the Notes, interest will accrue on the increased Outstanding Principal Amount of each Note from (and including) the date on which the relevant Discretionary Reinstatement takes effect, and (for the avoidance of doubt) such interest will be subject to Condition 6 (*Interest Cancellation*) and Condition 7.1 (*Loss Absorption following a Trigger Event*).

8.5 *Discretionary Reinstatement may occur on one or more occasions:* A Discretionary Reinstatement may occur on one or more occasions until the Outstanding Principal Amount of the Notes has been reinstated

to the Original Principal Amount. Any decision by the Bank to effect or not to effect any Discretionary Reinstatement on any occasion shall not preclude it from effecting or not effecting any Discretionary Reinstatement on any other occasion.

*For the avoidance of doubt, Discretionary Reinstatement shall apply to the Notes only if, and to the extent that, the Notes have been Written Down following the occurrence of a Trigger Event in accordance with the provisions of Condition 7 (Loss Absorption Following a Trigger Event) above. If at any time the Notes are written down pursuant to the Bank Security Act, the principal amount by which the Notes are written down pursuant to the Bank Security Act shall not be reinstated (whether by way of Discretionary Reinstatement or otherwise) in any circumstances, and references in these Conditions to a Discretionary Reinstatement up to (or not exceeding) the Original Principal Amount of the Notes shall be construed as if the Original Principal Amount had been reduced by an amount equal to the principal amount of the Notes written down under the Bank Security Act.*

## **9. Redemption and Purchase**

9.1 *No maturity:* The Notes are perpetual securities and have no fixed date for redemption. The Bank may only redeem the Notes at its discretion in the circumstances described herein. The Notes are not redeemable at the option of the Holders at any time.

9.2 *Redemption at the option of the Bank:* The Bank may, at its option (but subject to Condition 9.7 (Conditions to redemption etc.) and to the proviso at the end of this Condition 9.2) and having given not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 16 (Notices) (which notice shall, subject as provided in Condition 9.8 (Trigger Event following notice of redemption, substitution or variation) below, be irrevocable), redeem all (but not some only) of the Notes on the First Call Date or any Interest Payment Date thereafter, at their Redemption Amount; provided, however, that if at any time the Notes have been Written Down pursuant to Condition 7 (Loss Absorption Following a Trigger Event), the Bank shall not be entitled to exercise its option under this Condition 9.2 until the principal amount of the Notes so Written Down has been fully reinstated pursuant to Condition 8 (Discretionary Reinstatement of the Notes).

*For the avoidance of doubt, the proviso to Condition 9.2 requires the principal amount of the Notes to be reinstated if and to the extent that such principal has been Written Down pursuant to Condition 7. If, at any time, the Notes are written down by the shareholders of the Bank or by the Norwegian authorities pursuant to the Bank Security Act, such principal amount is not capable of being reinstated under Condition 8, and the Bank shall be entitled to exercise its option under Condition 9.2 (subject as provided therein) notwithstanding that the Outstanding Principal Amount of the Notes is less than their Original Principal Amount by virtue of such write-down under the Bank Security Act.*

9.3 *Redemption upon the occurrence of a Capital Event, a Withholding Tax Event or a Tax Event:* Subject to Condition 9.7 (Conditions to redemption etc.), upon the occurrence of a Capital Event, a Withholding Tax Event or a Tax Event, the Bank may, at its option, having given not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 16 (Notices) (which notice shall, subject as provided in Condition 9.8 (Trigger Event following notice of redemption, substitution or variation) below, be irrevocable), redeem all (but not some only) of the Notes on any Interest Payment Date, at their Redemption Amount.

The Bank, having satisfied itself that a Capital Event, a Withholding Tax Event or a Tax Event has occurred, shall notify the Holders in accordance with Condition 16 (Notices) of the occurrence of such Capital Event, Withholding Tax Event or Tax Event.

9.4 *Purchase:* The Bank or any member of the DNB Group may at any time (but subject to Condition 9.7 (Conditions to redemption etc.)) purchase Notes in the open market or otherwise and at any price in



accordance with applicable laws and regulations. Such Notes may, subject to applicable law and regulation, be held, reissued, resold or surrendered for cancellation.

9.5 *Cancellation*: All Notes which are redeemed, all Notes which are purchased and surrendered for cancellation and all Notes which are substituted pursuant to Condition 9.6 (*Substitution and variation*), will forthwith be cancelled and deleted from the records of VPS and cannot be reissued or resold.

9.6 *Substitution and variation*: Subject to Condition 9.7 (*Conditions to redemption etc.*), if a Capital Event, a Withholding Tax Event or a Tax Event has occurred and is continuing, the Bank may at any time, at its option (without any requirement for the consent or approval of the Holders), having given not less than 30 nor more than 60 days' notice to the Holders (in accordance with Condition 16 (*Notices*)) and the Account Manager, substitute all (but not some only) of the Notes for, or vary the terms of the Notes provided that they remain or (as appropriate) so that they become, Qualifying Additional Tier 1 Notes.

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Holders can inspect or obtain copies of the new terms and conditions of the Qualifying Additional Tier 1 Notes. Such substitution or variation will be effected without any cost or charge to the Holders.

9.7 *Conditions to redemption etc.*: The Notes may only be redeemed, purchased, cancelled, substituted, varied or modified (as applicable) pursuant to Condition 9.2 (*Redemption at the option of the Bank*), Condition 9.3 (*Redemption upon the occurrence of a Capital Event, a Withholding Tax Event or a Tax Event*), Condition 9.4 (*Purchase*), Condition 9.5 (*Cancellation*) or Condition 9.6 (*Substitution and variation*) or Condition 15 (*Meetings of Holders; Modification*) if then required, as the case may be, if:

- (i) the Bank has notified the Norwegian FSA of, and the Norwegian FSA has consented to, such redemption, purchase, cancellation, substitution, variation or modification (as applicable);
- (ii) such redemption, purchase, cancellation, substitution, variation or modification (as applicable) is in accordance with all applicable laws and regulations, including the Applicable Banking Regulations;
- (iii) in the case of a redemption of the Notes as a result of a Withholding Tax Event or a Tax Event, the tax consequences of such event are materially adverse to the Bank; and
- (iii) in the case of a redemption of the Notes as a result of a Capital Event, a Withholding Tax Event or a Tax Event the Bank has delivered to the Account Manager (to hold for inspection by any Holder during business hours and upon reasonable notice) (A) a certificate signed by two Directors of the Bank stating that the Bank is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Bank so to redeem have occurred, and (B) in the case of a redemption of the Notes as result of a Withholding Tax Event or a Tax Event only, the relevant legal opinion referred to in the definition of Withholding Tax Event or Tax Event (as the case may be), which certificate and opinion shall be conclusive and binding on the Holders.

9.8 *Trigger Event following notice of redemption, substitution or variation*: If at any time the Bank has given notice that it intends to redeem, substitute or vary the terms of the Notes and, prior to the time of such redemption, substitution or variation, a Trigger Event occurs, the relevant redemption, substitution or variation notice shall be automatically rescinded and shall be of no force and effect. Accordingly, the Notes will not be redeemed, substituted or varied on the proposed date therefor, and instead a Write Down of the Notes will occur in accordance with Condition 7 (*Loss Absorption following a Trigger Event*). The Bank will notify the Holders of such occurrence in accordance with Condition 16 (*Notices*) as soon as reasonably practicable.

## 10. Payments

- 10.1 *Method of payment:* Payments shall be made by credit or transfer to an account in NOK maintained by the payee with, or, at the option of the payee, by a cheque in NOK drawn on, a bank in Oslo. Payments of principal and interest in respect of the Notes will be made to the Holders shown in the records of the VPS in accordance with and subject to the rules and regulations from time to time governing the VPS.
- 10.2 *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to: (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to Condition 11 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to Condition 11 (*Taxation*)) any law implementing an intergovernmental approach thereto.
- 10.3 *Payments on business days:* If the due date for payment of any amount in respect of any Note is not a Business Day, the Holder shall not be entitled to payment of the amount due until the next succeeding Business Day and shall not be entitled to any further interest or other payment in respect of any such delay.

## 11. Taxation

- 11.1 *Gross up:* All payments of principal and interest in respect of the Notes by the Bank will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Norway or any political subdivision or any authority or agency thereof or therein having power to tax unless such withholding or deduction is required by law. In such event, the Bank will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes 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 in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note:
- (i) held by or on behalf of a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Kingdom of Norway other than the mere holding of such Note; or
  - (ii) presented for payment more than 30 days after the Relevant Date 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 Business Day); or
  - (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (iv) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union (provided that there is such a Paying Agent appointed at such time).
- 11.2 As used herein, the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Holders, 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 Holders in accordance with Condition 16 (*Notices*).

## **12. Enforcement**

- 12.1 There are no events of default in respect of the Notes. Holders shall not be entitled at any time to file for liquidation or bankruptcy of the Bank.
- 12.2 If the Bank is liquidated, dissolved or otherwise wound-up by way of public administration, in each case by a court or agency or supervisory authority in the Kingdom of Norway having jurisdiction in respect of the same, the holder of any Note may prove or claim in such proceedings in respect of such Note, such claim being for payment of the Outstanding Principal Amount of such Note at the time of commencement of such winding-up together with any interest accrued and unpaid on such Note (to the extent that the same is not cancelled in accordance with the terms of the Notes) from (and including) the Interest Payment Date immediately preceding commencement of such winding-up and any other amounts payable on such Note under the Conditions. Such claim shall rank as provided in Condition 4.2 (*Subordination*).
- 12.3 Subject to Condition 12.1, any Holder may, at its discretion and without further notice, institute such proceedings against the Bank as it may think fit to enforce any obligation, condition or provision binding on the Bank under the Notes, provided that the Bank shall not by virtue of the institution of any proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

## **13. Prescription**

The Notes will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

## **14. Agents**

The names of the Account Manager and the Paying Agent and their initial Specified Offices are set out below.

The Bank is entitled to vary or terminate the appointment of any Account Manager or the Paying Agent or additional or other Account Managers or the Paying Agent and/or approve any change in the Specified Office through which any Account Manager or Paying Agent acts, provided that:

- (i) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority 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 such stock exchange or other relevant authority; and
- (ii) there will at all times be an Account Manager authorised to act as an account operating institution with the VPS.

The Account Manager and Paying Agent act solely as agents of the Bank and do not assume any obligation to, or relationship of agency or trust with, any Holders.

## **15. Meetings of Holders; Modification**

- 15.1 *Meetings of Holders:* Meetings may be convened by the Bank and shall be convened by the Bank if required in writing by Holders 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 a certificate (dated no earlier than 14 days prior to the meeting) from either the VPS or the Account Manager stating that the holder is entered into the records of the VPS as a Holder and is representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding and providing an undertaking that no transfers or dealing have taken place or will

take place in the relevant Notes until the conclusion of the meeting, or at any adjourned meeting one or more persons being or representing Holders 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 (including (i) an amendment to any date for payment of interest in respect of the Notes; (ii) a reduction or cancellation in the nominal amount or any other amount payable on redemption of the Notes; (iii) a reduction in the rate of interest in respect of the Notes or a variation in the method of calculating the rate or amount of interest or the basis for calculating any interest amount in respect any Note; (iv) a variation to any basis for calculating the Redemption Amount of any Note; (v) a variation to the currency of payments in respect of the Notes; or (vi) certain modifications to the quorum and voting provisions set out under the Meetings Schedule), the quorum shall be one or more persons holding or representing not less than two-thirds in aggregate nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Holders whatever the nominal amount of the Notes so held or represented. An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting.

For the purposes of a meeting of Holders, the person named in the certificate from the VPS or the Account Manager described above shall be treated as the holder of the Notes specified in such certificate provided that he has given an undertaking not to transfer the Notes so specified (prior to the close of the meeting).

The provisions for the convening and holding of such meetings of holders are set out in a Meetings Schedule (the “**Meetings Schedule**”), a copy of which is available to holders for inspection upon request to the Bank.

15.2 *Modification of Notes:* The Account Manager and the Bank may agree, without the consent of the Holders, to:

- (i) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) to the Notes and/or these Conditions which is not prejudicial to the interests of the Holders; or
- (ii) subject to Condition 9.7 (*Conditions to redemption etc.*), any modification to the Notes and/or these Conditions 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.

Subject as provided in these Conditions, no other modification may be made to the Notes or these Conditions except with the sanction of an Extraordinary Resolution.

Any such modification shall be binding on the Holders and any such modification shall be notified to the Holders in accordance with Condition 16 (*Notices*) as soon as practicable thereafter.

## 16. Notices

For so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted to trading on the Main Securities Market of the Irish Stock Exchange, notices to Holders will be deemed to have been validly given if published on the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)) or in such other manner as the Irish Stock Exchange or its rules and regulations may prescribe or accept.

The Bank shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading (which, in the case of the Oslo Stock Exchange, is currently by notice to the Oslo Stock Exchange).

Notices shall also be given in accordance with the procedures of VPS.

## 17. Waiver and Remedies

No failure to exercise, and no delay in exercising, on the part of the Holder, any right in these Conditions shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

## 18. Further Issues

The Bank shall be at liberty from time to time without the consent of the Holders 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.

## 19. Governing Law and Submission to Jurisdiction

- 19.1 The Notes and any non-contractual obligations arising therefrom or in connection therewith are governed by, and shall be construed in accordance with, English law, except that (i) the provisions of Condition 4 (*Status of the Notes*), Condition 7 (*Loss Absorption Following a Trigger Event*), Condition 8 (*Discretionary Reinstatement of the Notes*) and any non-contractual obligations arising therefrom or in connection therewith, (ii) any other write-down or conversion of the Notes in accordance with Norwegian law and regulation applicable to the Bank from time to time and (iii) the provisions of Condition 15.1 (*Meetings of Holders*) relating to bondholder meetings and any non-contractual obligations arising therefrom or in connection therewith, are in each case governed by, and shall be construed in accordance with, the laws of the Kingdom of Norway. The Notes must also comply with the Norwegian Securities Register Act of 5 July 2002 no. 64, as amended from time to time and the Holders will be entitled to the rights and are subject to the obligations and liabilities which arise under this Act and any related regulations and legislation.
- 19.2 The Bank agrees, for the exclusive benefit of the Account Manager, the Paying Agent and the Holders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes (including a dispute relating to any non-contractual obligations arising therefrom or in connection therewith) and that accordingly any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Notes (including any Proceedings relating to any non-contractual obligations arising out of or in connection therewith) may be brought in such courts.
- 19.3 The Bank 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 or the Norwegian courts, as the case may be, shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.
- 19.4 Nothing contained in this Condition shall limit any right to take Proceedings against the Bank 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.
- 19.5 The Bank appoints DNB Bank ASA (London Branch) at its registered office for the time being at 8th Floor, The Walbrook Building, 25 Walbrook, London, EC4N 8AF 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.
- 19.6 Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

**20. Rights of Third Parties**

No person shall have any right to enforce any term or Condition in respect of a Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **USE OF PROCEEDS**

The issue of the Notes will form part of the Issuer's capital base and the net proceeds of the issue of the Notes will be applied by the Issuer for its general corporate purposes.

## DESCRIPTION OF THE ISSUER AND THE DNB GROUP

*In addition to the below, please refer to the information on the Issuer and the Bank Group in the documents incorporated herein by reference as set out in the “Documents Incorporated by Reference” section above.*

*The financial information contained in this section relating to the fourth quarter and financial year ended 31 December 2014 of the Issuer has been extracted from the Issuer’s “Fourth quarter report 2014 (preliminary and unaudited)” as incorporated by reference in this Prospectus. Such financial information is interim financial information and is unaudited.*

### Introduction

DNB ASA and its subsidiaries (the “**DNB Group**”) constitute Norway's largest financial services group in terms of total assets with consolidated assets of NOK 2,649 billion as at 31 December 2014 (*source: DNB*). The DNB Group has more than 2.1 million private individual customers, some 220,000 corporate customers and around 1,100,000 life and pension insurance customers in Norway.

The DNB Group offers a full range of financial services including lending, deposits, foreign exchange and interest rate products, investment banking products, life insurance and pension saving products, non-life insurance products, equity funds, asset management and securities operations as well as real estate brokering. In all segments of the Norwegian financial sector, the DNB Group enjoys leading market positions.

DNB Bank ASA (the “**Issuer**” or “**Bank**”) is Norway's largest bank. As of 30 November 2014 DNB's market share (Norwegian customers) in lending to households was 26.1 per cent. and 11.4 per cent. in corporate lending (*source: Statistics Norway and DNB*). The Bank is 100 per cent. owned by DNB ASA.

### Legal structure

The merger between DnB Holding ASA and Gjensidige NOR ASA was registered in the Register of Business Enterprises on 4 December, 2003 and the new holding company was renamed DnB NOR ASA. DnB Holding ASA was the acquiring holding company. The two bank subsidiaries, Den norske Bank ASA and Union Bank of Norway ASA, respectively, merged on 19 January, 2004. Union Bank of Norway ASA was the acquiring bank. Through various mergers, it can trace its roots back to 1822, when Norway's first savings bank was founded. The new bank was named DnB NOR Bank ASA. With effect from 11 November, 2011, DnB NOR Bank ASA was renamed DNB Bank ASA.

On 10 September, 2002, Union Bank of Norway ASA was demutualised from a self-owned institution and incorporated as a public limited company with registration number 984 851 006 under the Norwegian Act on Commercial Banks of 24 May, 1961 No. 2.

On 31 May, 2012, the Board of Directors (as defined below) approved the merger of the Issuer and Nordlandsbanken ASA. The merger became effective on 1 October, 2012.

The registered office of the Issuer is at Dronning Eufemias gate 30, N-0021, Oslo, Norway and its telephone number is +47 915 03000.

### Corporate object

Pursuant to Article 1-2 of the Articles of Association of the Issuer, the corporate object of the Issuer is to perform all types of business and services that are customary or natural for banks to engage in within the scope of Norwegian legislation in force at any time.

### DNB Group - legal structure at 31 December 2014

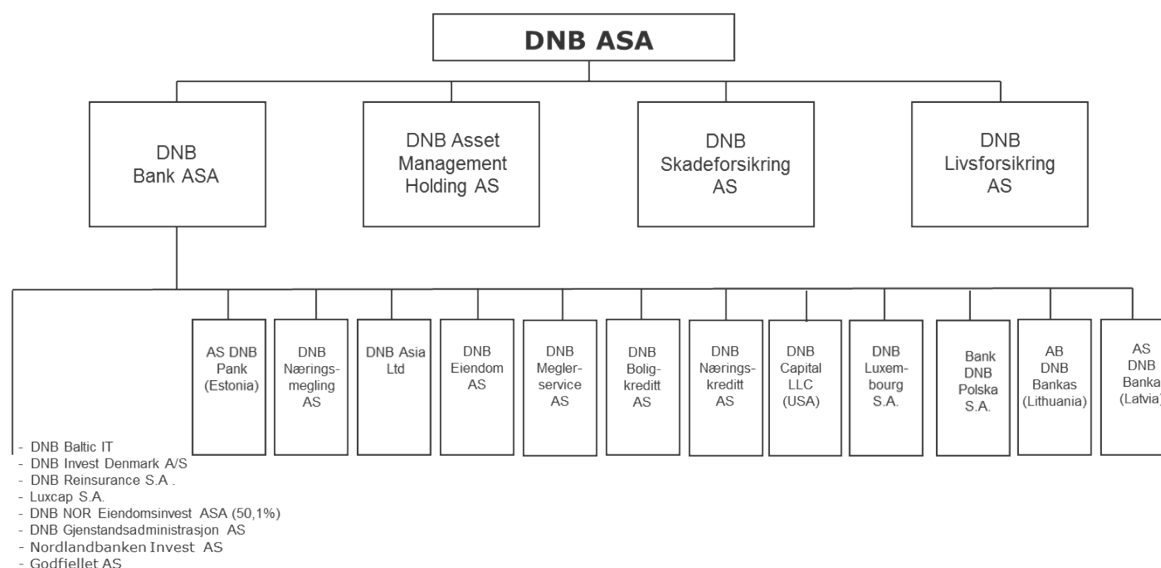
In accordance with the requirements of the Norwegian regulatory authorities, the banking, asset management and insurance activities of DNB Group are organised in separate limited companies under the holding company DNB



ASA. Banking activities are organised in DNB Bank ASA and its subsidiaries (together, the “**Bank Group**”). Asset management activities are organised under DNB Asset Management Holding AS. DNB Livsforsikring ASA offers life insurance and pension saving products. DNB Skadeforsikring AS offers non-life insurance products as part of a total product package for retail customers.

The chart below shows the legal structure of the DNB Group at 31 December 2014.

## Legal Structure in the DNB Group 31st December 2014



## Regulatory Capital Ratios

The Issuer and the DNB Group intend to publish information regarding the regulatory capital ratios of the Issuer, the Bank Group and the DNB Group as part of their financial statements each quarter.

Up until 30 June 2014, the DNB Group followed the Basel II regulations for capital adequacy calculations. On 22 August 2014, the Norwegian Ministry of Finance approved changes in a number of capital adequacy regulations. Parallel to this, *Finanstilsynet* changed the Consolidation Regulations to adapt to the EU’s new capital adequacy regulations for banks and investment firms (CRD IV/CRR). As of 30 September 2014, capital adequacy will be reported in accordance with the new reporting requirements. Valuation rules used in the statutory accounts form the basis for the consolidation, which is subject to special consolidation rules governed by the Consolidation Regulations.

The table below sets out the Issuer’s, the Bank Group’s and the DNB Group’s common equity tier 1 ratios as at 31 December 2014 and 31 December 2013 (calculated applying transitional measures).

	DNB Bank Group	DNB Bank ASA	DNB Group
Common equity Tier 1 ratio (%) as at 31. December 2014 *	12.5	13.2	12.7
Common equity Tier 1 ratio (%) as at 31. December 2013 *	11.4	11.4	11.8
* Transitional rules			

## **The Bank's strategy**

The Bank is the main unit in DNB Group, and the Bank's strategy is thus clearly co-ordinated with the DNB Group's overall strategy.

### ***DNB's strategy***

DNB Group's strategic platform consists of the DNB Group's vision and values and a shared customer value proposition.

DNB Group's vision and values are about putting the customers in focus. By having satisfied customers whose need for financial services are well met, DNB Group aims to be the leading bank throughout Norway and a leading international player within selected customer segments, products and geographic areas.

The strategy focuses on capital efficiency, customer experience and corporate culture.

### ***Capital Efficiency***

DNB Group will give priority to growth within the areas which ensure the best risk-adjusted return, with special emphasis on non-capital intensive products and services.

### ***Customer Experience***

DNB Group wishes to ensure that customers have a good experience every time they are in contact with the bank. Innovation and development and good access to the DNB Group's services are key elements in this respect. DNB Group will show initiative, build trust and make sure that the size of the DNB Group is advantageous for its customer. This is underlined by DNB Group's customer value proposition: "Here for you. Every day. When it matters the most."

Good customer experiences, along with local competitive power and in-depth industry knowledge, is important to consolidate and strengthen DNB Group's position among customers.

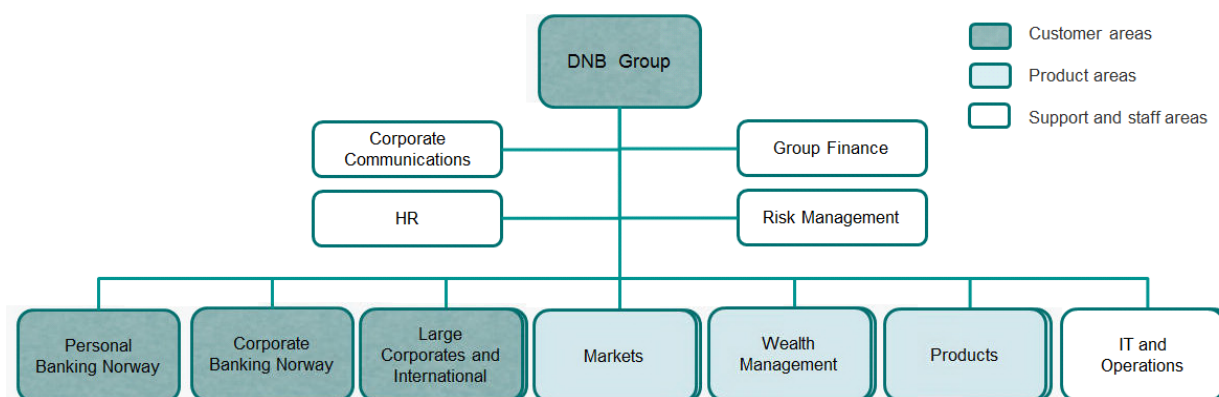
### ***Corporate Culture***

DNB Group's operational structure reflects the DNB Group's customer segments and aims to ensure efficient adaption to changes in customer behaviour and the development of products and services tailored to the needs of the various customer segments. DNB Group's corporate culture should be characterized by change capacity, engagement, good leadership and effective communication. Close cooperation between the various group units will ensure that customers get access to the DNB Group's full range of services.

## **Operational structure – DNB Group**

The operational structure of DNB Group deviates from its legal structure. The operational structure is adapted to the DNB Group's business operations and aims to ensure high-quality customer service and products as well as efficient operations.

Customer areas are responsible for customer relationships and customer service, while product areas are responsible for the development of key products. Operational tasks and group services are carried out by the DNB Group's support and staff units, which provide infrastructure and cost-efficient services for the business units. All activities in the subsidiaries fall within the area relevant to such subsidiaries' primary operations.



## Reporting structure Bank Group– Business segments

Financial governance in DNB is geared to the different customer segments. The follow-up of total customer relationships and segment profitability are two important dimensions when making strategic priorities and deciding where to allocate the Bank Group's resources. Special product areas are responsible for production and development for parts of the product range and for ensuring that the Bank Group meets the needs of the various customer segments. Reported figures for the different segments, as further described below, will reflect the Bank Group's total sales of products and services to the relevant customer segments.

### Personal customers -

this segment includes the Bank Group's 2.1 million personal customers in Norway. The segment includes the Bank Group's total products and activities to private customers in all channels, both digital and physical. The Bank Group offers a wide range of products through Norway's largest distribution network, comprising branches, telephone banking (24/7), digital banking, real estate broking as well as external channels (post offices and in-store postal and banking outlets).

Pre-tax operating profits totalled NOK 2,374 million in the fourth quarter of 2014, up NOK 1 million from the fourth quarter of 2013.. Pre-tax operating profit for the full year 2014 amounted to NOK 9,136. Average loans to customers (including accrued interest, impairment and value adjustments) amounted to NOK 684 billion in the fourth quarter of 2014. A large share of loans to personal customers represents well-secured home mortgages.

The market share of credit to households stood at 26.1 per cent at end-November 2014, while market share of total household savings was 32.4 per cent. DNB Eiendom had a market share of 19.1 per cent in the fourth quarter of 2014.

### Small and medium-sized enterprises –

this segment is responsible for product sales and advisory services to small and medium-sized enterprises in Norway. The Bank Group aspires to be a local bank for the whole of Norway, while offering the products and expertise of a large bank. Customers in the segment range from small businesses and start-up companies to relatively large corporate customers, and the product offerings are adapted to the customers' different needs. Small and medium-sized enterprises are served through the Bank Group's large physical distribution network throughout Norway as well as digital and telephone banking (24/7).

Pre-tax operating profits amounted to NOK 796 million in the fourth quarter of 2014, an increase of NOK 43 million from the fourth quarter

of 2013. The increase in profits reflected a strong rise in both net interest income and net other operating income. Pre-tax operating profit for the full year 2014 amounted to NOK 3,268.

The Bank Group is committed to supporting customers who want to start their own business and is working on measures that will help newly established companies streamline their business activities.

#### Large corporates and international customers –

the segment includes large Norwegian and international corporate customers including all customers in the Baltics and Poland. Operations are based on sound industry expertise and long-term customer relationships.

Pre-tax operating profits came to NOK 2,698 million in the fourth quarter of 2014, a reduction of NOK 130 million from the year-earlier period. In spite of healthy rise in income, profits were negatively affected by increasing impairment losses on loans. The pre-tax operating profit for the full year 2014 amounted to NOK 10,586.

The Bank Group gives priority to strong, long-term profitable customer relationships and on further developing key customer segments. The Bank Group's wide range of products and broad expertise are key elements in efforts to strengthen customer relationships and form the basis for operations over the coming years.

#### Trading -

includes market making and other trading activities in fixed income, currencies and commodities (FICC) as well as equities, including risk management of the risk inherent in customer transactions. Markets' trading activities support the customer activities.

In the fourth quarter of 2014, there was a pre-tax operating loss of NOK 105 million, representing a reduction in profit of NOK 505 million from the year-earlier period. Lower oil prices and greater uncertainty regarding the Norwegian economy resulted in a depreciation of the Norwegian krone, reduced prices on Norwegian Treasury bills and widening credit spreads towards the end of 2014. Consequently, income declined to NOK 26 million in the fourth quarter of 2014, from 688 million in the year-earlier period.

#### **Overview of the Issuer's Subsidiaries**

The following table provides a summary of the subsidiaries of the Issuer as of 31 December 2013 (which is the latest available information at the time of this Prospectus).

## Investments in subsidiaries as at 31 December 2013

<i>Amounts in NOK 1000</i>		Share	Number		Nominal	Ownership	Carrying
<i>Values in NOK unless otherwise indicated</i>		capital	of shares		value	share in percent	amount
<b>Foreign subsidiaries</b>							
DNB Invest Denmark	EUR	17 155 595	17 155 595 100	EUR	17 155 595	100.00	9 314 875
DNB Bankas	LTL	656 665	5 710 134	LTL	656 665	100.00	3 095 318
DNB Banka	LVL	134 361	134 360 900	LVL	134 361	100.00	1967 859
DNB Bank	EUR	9 376	937 643	EUR	9 376	100.00	841260
DNB Bank Polska	PLN	1257 200	1257 200 000	PLN	1257 200	100.00	1773 563
Den Norske Syndicates	GBP	200	200 000	GBP	200	100.00	2 008
DNB Asia <sup>1)</sup>	USD	1500 000	150 000 000	USD	1500 000	100.00	9 111450
DNB Asia <sup>1)</sup>	SGD	20 000	20 000 000	SGD	20 000	100.00	96 211
DNB Baltic IT	DKK	330 600	330 600 000	DKK	330 600	100.00	0
DNB Brasil	BRL	600	600 000	BRL	600	100.00	1883
DNB Capital <sup>2)</sup>	USD			USD		100.00	14 578 320
DNB Luxembourg	EUR	30 000	70 000	EUR	30 000	100.00	251116
DNB Markets Inc.	USD	1	1000	USD	1	100.00	2 223
DNB Reinsurance		21000	21000		21000	100.00	21000
JSC DNB Bank	RUB	800 000	800 000 000	RUB	800 000	100.00	125 275
Pres-Vac	DKK	1400	1275 149	DKK	1400	100.00	106 291
SC Finans	SEK	50	1260 250	SEK	50	100.00	61871
<b>Domestic subsidiaries</b>							
Bryggetorget Holding		2 500	2 500		2 500	100.00	62 120
Digital Wallet		101	2 400		101	100.00	120
DNB Boligkreditt		2 727 000	27 270 000		2 727 000	100.00	22 084 000
DNB Eiendom		10 003	100 033		10 003	100.00	158 021
DNB Eiendomsutvikling		91000	91000 000		91000	100.00	238 731
DNB Gjenstandsadministrasjon		3 000	30		3 000	100.00	3 000
DNB Invest Holding		100 000	200 000		100 000	100.00	243 000
DNB Meglerservice		1200	12		1200	100.00	10 220
DNB Næringskreditt		550 000	550 000		550 000	100.00	5 240 942
DNB Næringsmegling		1000	10 000		1000	100.00	24 000
DNB Polish Properties		100	100		100	100.00	120
Godfjellet		6 030	6 030		6 030	100.00	60 045
Kongsberg Industrieiendom		100	1000		100	100.00	10 000
Nordlandsbanken Invest		2 600	2 600		2 600	100.00	2 610
<b>Total investments in subsidiaries</b>						<b>69 487 453</b>	

## Risk Measurement and Risk-adjusted Capital

Risk-adjusted capital is a measure of the risk of losses generated by various business operations. Risk-adjusted capital makes it possible to compare risk across risk categories. Average losses over a normal business cycle represent expected costs which should primarily be covered through correct pricing. Risk-adjusted capital should cover unexpected losses. Calculations of risk-adjusted capital are based on statistical methods. However, calculations of risk-adjusted capital require a certain level of discretion and estimation, which could, if changed, have an impact on capital estimates.

DNB Group quantifies risk-adjusted capital for the following risk categories: credit risk, market risk, market risk in life insurance, insurance risk, risk in non-life insurance, operational risk and business risk. Risk-adjusted capital for the various risk categories is calculated separately as well as for the DNB Group as a whole. In addition, risk-adjusted capital is calculated for all business areas. Calculations are used in profitability measurement and as decision support within risk management.

## Risk Appetite

The risk appetite concept is an industry best practice enabling organisations to include risk as part of planning and strategy processes and thus react more swiftly to changing surroundings. DNB Group's risk appetite framework will represent an operationalisation of the DNB Group's current risk policy and guidelines, ensuring that risk is managed and integrated with other key steering processes in the organisation in a practical, structured, transparent and synchronised manner.

DNB Group's risk appetite framework consists of different risk appetite statements covering the risk dimensions considered to be significant for the DNB Group, and which added up give a good view of the total risk. The risk appetite statements set defined reference points against which the risk consequences of the organisation's strategic

and financial planning should be evaluated. The statements have been formulated along the dimensions of profitability and earnings, capitalisation, market risk, insurance risk, credit risk, liquidity risk, operational risk and reputational risk

The DNB Group-level limits will be cascaded to business and support unit level. This is important to ensure that the risk appetite statements become more tangible and relevant in both strategy and planning processes as well as in day-to-day operations at business unit level.

To support the framework a set of governance principles and operational procedures and responsibilities within the DNB Group have been developed. These are vital to ensure that risk appetite contributes to risk being managed and integrated with other key steering processes in DNB Group, while still maintaining the required independence to function as a reference point for risk consequences of the organisation's strategic and financial planning.

A governance principal is that ownership of the framework must rest with the Board of Directors. All changes to the framework and the governance principles are to be approved by the Board of Directors. The risk appetite framework is also to be reviewed at least once a year in a process initiated by the DNB Group's chief risk officer. The annual review is to take place independent of the strategic and financial planning process. There will be monthly reporting of actual risk exposure within the DNB Group. Based on this reporting structure there are pre-defined procedures for following up and handling risks that are approaching critical levels vis-à-vis the risk appetite statements, and for risk elements that may have exceeded such levels. Each risk appetite statement is also to be assigned an owner within the administration who will be responsible for follow-up if risk levels are exceeded.

## **Risk Management**

The primary aim of risk management in DNB Group is to achieve an optimal balance between the DNB Group's risk of losses and its earnings potential in a long-term perspective. Risk management implies that profitability is considered relative to risk, while ensuring that the DNB Group is secured against unintentional risk.

Healthy risk management is based on a strong risk culture, which is characterised by a high level of awareness concerning risk and risk management in the organisation. A common risk management framework provides the basis for developing a sound culture and for effective management of the DNB Group.

### *Risk categories*

In DNB Group, risk is divided into different categories which are subject to special measurements and management.

#### *Credit risk*

Credit risk (or counterparty risk) is the risk of financial losses due to failure on the part of the DNB Group's customers (counterparties) to meet their payment obligations towards DNB Group. Credit risk refers to all claims against customers/counterparties, principally loans, but also obligations related to other approved credits, guarantees, fixed-income securities, undrawn credits and interbank deposits, as well as counterparty risk incurred in connection with trading in currency and interest rate derivatives. In addition, there are significant elements of counterparty risk in the settlement risk which arises in connection with payment transfers and the settlement of contracts. Credit risk also includes concentration risk, including risk associated with large exposures to one and the same customer, concentration within a geographic area or industry or exposures to homogeneous customer groups. Residual risk is the risk that the collateral provided for a credit exposure fails to meet expectations.

DNB Group's credit process is based on the DNB Group's credit policy, which is approved by the Board of Directors. The primary aim of credit operations is to maintain a credit portfolio with a composition and quality that ensures the bank's short and long-term profitability. The quality of the credit portfolio should be consistent with DNB's low risk profile target.

The DNB Group aims to avoid large risk concentrations, including large exposures to a customer or customer group as well as clusters of commitments in high-risk categories, industries and geographical areas. Developments

in risk concentrations are monitored closely with respect to volume, risk category and risk-adjusted capital. Exposures to large customers and customer groups are followed up based on risk category and risk-adjusted capital.

The risk classification systems are used as decision support and for continual risk monitoring and reporting. Probability of default, expected losses and risk-adjusted capital for commitments on an individual and portfolio basis are an integral part of the credit process and ongoing monitoring, including the follow-up of credit strategies.

#### *Market risk*

Market risk is the risk of losses due to unhedged positions in the foreign exchange, interest rate, commodity and equity markets. The risk arises in consequence of fluctuations in profits due to changes in market prices or exchange rates. Market risk includes both risk that arises through ordinary trading activities and risk that arises as part of banking activities. The DNB Group is also exposed to substantial market risk in the insurance operations, in particular in the life insurance company DNB Livforsikring ASA.

Market risk in life insurance is the risk that the return on financial assets will not be sufficient to meet the obligations specified in insurance policies.

#### *Insurance risk*

Insurance risk is incurred by DNB Livsforsikring ASA and DNB Skadeforsikring ASA and is related to changes in future insurance obligations. Within life insurance, such risk reflects changes in life expectancy and disability rates. Within non-life insurance, insurance risk is related to the frequency and size of future claims payments.

#### *Liquidity risk*

Liquidity risk is the risk that the DNB Group will be unable to meet its obligations as they fall due, and the risk that the DNB Group will be unable to meet its liquidity obligations without a substantial rise in appurtenant costs. Liquidity is vital to financial operations though this risk category will often be conditional in the respect that it will not materialise until other events give rise to concern regarding the DNB Group's ability to meet its obligations. Liquidity risk is not quantified in the form of risk-adjusted capital but is followed up through limit management and stress tests.

#### *Operational risk*

Operational risk is the risk of losses due to deficiencies or errors in processes and systems, errors made by employees or external events.

Operational risk is a risk category which covers most costs associated with shortcomings in the quality of the DNB Group's operations. As for other risk categories, DNB Group aims to document low risk and high quality. Thus, great emphasis is placed on risk and quality in the operation and management of the DNB Group. Special sections have been established in all business areas and support units, carrying responsibility for the practical aspects of operational risk management.

Contingency and business continuity plans are central tools in operational risk management and subject to continual quality control.

#### *Business risk*

Business risk relates to fluctuations in profits due to changes in external factors such as the market situation, government regulations or the loss of income due to a weakened reputation. Reputational risk is often a consequence of other risk categories. The DNB Group's business risk is primarily handled through the strategy process and ongoing efforts to safeguard and improve the DNB Group's reputation. When determining and following up the DNB Group's risk appetite, reputational risk is defined as a separate risk dimension.

In addition to the risks described above, the DNB Group is exposed to strategic risk, which can be defined as the risk of a decline in profits if the DNB Group fails to exploit existing strategic opportunities. The DNB Group's strategic risk is not measured or reported individually, but is discussed as part of the annual strategy process.

## SHAREHOLDERS, MANAGEMENT AND EMPLOYEES

The Issuer is 100 per cent. owned by DNB ASA. The following table sets forth, as at 31 December 2014, the 20 largest shareholders of DNB ASA, the number of shares held by each such shareholder, and the percentage of outstanding shares represented by each shareholding.

### Major Shareholders

	Shares (1,000)	Ownership (%)
Norwegian Government/Ministry of Trade, Industry and Fisheries	553,792	34.00
DNB Savings Bank Foundation	154,400	9.48
Folketrygdfondet	100,938	6.20
MFS Investment Management	27,563	1.69
SAFE Investment Company	26,378	1.62
Blackrock Investments	25,833	1.59
UBS Global Asset Management	21,224	1.30
Vanguard Group	20,916	1.28
DNB Asset Management	20,137	1.24
Fidelity Worldwide Investments	19,880	1.22
Saudi Arabian Monetary Agency	17,667	1.08
Standard Life Investments	17,375	1.07
T Rowe Price Global Investments	16,986	1.04
KLP Asset Management	15,555	0.96
Jupiter Asset Management	15,396	0.95
Storebrand Investments	14,923	0.92
BNP Paribas Investment Partners	14,791	0.91
Henderson Global Investors	13,931	0.86
Schroder Investment Management	13,759	0.84
Newton Investment Management	13,725	0.84
<b>Total largest shareholders</b>	<b>1,125,169</b>	<b>69.08</b>
Other shareholders	503,629	30.92
<b>Total</b>	<b>1,628,799</b>	<b>100.00</b>

### Supervisory Board

#### *Responsibility and organisation*

The Issuer has a supervisory board (“**Supervisory Board**”) which is in accordance with the Norwegian Financial Institutions Act and the Issuer's articles of association. The Supervisory Board consists of 30 members with 10 to 20 deputies, 20 members elected by the shareholders and 10 members elected by the employees. The members of the Supervisory Board are elected for two-year terms.



The Supervisory Board annually elects its chairman and vice-chairman from among its members. The current chairman is Eldbjørg Løwer and the current vice-chairman is Randi Eek Thorsen.

The main responsibility of the Supervisory Board is to supervise the Board of Directors of the Issuer (the “**Board of Directors**”) and the chief executive officer's (“**CEO**”) management of the Issuer. The Supervisory Board must also submit a statement to the Issuer's general meeting of shareholders on whether the Issuer's Board of Directors' proposal for the income statement and balance sheet should be approved, as well as on the Board of Directors' proposal for allocation of the profit or loss cover. Pursuant to the Issuer's articles of association, the Supervisory Board elects the board members and deputies (including the chairman and the vice-chairman), the election committee and the external auditor and determines their remuneration. The Supervisory Board also determines the remuneration of the CEO. Furthermore the Supervisory Board has established the guidelines for the Control Committee (as defined below) and may adopt recommendations to the Board of Directors on all matters.

The Supervisory Board holds meetings as often as necessary, and when requested by the Board of Directors, its Control Committee or at least one-sixth of the members of the Supervisory Board.

#### *Members of the Supervisory Board*

The members of the Supervisory Board and their business addresses are as follows:

##### **a) Members elected by the shareholders**

<b>Name</b>	<b>Business address</b>
Eldbjørg Løwer (Chairman)	Tollumløkka 39A, 3611 Kongsberg, Norway
Randi Eek Thorsen (Vice-chairman)	Pb. 555 Sentrum, 0105 Oslo, Norway
Inge Andersen	Ullevål Stadion, 0840 Oslo, Norway
Lars Tronsgaard	Folketrygdfondet, Postboks 1845 Vika, 0123 Oslo, Norway
Toril Eidesvik	Strandgt 92, 5528 Haugesund, Norway
Sondre Gravir	Biskop Gunnerus' gt 14 A, 0051 Oslo
Camilla Grieg	C. Sundtsgt. 17-19, Postboks 781, Sentrum, 5807 Bergen, Norway
Ole Jørgen Haslestad	Bygdøy Allé 2 , 0202 Oslo
Nalan Koc	Framsenteret, 9296 Tromsø, Norway
Christian Printzell	FINN.no, Grensen 5/7, 0159 Oslo, Norway
Thomas Leire	Postboks 409, 4604 Kristiansand, Norway
Helge Møgster	Alfabygget, 5392 Storebø, Norway
Gudrun B. Rollesfien	Sjøgata 6, 9600 Hammerfest, Norway
Torild Skogsholm	Universitetsgata 12, 0164 OSLO
Merete Smith	Kristian Augustgt 9, 0164 Oslo, Norway
Widar Salbuviik	Postboks 626, 1503 Moss, Norway
Ståle Svenning	SmartMotor AS, Jarleveien 8, 7041 Trondheim, Norway
Turid M. Sørensen	c/o Scandic American Shipping Ltd (EB), Postboks 56, 3201 Sandefjord, Norway
Gunvor Ulstein	Ulstein Group ASA, Postboks 158, 6067 Ulsteinvik, Norway
Gine Wang	StatoilHydro ASA, Postboks 7200, 5020 Bergen, Norway

##### **b) Deputies elected by the shareholders**

<b>Name</b>	<b>Business address</b>
Erik Buchmann	Gabelsgt 38, 0272 OSLO
Harriet Hagan	Postboks 1247, 9504 ALTA (Løkkeveien 4, 9510 ALTA)
Bente Hagem	P.O. Box 5192 Maj, NO-0302 Oslo
Liv Johannson	Måltrostveien 24 c, 0786 OSLO
Herman Mehren	Kristian IVs gt 12, 0164 OSLO
Gry Nilsen	P.B. 213 Sentrum, 0103 OSLO
Asbjørn Olsen	Nedre Vollgate 9, 0158 OSLO
Oddbjørn Paulsen	Djupmyra 6, 8022 BODØ

<b>Name</b>	<b>Business address</b>
Anne Bjørg Thoen	Landingsveien 34, 0767 OSLO
Elsbeth Sande Tronstad	Postboks 200, Lilleaker, Lilleakervn. 8, 0216 Oslo

**c) Members elected by the employees**

<b>Name</b>	<b>Business address</b>
Terje Bakken	DNB, 0021 Oslo, Norway
Mona Drønen	DNB, 0021 Oslo, Norway
Børre Lande	DNB, 0021 Oslo, Norway
Lillian Hattrem	DNB, 0021 Oslo, Norway
Irene Buskum Olsen	DNB, 0021 Oslo, Norway
Einar Pedersen	DNB, 0021 Oslo, Norway
Eli Solhaug	DNB, 0021 Oslo, Norway
Solvor Hagen	DNB, 0021 Oslo, Norway
Viktor Sæther	DNB, 0021 Oslo, Norway
Arve Hatlevoll	DNB, 0021 Oslo, Norway

The Issuer does not consider the principal activities outside the Issuer of any of the persons listed in the tables above to be significant with respect to the Issuer.

**Board of Directors**

*Responsibilities and organisation*

The Board of Directors is responsible for managing the Issuer and ensuring that the Issuer's activities are properly organised. The Board of Directors establishes plans and budgets for the Issuer's business, stays informed of the Issuer's financial position and ensures that the Issuer's business, its accounts and the management of its assets and liabilities are subject to adequate control. In order to perform its responsibilities, the Board of Directors must make such enquiries as it considers necessary, and must also supervise the day-to-day management of the Issuer and its business in general.

In accordance with the articles of association of the Issuer, the Board of Directors of the Issuer must consist of up to nine members elected for up to two years. Two of those members shall represent the employees. One-fourth of the board members may neither be employed by, nor have other honorary posts in the Issuer or its direct or indirect subsidiaries. The chairman and vice chairman are elected separately by the Supervisory Board for a term of up to two years. The current chairman is Anne Carine Tanum and the current vice-chairman is Jarle Bergo.

The members of the Board of Directors of the Issuer are as follows:

<b>Name</b>	<b>Business address</b>	<b>Position</b>
Tanum, Anne Carine ....	NO-0021 Oslo, Norway	Chairman
Bergo, Jarle.....	P.O. Box 117, Sentrum, NO-0107 Oslo, Norway	Vice-chairman
Finstad, Sverre.....	Dronning Eufemiasgate 30, 0021 Oslo, Norway	Member (employee representative)
Mathisen, Vigdis .....	Dronning Eufemiasgate 30, 0021 Oslo, Norway	Member (employee representative)
Nyland, Kai .....	Aluvegen 65B, 2319 Hamar, Norway	Member
Rambjør, Torill.....	Helgerødveien 170, NO-3145 Tjøme, Norway	Member
Wahl, Kim .....	Olav Vs gt.5 (9.etg.), Postboks 1273 Vika, 0111 Oslo	Member

The Issuer does not consider the principal activities outside the Issuer of any of the persons listed in the table above to be significant with respect to the Issuer.

## Control Committee

### *Responsibilities and organisation*

The Issuer must have a control committee (the “**Control Committee**”) which is identical to the Control Committee of DNB ASA. It consists of three to six members with two deputies. One member must meet the requirements set for Norwegian judges. The Financial Supervisory Authority of Norway (*Finanstilsynet*) must approve the appointment of this member. The chairman, vice-chairman, members and deputy members of the Control Committee are appointed by the General Meeting for two-year terms.

The Control Committee's main responsibility is to supervise the Issuer's activities to ensure that it complies with laws, regulations and licences, as well as with their articles of association and resolutions adopted by their decision-making bodies. To the extent that the Control Committee deems necessary, it shall examine the Issuer's records and documents. The Control Committee may require officers and employees to furnish such information as the committee considers necessary for it to perform its tasks.

### *Members*

The current members of the Control Committee and their business addresses are as follows:

<b>Name</b>	<b>Business address</b>	<b>Position</b>
Hassel, Frode .....	Beddingen 8, NO-7014 Trondheim	Chairman
Hovden, Karl Olav .....	Ormerudveien 45, 1410 Kolbotn	Vice-Chairman
Helliesen, Ida .....	Trosterudveien 19B, 0778 Oslo	Member
Johnson, Ida Espolin .....	Hoffsjef Løvenskioldsvei 41, 0382 Oslo	Deputy
Trasti, Ole G .....	Stensberggata 17B, 0170 Oslo	Deputy

The Issuer does not consider the principal activities outside the Issuer of any of the persons listed in the table above to be significant with respect to the Issuer.

## DNB Group Management

The CEO is appointed at a joint meeting of the Supervisory Board and the Board of Directors and is responsible for the day-to-day management of the Issuer. Responsibility for the management of the DNB Group is distributed between the business areas. DNB Group Management consists of the following:

<b>Name</b>	<b>Business address</b>	<b>Position</b>	<b>Function in the DNB Group</b>
Rune Bjerke	NO-0021 Oslo	Group Chief Executive Officer	Group Chief Executive Officer
Ottar Ertzeid	NO-0021 Oslo	Group Executive Vice President	Head of Markets
Harald Serck-Hanssen	NO-0021 Oslo	Group Executive Vice President	Head of Large Corporates and International
Liv Fiksdahl	NO-0021 Oslo	Group Executive Vice President	Head of IT and Operations
Solveig Hellebust	NO-0021 Oslo	Group Executive Vice President	Head of Human Resources
Kari Olrud Moen	NO-0021 Oslo	Group Executive Vice President	Head of Products
Thomas Midteide	NO-0021 Oslo	Group Executive Vice President	Head of Corporate Communication
Bjørn Erik Næss	NO-0021 Oslo	Group Executive Vice President	Head of Group Finance
Tom Rathke	NO-0021 Oslo	Group Executive Vice President	Head of Wealth Management
Trond Bentestuen	NO-0021 Oslo	Group Executive Vice President	Head of Personal Banking Norway
Kjerstin B. Braathen	NO-0021 Oslo	Group Executive Vice President	Head of Corporate Banking Norway
Terje Turnes	NO-0021 Oslo	Group Executive Vice President	Head of Risk Management

The Issuer does not consider the principal activities outside the Issuer of any of the persons listed in the table above to be significant with respect to the Issuer.

No company in the DNB Group has issued loans or securities to any members of the Supervisory Board, the Board of Directors, the Control Committee or the Group Management that are not on ordinary terms for employees of the DNB Group.

**The Issuer is not aware of any potential conflicts of interest between the duties to the Issuer of each of the persons listed above under the headings “Supervisory Board”, “Board of Directors”, “Control Committee” and “DNB Group Management” and his/her private interests or other duties.**

## TAXATION

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

***The following descriptions are general summaries of certain taxation matters based on applicable law and practice currently in effect in the relevant jurisdictions. Nothing in this section constitutes tax, legal or financial advice, and the summaries contained herein are of a general nature and do not cover all aspects of taxation in the relevant jurisdictions that may be relevant to any particular holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications for them of an investment in the Notes.***

### NORWEGIAN TAXATION

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

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

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

The Notes will not be subject to any Norwegian estate duties.

Persons considered domiciled in Norway for tax purposes will be subject to Norwegian income tax of a flat rate of 27 per cent. on interest received in respect of the Notes. Likewise, capital gains or profits realised by such persons on the sale, disposal or redemption of the Notes will be subject to Norwegian taxation.

### IRELAND TAXATION

**THE FOLLOWING IS A SUMMARY BASED ON THE LAWS AND PRACTICES CURRENTLY IN FORCE IN IRELAND OF IRISH WITHHOLDING TAX ON INTEREST AND ADDRESSES THE TAX POSITION OF INVESTORS WHO ARE THE ABSOLUTE BENEFICIAL OWNERS OF THE NOTES. PARTICULAR RULES NOT DISCUSSED BELOW MAY APPLY TO CERTAIN CLASSES OF TAXPAYERS HOLDING NOTES, INCLUDING DEALERS IN SECURITIES AND TRUSTS. THE SUMMARY DOES NOT CONSTITUTE TAX OR LEGAL ADVICE AND THE COMMENTS BELOW ARE OF A GENERAL NATURE ONLY AND IT DOES NOT DISCUSS ALL ASPECTS OF IRISH TAXATION THAT MAY BE RELEVANT TO ANY PARTICULAR HOLDER OF NOTES. PROSPECTIVE INVESTORS IN THE NOTES SHOULD CONSULT THEIR PROFESSIONAL ADVISERS ON THE TAX IMPLICATIONS OF THE PURCHASE, HOLDING, REDEMPTION OR SALE OF THE NOTES AND THE RECEIPT OF PAYMENTS THEREON UNDER THE LAWS OF THEIR COUNTRY OF RESIDENCE, CITIZENSHIP OR DOMICILE.**

#### **Withholding Tax**

Tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest. The Issuer will not be obliged to withhold Irish income tax from payments of interest on the Notes so long as such payments do not constitute Irish source income. Interest paid on the Notes may be treated as having an Irish source if:

- a) the Issuer is resident in Ireland for tax purposes; or
- b) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which is used to fund the payments on the Notes; or
- c) the Issuer is not resident in Ireland for tax purposes but the register for the Notes is maintained in Ireland or (if the Notes are in bearer form) the Notes are physically held in Ireland.

It is anticipated that, (i) the Issuer is not and will not be resident in Ireland for tax purposes; (ii) the Issuer will not have a branch or permanent establishment in Ireland; (iii) payments under the Notes will not be derived from Irish sources or assets; (iv) bearer Notes will not be physically located in Ireland and the Issuer will not maintain a register of any registered Notes in Ireland.

### **Encashment Tax**

In certain circumstances, Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) from interest on any interest paid on the Notes issued by a company not resident in Ireland, where such interest is collected or realised by a bank or encashment agent in Ireland on behalf of any holder of the Notes who is Irish resident.

Encashment tax does not apply where the holder of the Notes is not resident in Ireland and has made a declaration in the prescribed form to the encashment agent or bank.

### **EU SAVINGS DIRECTIVE**

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest (or similar income) paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March, 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January, 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

### **THE PROPOSED FINANCIAL TRANSACTION TAX**

On 24 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common financial transaction tax (“**FTT**”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”).

The Commission’s Proposal has very broad scope and could, if introduced apply to certain dealings in financial instruments (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are 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.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional European Union Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## SELLING RESTRICTIONS

### United Kingdom

The Manager:

- (a) 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 Financial Services and Markets Act 2000 (the “FSMA”) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) 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.

### Norway

Notes denominated in Norwegian kroner may not be offered or sold within Norway or outside Norway to Norwegian citizens abroad, without the Notes prior thereto having been registered in the Norwegian Central Securities Depository.

### 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.

The Manager will not offer or sell the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (the “**distribution compliance period**”), within the United States or to, or for the account or benefit of, U.S. persons, and it will send to each dealer to which it sells 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.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### 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”). The Notes will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade 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

No action has been or will be taken in any jurisdiction by the Manager or the Issuer that would or is intended to permit a public offering of the Notes, or possession or distribution of any offering documents or any amendment or supplement thereto or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required.



The Manager 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 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 other Manager shall have any responsibility therefor.

The Notes are not intended to be sold and should not be sold to retail clients in the EEA, as defined in the rules set out in the TMR, other than in circumstances that do not and will not give rise to a contravention of those rules by any person. Prospective investors are referred to the section headed “*Restrictions on marketing and sales to retail investors*” on page 3 of this Prospectus for further information.

## GENERAL INFORMATION

### 1. Approval, listing and admission to trading

Application has been made to the Central Bank to approve this document as a prospectus for the purposes of Article 5.3 of the Prospectus Directive. Applications have also been made (i) to the Irish Stock Exchange for the Notes to be admitted to trading on the Main Securities Market and to be listed on the Official List and (ii) to the Oslo Stock exchange, *Oslo Børs*, for the Notes to be listed on the regulated market of the Oslo Stock Exchange. The Main Securities Market and the Oslo Stock Exchange are regulated markets for the purposes of Directive 2004/39/EC. The total fees and expenses in connection with the admission of the Notes to trading on the Main Securities Market and the Oslo Stock Exchange are expected to be approximately NOK63,000.

### 2. Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was authorised by a resolution of the Board of Directors passed on 10 December 2014.

### 3. Documents available

For as long as any of the Notes are listed on the Irish Stock Exchange and the Oslo Stock Exchange, physical copies of the following documents may be inspected at and will be available, upon request, free of charge, from the registered office of the Issuer and from the specified offices of the Paying Agent (where applicable, with an English translation thereof):

- 3.1. the constitutional documents of the Issuer;
- 3.2. this Prospectus and any amendment or supplement hereto (if any, to the extent published after the date hereof);
- 3.3. the Meetings Schedule referred to in the Terms and Conditions of the Notes;
- 3.4. the audited consolidated and non-consolidated financial statements of the Issuer for each of the financial years ended 31 December 2012 and 31 December 2013, in each case together with the auditors' report thereon; and
- 3.5. the preliminary and unaudited consolidated and non-consolidated financial statements of the Issuer as at, and for the quarter and year ended, 31 December 2014.

In addition, this Prospectus will be published on the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)).

### 4. VPS clearing system

The Notes have been accepted for clearance through the VPS and the VPS entities are in charge of keeping the records. The VPS identification number for the Notes is NO0010730708. The address of the VPS is Biskop Gunnerusgate 14A, 0185, Oslo.

The Notes will be constituted by their issue in uncertificated, dematerialised book-entry form in the VPS. Legal title to the Notes will be evidenced by book entries in the records of the VPS. On the issue of the Notes, the Issuer will send a letter to the VPS Account Manager (the “**VPS Letter**”), which letter will attach or refer to the Terms and Conditions of the Notes contained in this Prospectus. On delivery of a copy of the VPS Letter to the VPS and notification to the VPS of the subscribers and their VPS account details by the Manager, the account operator acting on behalf of the Issuer will credit each subscribing account holder with the VPS with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

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

Each person who is for the time being shown in the records of the VPS as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by the VPS as to the nominal amount of such Notes standing to the account of any person shall, save in the case of manifest error, be conclusive and binding for all purposes, including any form of statement or print out of electronic records provided by the VPS in accordance with its usual procedures and in which the holder of a particular nominal amount of such Notes is clearly identified together with the amount of such holding) shall be treated by the Issuer and each paying agent as the holder of such nominal amount of such Notes for all purposes.

The Notes are subject to the procedures in place between the Bank and DNB Bank ASA, Verdipapirservice acting as account manager for the Notes in the VPS.

## **5. Material change**

Since 31 December 2013 there has been no material adverse change in the prospects of the Issuer and, since 31 December 2014, there has been no significant change in the financial or trading position of the Issuer or the Bank Group.

## **6. Litigation**

Neither the Issuer nor any member of the Bank Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Prospectus which may have, or have in such period had, a significant effect on the financial position or profitability of the Issuer or the Bank Group.

## **7. Independent auditors**

Ernst & Young AS (“**Ernst & Young**”) of Dronning Eufemias gate 6, P.O. Box 20, NO-0051 Oslo, Norway, audited the financial statements of the Issuer in respect of the financial years ended 31 December 2012 and 31 December 2013 without qualification. Ernst & Young is a member of the Norwegian Institute of Public Accountants.

## **REGISTERED OFFICE OF THE ISSUER**

**DNB Bank ASA**  
Dronning Eufemias gt 30  
NO-0021 Oslo  
Norway

### **ACCOUNT MANAGER**

**DNB Bank ASA, Verdipapirservice**  
Dronning Eufemias gt 30  
NO-0021 Oslo  
Norway

### **PAYING AGENT**

**DNB Bank ASA**  
Dronning Eufemias gt 30  
NO-0021 Oslo  
Norway

### **LEGAL ADVISERS**

*To the Issuer as to English law*

**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ  
United Kingdom

*To the Issuer as to Norwegian law*

**DNB Bank ASA, Legal Department**  
Dronning Eufemias gate 30  
NO-0021 Oslo  
Norway

*Special legal advisers for the transaction*

*as to English law*

**Allen and Overy LLP**  
One Bishops Square  
London E1 6AD  
United Kingdom

*as to Norwegian law*

**Advokatfirmaet Wiersholm AS**  
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