

Dated 22 March 2019

**KOMMUNALBANKEN AS
PROGRAMME FOR THE ISSUANCE OF DEBT INSTRUMENTS**

DEED OF COVENANT

THIS DEED OF COVENANT is made on 22 March 2019

BY

- (1) **KOMMUNALBANKEN AS** (the "**Issuer**");

IN FAVOUR OF

- (2) **THE ACCOUNTHOLDERS** (as defined below);
- (3) **THE PERSONS** from time to time evidenced by book entries in the *Verdipapirsentralen ASA* (the "**VPS**") as holders of the VPS Instruments referred to below (the "**VPS Instrumentholders**");
- (4) **THE PERSONS** from time to time registered as holders of the Registered Instruments or the Registered Global Instruments referred to below (the "**Registered Holders**"); and
- (5) **EACH PROSPECTIVE PURCHASER** from time to time of Registered Instruments which has been designated by a Registered Holder as being a person which should receive the information referred to in Rule 144A(d)(4) under the United States Securities Act of 1933, as amended, (each, a "**Prospective Purchaser**" and, together with the Accountholders, the Registered Holders and the VPS Instrumentholders, the "**Beneficiaries**").

WHEREAS

- (A) The Issuer has established a Programme (the "**Programme**") for the issuance of debt instruments ("**Instruments**"). In connection with the Programme the Issuer has entered into an Issue and Paying Agency Agreement dated 22 March 2019 with Deutsche Bank AG, London Branch in its capacities as issue and paying agent and foreign exchange agent, Deutsche Bank Trust Company Americas in its capacities as U.S. paying agent, U.S. registrar and U.S. transfer agent and Deutsche Bank Luxembourg S.A. in its capacities as non-U.S. registrar and non-U.S. transfer agent.
- (B) In connection with the Programme, the Issuer has prepared a base prospectus dated 22 March 2019 (the "**Base Prospectus**") which has been approved by the CSSF as a base prospectus issued in compliance with Directive 2003/71/EC, and including any relevant implementing measure in Luxembourg.
- (C) Instruments (other than VPS Instruments) may be issued initially in bearer or registered form:
- (i) In respect of each Tranche of Bearer Instruments, which will be sold outside the United States to non-U.S. persons in "offshore transactions" within the meaning of Regulation S, the Issuer will deliver a temporary global Instrument (a "**Temporary Global Instrument**") or (if the TEFRA C Rules are specified as applicable) a permanent global instrument (a "**Permanent Global Instrument**") and with the Temporary Global Instrument, the "**Bearer Global Instrument**"). Each global Instrument which is intended to be issued in new global instrument form, as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for

Euroclear and/or Clearstream, Luxembourg and each global Instrument which is not intended to be issued in new global instrument form, as specified in the relevant Final Terms, will be deposited on or before the relevant issue date therefor with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Each Temporary Global Instrument will be exchangeable for a Permanent Global Instrument or, if so specified in the relevant Final Terms, for Instruments in definitive bearer form ("**Definitive Bearer Instruments**") and/or (if so specified in the relevant Final Terms) Registered Instruments in accordance with its terms. Each Permanent Global Instrument will be exchangeable for Definitive Bearer Instruments and/or (if so specified in the relevant Final Terms) instruments in registered form ("**Registered Instruments**").

- (ii) Registered Instruments may be sold (a) outside the United States to non-U.S. persons in "offshore transactions" within the meaning of Regulation S ("**Regulation S Instruments**") and/or (b) in the United States to QIBs that are also QPs in accordance with Rule 144A ("**Rule 144A Instruments**"). Regulation S Instruments will be represented on issue by an Instrument in registered form, without interest coupons (each, a "**Regulation S Global Instrument**"), and Rule 144A Instruments will be represented on issue by an Instrument in registered form, without interest coupons (each, a "**Rule 144A Global Instrument**" and, together with the Regulation S Global Instrument, the "**Registered Global Instruments**" and, together with the Global Bearer Instruments, the "**Global Instruments**").

Interests in the Registered Global Instruments may be exchanged for definitive Instruments in registered form (each, a "**Definitive Registered Instrument**" and together with the Definitive Bearer Instruments, the "**Definitive Instruments**") in certain limited circumstances. On the relevant issue date, Registered Global Instruments of each Series will be (1) registered in the name of, and deposited with, a common depository (or a nominee for a common depository) on behalf of Euroclear and Clearstream, Luxembourg; and/or (2) registered in the name of, and deposited with, a common safekeeper (or a nominee for a common safekeeper) on behalf of Euroclear and Clearstream, Luxembourg; and/or (3) registered in the name of Cede & Co. as nominee for, and deposited with a custodian for, DTC; and/or (4) registered and deposited with any other agreed clearing system, as specified in the applicable Final Terms.

- (D) An Accountholder to whose securities clearance account with a Clearing System are credited rights in respect of a Global Instrument will be entitled, under and in accordance with the terms and conditions and operating procedures or management regulations (the "**Operating Regulations**") of the relevant Clearing System, to instruct the relevant Clearing System to debit its securities clearance account with rights in respect of such Global Instrument and credit the same to the securities clearance accounts of other Accountholders with the same or the other Clearing System.

- (E) In certain circumstances indicated in the relevant Global Instrument, such Global Instrument will become void. In such circumstances, subject to and in accordance with the terms of this Deed, each Relevant Accountholder will acquire against the Issuer all those rights (the "**Direct Rights**") as provided further below in this Deed of Covenant. For the purposes of this Deed of Covenant, any reference to the "**Relevant Accountholders**" is to those Accountholders (other than the Clearing Systems to the extent to which they are accountholders with each other for the purposes of operating the "bridge" between them) to whose securities clearance accounts Instruments represented by the relevant Global Instrument are, at the time at which such Global Instrument becomes void, credited and any reference to a "**Relevant Accountholder**" is to any one of them.
- (F) VPS Instruments will only be issued outside the United States to non-U.S. persons in "offshore transactions" within the meaning of Regulation S and in uncertificated and dematerialised book entry form, with the legal title thereto being evidenced by book entries in the register kept by the VPS and will not therefore be represented by certificates of any kind.
- (G) The Issuer wishes to make arrangements for the protection of the interests of Accountholders in the event that a Global Instrument becomes void in accordance with its terms.
- (H) The Issuer wishes to constitute the Registered Instruments, the Registered Global Instruments and the VPS Instruments by deed poll.

THIS DEED OF COVENANT WITNESSES as follows:

1. **INTERPRETATION**

1.1 **Definitions**

"**Accountholder**" means any accountholder or participant with a Clearing System which at the Determination Date has credited to its securities account with such Clearing System one or more Entries in respect of a Global Instrument except for any Clearing System in its capacity as an accountholder of the other Clearing System;

"**Clearing System**" means each of Euroclear, Clearstream, Luxembourg, DTC and any other clearing system specified in the relevant Final Terms;

"**Clearstream, Luxembourg**" means Clearstream Banking S.A.;

"**Conditions**" means the terms and conditions of the relevant Instruments, as the same may be modified or supplemented in accordance with the terms thereof, and any reference to a numbered "**Condition**" is to the correspondingly numbered provision thereof;

"**Determination Date**" means, in relation to any Temporary Global Instrument or Permanent Global Instrument, the date on which such Temporary Global Instrument or Permanent Global Instrument becomes void in accordance with its terms and, in relation to any Registered Global Instrument, has the meaning given to it in the Registered Global Instrument;

"**Direct Rights**" means, in the case of Bearer Instruments, the rights referred to in Clause 6.1 and in the case of Registered Instruments, the rights referred to in Clause 6.2.

"**DTC**" means the Depository Trust Company;

"**Entry**" means, in relation to a Global Instrument, any entry which is made in the securities account of any Accountholder with a Clearing System in respect of Instruments represented by such Global Instrument;

"**Euroclear**" means Euroclear Bank SA/NV;

"**Principal Amount**" means, in respect of any Entry, the aggregate principal amount of the Instruments to which such Entry relates;

"**QIB**" means "**qualified institutional buyers**" within the meaning of Rule 144A under the Securities Act;

"**QP**" means "**qualified purchasers**" within the meaning of Section 2(a)(51)(A) of the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder; and

"**Securities Act**" means the United States Securities Act of 1933.

- 1.2 Terms defined in the Conditions have the same meanings in this Deed of Covenant.
- 1.3 Any reference in this Deed of Covenant to a Clause or sub-clause is, unless otherwise stated, to a clause or sub-clause hereof.
- 1.4 Headings and sub-headings are for ease of reference only and shall not affect the construction of this Deed of Covenant.
- 1.5 All references in this Deed of Covenant to an agreement, instrument or other document (including the Base Prospectus, the Dealership Agreement and the Issue and Paying Agency Agreement) shall be construed as a reference to that agreement, instrument or other document as the same may be amended, supplemented, replaced or novated from time to time. In addition, in the context of any particular Tranche of Instruments, each reference in this Deed of Covenant to the Base Prospectus shall be construed as a reference to the Base Prospectus as supplemented and/or amended by the relevant Final Terms.
- 1.6 Any reference in this Deed of Covenant to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended, superseded or re-enacted.
- 1.7 In the case of a Tranche of Instruments which is the subject of a Drawdown Prospectus, each reference in this Deed of Covenant to Final Terms or to information being specified or identified in the applicable Final Terms shall be read and construed as a reference to the Drawdown Prospectus or to such information being specified or identified in the applicable Drawdown Prospectus unless the context requires otherwise.

- 1.8 Any Instruments issued under the Programme on or after the date of this Deed of Covenant shall have the benefit of this Deed of Covenant but shall not have the benefit of any subsequent deed of covenant relating to the Programme (unless expressly so provided in any such subsequent deed) except that any Instruments (other than VPS Instruments) issued under the Programme on or before 1 May 2019 for which the relevant Final Terms provide that secondary offerings (*uridashi*) of such Instruments will be made in Japan where (i) the relevant Securities Registration Statements or (ii) Supplemental Documents to Shelf Registration Statements (and Amendments to Shelf Registration Statements, if applicable) under Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948) in respect of such Instruments were filed prior to 22 March 2019 shall have the benefit of the deed of covenant relating to the Programme dated 6 April 2018 and shall not have the benefit of this Deed of Covenant, unless otherwise expressly provided in the relevant Final Terms.

2. THE VPS INSTRUMENTS

- 2.1 The Issuer hereby constitutes the VPS Instruments and covenants in favour of each VPS Instrumentholder that it will duly perform and comply with the obligations expressed to be undertaken by it in the Final Terms and in the terms and conditions of the Instruments (the "**Conditions**") (and for this purpose any reference in the Conditions to any obligation or payment under or in respect of the Instruments shall be construed to include a reference to any obligation or payment under or pursuant to this provision).
- 2.2 Pursuant to the provisions of the VPS Trustee Agreement, no VPS Instrumentholder is entitled to take any action against the Issuer or any other party in relation to any of the liabilities of the Issuer or any other party under or in connection with the Conditions, other than through the VPS Trustee and in accordance with the Conditions and the VPS Trustee Agreement, *provided, however, that* the VPS Instrumentholders shall not be restricted from exercising any of their individual rights derived from the Conditions or the VPS Trustee Agreement.

3. THE REGISTERED AND REGISTERED GLOBAL INSTRUMENTS

The Issuer hereby constitutes the Registered Instruments and Registered Global Instruments and covenants in favour of each Registered Holder that it will duly perform and comply with the obligations expressed to be undertaken by it in each Registered Instrument and Global Registered Instrument and in the Conditions (and for this purpose any reference in the Conditions to any obligation or payment under or in respect of the Instruments shall be construed to include a reference to any obligation or payment under or pursuant to this provision).

4. DEPOSIT OF DEED OF COVENANT

A copy of this Deed of Covenant shall be deposited with and held by each of the Issue and Paying Agent and the Registrar until the date on which all the obligations of the Issuer under or in respect of the Instruments (including, without limitation, its obligations under this Deed of Covenant) have been discharged in full. The Issuer hereby acknowledges the right of every Beneficiary to the production of this Deed of Covenant.

5. **PROVISION OF INFORMATION**

The Issuer hereby covenants in favour of each Prospective Purchaser that it will duly perform and comply with the obligations expressed to be undertaken by it in Condition 2.12.

6. **DIRECT RIGHTS**

6.1 **Bearer Instruments**

If any Global Instrument representing all or part of a Tranche of Bearer Instruments becomes void in accordance with its terms, each Accountholder shall have against the Issuer all rights ("**Direct Rights**") which such Accountholder would have had in respect of the Instruments if, immediately before the Determination Date in relation to that Global Instrument, it had been the Holder of a Definitive Instrument of that Tranche, duly completed, executed, authenticated and issued, in an aggregate principal amount equal to the Principal Amount of such Accountholder's Entries relating to such Global Instrument including, (without limitation) the right to receive all payments due at any time in respect of the Instruments represented by such Definitive Instrument as if such Definitive Instrument had (where required by the Conditions) been duly presented and (where required by the Conditions) surrendered on the due date in accordance with the Conditions.

6.2 **Registered Instruments**

If the Determination Date occurs in respect of any Registered Global Instrument in accordance with its terms then, subject to Clause 6.4, each Accountholder shall acquire rights of enforcement against the Issuer ("**Direct Rights**") to compel the Issuer to perform its obligations to the Holder in respect of the Instruments represented by the Registered Global Instrument, including the obligation of the Issuer to make all payments when due at any time in respect of such Instruments in accordance with the Conditions as if such Instruments had (where required by the Conditions) been duly presented and surrendered on the due date in accordance with the Conditions.

6.3 **Effect**

Notwithstanding the Direct Rights that may be created under Clause 6.2:

6.3.1 *Discharge*: payment to the Holder in respect of any Instruments represented by the Registered Global Instrument shall constitute a discharge of the Issuer's obligations to the extent of any such payment; and

6.3.2 *Payment to Holder*: nothing herein shall oblige the Issuer to make any payment under the Registered Instruments to or to the order of any person other than the Holder.

6.4 **Notification and No Further Action**

In relation only to Direct Rights in respect of Registered Instruments under Clause 6.2:

6.4.1 *Notification*: as a condition of exercise of such Direct Rights by an Accountholder, such Accountholder shall, as soon as practicable, give notice of such exercise to the Holders of Instruments of the same Series in the manner provided for in the Conditions or the Global Instrument for notices to be given by the Issuer to Noteholders; and

6.4.2 *Issuer undertaking*: to facilitate the giving of such notice, the Issuer shall procure that the Registrar delivers the above notice to the Clearing Systems upon the instruction and at the expense of the relevant Accountholder.

Subject (only in the case of Registered Instruments) to Clause 6.4.1, no further action shall be required on the part of the Issuer or any other person for the Accountholders to enjoy the Direct Rights.

7. **EVIDENCE**

7.1 The records of the Clearing Systems shall be conclusive as to the identity of the Accountholders and the respective amounts of Instruments credited to their securities accounts and a statement issued by a Clearing System setting out:

7.1.1 the name of the Accountholder in respect of which it is issued; and

7.1.2 the Principal Amount of any Entry credited to the securities account of such Accountholder with such Clearing System on any date,

shall be conclusive evidence for all purposes of this Deed of Covenant.

7.2 If a Clearing System determines the Determination Date, such determination shall be binding on the Issuer and all affected Accountholders with such Clearing System.

8. **WAIVER AND REMEDIES**

No failure to exercise, and no delay in exercising, on the part of any Beneficiary, any right hereunder 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.

9. **STAMP DUTIES**

The Issuer shall pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution and delivery of this Deed of Covenant, and shall, to the extent permitted by law, indemnify each Beneficiary against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which it incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

10. **BENEFIT OF DEED OF COVENANT**

- 10.1 This Deed of Covenant shall take effect as a deed poll for the benefit of the Beneficiaries from time to time.
- 10.2 This Deed of Covenant shall enure to the benefit of each Beneficiary and its (and any subsequent) successors and assigns, each of which shall be entitled severally to enforce this Deed of Covenant against the Issuer.
- 10.3 The Issuer shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder. Each Beneficiary shall be entitled to assign all or any of its rights and benefits hereunder.

11. **PARTIAL INVALIDITY**

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

12. **NOTICES**

- 12.1 All notices and other communications to the Issuer hereunder shall be made in writing (by letter or fax) and shall be sent to the Issuer at:

Haakon VIIs gate 5b
0161 Oslo
Norway

Fax: +47 21 50 20 40
Attention: Finance Department

or to such other address or fax number or for the attention of such other person or department as the Issuer has notified to the Beneficiaries in the manner prescribed for the giving of notices in connection with the Instruments.

- 12.2 Every notice or other communication sent in accordance with Clause 12.1 shall be effective if sent by letter or fax, upon receipt by the Issuer provided, however, that any such notice or other communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the Issuer.

13. **LAW AND JURISDICTION**

- 13.1 This Deed of Covenant and any non-contractual obligations arising out of or in connection with it are governed by English law.
- 13.2 The Issuer agrees for the benefit of the Beneficiaries that the courts of England have exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any dispute (respectively, "**Proceedings**" and "**Disputes**"), arising out of or in connection with this Deed of Covenant (including a dispute relating to the existence,

validity or termination of this Deed of Covenant or any non-contractual obligation arising out of or in connection with this Deed of Covenant) or the consequences of its nullity, and, for such purposes, the Issuer irrevocably submits to the jurisdiction of such courts.

- 13.3 The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.
- 13.4 The Issuer agrees that the process by which any proceedings in England are begun may be served on it by being delivered to the Royal Norwegian Embassy at 25 Belgrave Square, London SW1X 8QD or, if different, its registered office for the time being or any address of the Issuer in Great Britain on which process may be served on it in accordance with the Companies Act 2006. If the appointment of the person mentioned in this Clause 13.4 ceases to be effective, the Issuer shall forthwith appoint a further person in England to accept service of process on its behalf in England and notify the name and address of such person to the Issue and Paying Agent and to the Beneficiaries in the manner prescribed for the giving of notices in connection with the Instruments and, failing such appointment and notification within fifteen days, any Beneficiary shall be entitled to appoint such a person by written notice to the Issuer. Nothing contained herein shall affect the right of any Beneficiary to serve process in any other manner permitted by law.
- 13.5 The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the Beneficiaries to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.
- 13.6 The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.
- 13.7 To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

14. **MODIFICATION**

Provisions for convening meetings of Holders to consider matters relating to the Instruments, including the modification of any provision of this Deed of Covenant, are contained in (in the case of Instruments other than VPS Instruments) the Issue and Paying Agency Agreement and (in the case of VPS Instruments) the VPS Trustee Agreement. Any such modification may be made by supplemental deed poll if

sanctioned by an Extraordinary Resolution and shall be binding on all relevant Beneficiaries.

IN WITNESS whereof this Deed of Covenant has been executed by the Issuer and is intended to be and is hereby delivered on the date first before written.

EXECUTED as a Deed)
by **KOMMUNALBANKEN AS**)
acting by)


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Name: **Kristine Falkgård**
CEO