

## DESCRIPTION OF THE SHAREHOLDERS' AGREEMENT AND THE SHAREHOLDER NOTE PURCHASE AGREEMENT

*Set out below is a summary of the key provisions of the Shareholders' Agreement and the Shareholder Note Purchase Agreement (each as defined below).*

### 1. Shareholders' Agreement

#### *General*

On 14 June 2013, SpareBank 1 Næringskreditt AS (the **Issuer**) and shareholder banks entered into a shareholders' agreement (the **Shareholders' Agreement**) to regulate the relationship between each of the shareholder banks and also between the shareholder banks collectively and the Issuer.

#### *Shareholdings*

Each shareholder bank will own shares in the Issuer pro-rata to its share of the total contributed lending volume of the shareholder banks to the Issuer. However, any shareholder bank or prospective shareholder bank whose contributed lending volume is zero shall be allocated one share in the Issuer. Banks owned by SpareBank 1 banks (the **Jointly Owned Banks**) will not hold any shares in the Issuer from 1 February 2014. Instead the shareholders of that Jointly Owned Banks would subscribe the shares that would otherwise have been assigned to that Jointly Owned Bank. BN Bank is a Jointly Owned Bank who at present holds 14.58% of the shares of the Issuer. These shares will no later than 1 February be sold to the shareholders of BN Bank, according to their shareholdings in BN Bank. Shares held by an originator itself will be A class shares and shares held by shareholders of a Jointly Owned Bank will be B class shares. The difference between them is that the annual dividend may not be equal for the shares, all other obligations are equal amongst the shareholders of A and B shares.

The shareholding of each shareholder bank will be adjusted when an **originator** (either a shareholder or a Jointly Owned Bank) wishes to increase its volume of transferred loans, or the A-shares can be redistributed amongst the A-shareholders according to their contributed lending volume at the request of such shareholder.

#### *Tier 1 capital ratio*

Pursuant to the Shareholders' Agreement, the shareholder banks shall ensure that at all times the Issuer shall maintain a minimum Tier 1 capital ratio of 9 per cent. Where necessary in order to maintain the Tier 1 capital ratio the shareholder banks will contribute additional Tier 1 capital within three months at the written request of the Issuer (the **Tier 1 Capital Request**). The obligation of the shareholder banks to contribute this Tier 1 capital is several and not joint and shall be in accordance with each shareholder bank's pro-rata share in the shareholding of the Issuer.

If the Company notifies the shareholder banks (the **Capital Non-Defaulting Shareholders**) that any shareholder bank(s) (the **Capital Defaulting Shareholder(s)**) has failed to contribute the Tier 1 capital required of it following a request from the Issuer, then the Capital Non-Defaulting Shareholders shall be jointly and severally liable to contribute such further additional capital as specified by the Issuer as is required to ensure that the Issuer has at least a 9 per cent. Tier 1 capital ratio. Any Capital Non-Defaulting Shareholder's obligation to pay additional capital shall be limited to an amount equivalent to twice the initial obligation of that Capital Non-Defaulting Shareholder under the relevant Tier 1 Capital Request.

#### *Default*

If a shareholder bank does not fulfil its obligation to contribute additional Tier 1 capital following a Tier 1 Capital Request, this shall be deemed a substantial default under the Shareholders' Agreement. If a shareholder bank is in substantial default as regards the Shareholders' Agreement and/or the Shareholder Note Purchase Agreement (the **Defaulting Shareholder**), the Issuer or another shareholder bank who is not in default may present a written notice to the Defaulting Shareholder:

- (a) terminating the Shareholders' Agreement and the Shareholder Note Purchase Agreement (subject to and in accordance with its terms) with respect to the Defaulting Shareholder only and without prejudice to the rights and obligations of the other Shareholders in respect of which the Shareholders' Agreement and the Shareholder Note Purchase Agreement shall be continuing; and
- (b) requiring the redemption of the Defaulting Shareholder's shares at a rate equivalent to the relevant stake of book equity of the other shareholder banks and for such redeemed shares to be redistributed in accordance with the Shareholders' Agreement.

A shareholder bank may also be treated as being in substantial default of the Shareholders' Agreement if so deemed by a 2/3 majority (by percentage of shareholding) of the other shareholder banks.

In the event that a substantial default has occurred, the Issuer may present a written notice to the Defaulting Shareholder terminating the Transfer and Servicing Agreement with respect to that Defaulting Shareholder (subject to and in accordance with its terms).

If the Transfer and Servicing Agreement entered into by a shareholder bank is terminated for any reason, the Shareholders' Agreement and the Shareholder Note Purchase Agreement shall, so far as they relate to that shareholder bank, also terminate with effect on the same date, subject to and in accordance with their terms but shall remain in force as regards the other shareholder banks and the Issuer.

#### *Entry and exit*

When a bank which is a part of the SpareBank 1 alliance has entered into a Transfer and Servicing Agreement with the Issuer, it may become a shareholder bank, at which point it must accede to the Shareholders' Agreement.

A shareholder bank may resign from the Shareholders' Agreement, provided this is done in accordance with the Transfer and Servicing Agreement, and in such a manner that the Issuer is able to maintain its obligations towards its investors, customers and relevant others. The resigning shareholder bank will thus also terminate its rights and obligations under the Shareholder Note Purchase Agreement (subject to and in accordance with its terms, including the enduring obligations set out thereunder). The resigning shareholder bank's shares shall be re-allocated in accordance with the Shareholders' Agreement.

A bank which is not a part of the SpareBank 1 alliance and which enters into a Transfer and Servicing Agreement may also become a shareholder bank. In the event that such a bank becomes a shareholder bank a replacement Shareholders' Agreement shall be entered into between the existing shareholder banks, the new shareholder bank which is not part of the SpareBank 1 alliance and the Issuer. This replacement Shareholders' Agreement will supersede the existing Shareholders' Agreement.

#### *Disagreements between the shareholder banks*

If the shareholder banks cannot reach a decision in accordance with the Shareholders' Agreement's requirements for a two-thirds majority (by percentage of shareholding) or, for some other reason, a disagreement exists between the shareholder banks which renders impossible the running of the Issuer,

then the CEOs of each of the shareholder banks or their deputies are required to enter into negotiations in order to resolve the issue.

If these negotiations have not led to a resolution within 30 days:

- (a) those shareholder banks who would like to resign from the Shareholders' Agreement may do so in accordance with the resignation process set out thereunder; and
- (b) shareholder banks acting by a 2/3 majority (by percentage of shareholding) are entitled to require the redemption of any shareholder bank's shares as if such shareholder bank was a Defaulting Shareholder (as defined above).

#### *Transfer and Servicing Agreement*

The Shareholders' Agreement specifies that the transfer and servicing agreement between the Issuer and each shareholder bank (each a **Transfer and Servicing Agreement**) will include, as a minimum, provisions covering the following:

- Transfer of loans from the shareholder bank to the Issuer (including the approval of such transfer).
- The relationship between the Issuer and the shareholder bank in respect of the loans.
- The relationship between the Issuer and shareholder bank's borrowers.
- Commission paid by the Issuer to the shareholder banks in respect of the transferred loans.
- Termination of the Transfer and Servicing Agreement.
- Default by the shareholder banks of its obligations under the Transfer and Servicing Agreement.

#### *Governing law*

The Shareholders' Agreement and any non-contractual obligations arising out of or in connection with it are governed by Norwegian law.

For the avoidance of doubt, the obligations of the shareholder banks under the Shareholders' Agreement do not constitute a guarantee in respect of amounts due and payable under the Notes. The Notes will be solely obligations of the Issuer and, in particular, will not be obligations of, and will not be guaranteed by, the shareholder banks, the arrangers, the dealers or any other entity. In the event of the Issuer defaulting in its obligations under the notes, the noteholders hold the benefit of priority of claim over the assets in the cover pool.

#### *New capital regulation*

As of 1 July 2013, Norwegian financial institutions are requested to keep an additional 4,5% tier 1 capital as a buffer capital. The Issuer intends to keep a capital ratio in accordance with this, and will thus request a minimum of 12,5% capital to be provided if an originator wish to increased its volume of transferred loans.

### **Shareholder Note Purchase Agreement**

#### *General*

On 16 June 2013, the Issuer and the shareholder banks entered into a shareholder note purchase agreement (the **Shareholder Note Purchase Agreement**) under the terms of which the Issuer may from time to time issue notes (the **Shareholder Notes**) and put such Shareholder Notes to the shareholder banks for the purposes of funding any shortfall in the funds available with the Issuer to pay the final redemption amount in respect of a series of notes on the relevant maturity date.

Under the Shareholder Note Purchase Agreement, each shareholder bank unconditionally and irrevocably undertakes to the Issuer that on the relevant issue date of the Shareholder Notes, upon the demand of the Issuer it will purchase each Shareholder Note offered by the Issuer at a price equal to 100 per cent. of such Shareholder Note.

The Shareholder Notes must be in the form of VPS Notes (notes that can be registered within the Norwegian registry VPS) and shall be issued in accordance with the terms and conditions set out in the Shareholder Note Purchase Agreement.

The Issuer shall apply the proceeds of the Shareholder Notes towards payment of the final redemption amount of the relevant series of notes on the maturity date thereof.

#### *Requirement to issue Shareholder Notes*

On the business day which is 60 days prior to the maturity date (the **Relevant Maturity Date**) of any series of notes issued (and if such day is not a business day, the immediately preceding business day) or any other day (the **Determination Date**), the Issuer shall determine whether it will have (or reasonably expect to have) sufficient funds to pay the final redemption amount in respect of such series of notes and (if applicable) amounts payable under any related swap agreement. On each Determination Date that the Issuer determines that there would be (or is reasonably likely to be) insufficient funds available to pay the final redemption amount in respect of a series of notes on the Relevant Maturity Date (the **Shortfall**), the Issuer shall notify the shareholder banks of the amount of that Shortfall.

In making such a determination, the Issuer shall take into account:

- (a) interest and principal amounts that will fall due for payment on other series of notes (including Shareholder Notes) on or prior to the Relevant Maturity Date;
- (b) amounts that will fall due for payment to any other holder of notes (including Shareholder Notes) or to any swap provider on or prior to the Relevant Maturity Date;
- (c) (if applicable) currency exchange rates in effect on the Determination Date and, based on such currency exchange rates, the amounts that would (as applicable) be received by the Issuer from any swap provider or be payable to any swap provider by the Issuer, in each case on or prior to the Relevant Maturity Date; and
- (d) such other matters that it would be reasonable and prudent for the Issuer to take into account (including the liquidity position of the Issuer).

#### *Issue of Shareholder Notes*

On each Determination Date that the Issuer determines that there would be (or is reasonably likely to be) a Shortfall, the Issuer shall notify the shareholder banks of the amount of that Shortfall. The Issuer shall arrange for the issuance of Shareholder Notes and offer the same to each shareholder bank based on their individual Shareholder Note Commitment (as defined below) in an aggregate amount which is not less than the greater of:

- (a) the Shortfall amount (rounded upwards to the nearest NOK 10,000,000); and
- (b) the sum of the individual Shareholder Note Commitments of each shareholder bank, on the basis that no Shareholder Note shall have a denomination of less than NOK 500,000.

The aggregate nominal amount of the Shareholder Notes to be issued in any rolling twelve-month period shall not exceed the equivalent of the aggregate nominal amount of:

- (a) the amount due on the maturity date as set out in the applicable final terms for each series of the notes (including the Shareholder Notes); and
- (b) the amounts payable under any swap agreements,

which fall due for payment in that twelve-month period. When calculating the maximum amount payable in any twelve-month period, the following amounts will be deducted: (i) the aggregate amount of all Shareholder Notes in issue and not previously redeemed or repaid by the Issuer, and (ii) the liquidity position of the Issuer.

#### *Shareholder Note Commitment*

The obligation of each shareholder bank to purchase each series of Shareholder Notes (the **Shareholder Note Commitment**) is several and pro-rated (between the shareholder banks) in accordance with each shareholder bank's shareholding in the Issuer adjusted take into account the enduring Shareholder Note Commitments of any Retiring shareholder banks (the **Pro-rata Share**). In the event that a shareholder bank fails to purchase its share of Shareholder Notes, the remaining shareholder banks shall purchase such Shareholder Notes in accordance with their Pro-rata Share, provided that no shareholder bank will be obliged to purchase such Shareholder Notes in an amount greater than twice their initial purchase obligation.

#### *Termination*

The Issuer may terminate the Shareholder Note Purchase Agreement by giving one year's notice to each of the shareholder banks and the Rating Agency, provided that the Issuer is satisfied that the ratings of the Notes would not be adversely affected as a result of such termination. The Shareholder Note Purchase Agreement may also be terminated prior to the aforementioned one year period if the Issuer enters into an agreement on substantially the same terms as the Shareholder Note Purchase Agreement and the Issuer is satisfied that the ratings of the Notes would not be adversely affected as a result thereof.

If a shareholder bank (the **Retiring Shareholder Bank**):

- (a) ceases to be a shareholder of the Issuer; or
- (b) gives not less than 12 months' notice to the Issuer, the other shareholder banks (the **Non-retiring Shareholders**) and the Rating Agencies of its intention to terminate its Shareholder Note Commitment,

then the Shareholder Note Commitment of the Retiring shareholder bank shall cease on the day immediately following the maturity date (or, if applicable, the extended final maturity date) of the notes which have the longest dated maturity date, including the extended final maturity date (the **Longest Dated Notes**) (determined on the date on which the shareholder bank ceases to be a shareholder of the Issuer or, as applicable, the expiry of the 12 month notice period (the **Reference Date**)). For the avoidance of doubt, the Retiring Shareholder Bank's Shareholder Note Commitment

shall continue (on the basis of its shareholder bank's Pro-rata Share as at the Reference Date) in respect of:

- (a) existing Notes with a Maturity Date falling on or before the Maturity Date (or, if applicable, the Extended Final Maturity Date) of the Longest Dated Notes; and
- (b) any new Notes which are subsequently issued with a Maturity Date which falls on or before the Maturity Date (or, if applicable, the Extended Final Maturity Date) of the Longest Dated Notes.

**Rating Agency** means Moody's.

*New shareholder banks*

Any new shareholders of the Issuer shall accede to the terms of the Shareholder Note Purchase Agreement.

*Governing law*

The Shareholder Note Purchase Agreement and any non-contractual obligations arising out of or in connection with it are governed by Norwegian law.

For the avoidance of doubt, the obligations of the shareholder banks under the Shareholders' Agreement and the Shareholder Note Purchase Agreement do not constitute a guarantee in respect of amounts due and payable under the Notes. The Notes will be solely obligations of the Issuer and, in particular, will not be obligations of, and will not be guaranteed by, the shareholder banks, the Originators, the Arrangers, the Dealers or any other entity. In the event of the Issuer defaulting in its obligations under the Notes, the Noteholders hold the benefit of priority of claim over the assets in the Cover Pool.