

Annexes to the Primary Dealer Agreement for Norwegian government bonds

Annex A: Further provisions regarding bidding at auctions and quoting prices in the Interdealer Market

Version 1 January 2021

Clause 1 General provisions

- (1) The Auction System is the Bloomberg Auction System.
- (2) The Trading Venue is the Bloomberg E-Bond System.
- (3) The Announcement System is Oslo Børs' NewsWeb www.newsweb.no and Norges Bank's website www.debtnorway.no

Clause 2 Provisions regarding bidding at auctions

- (1) Government bonds are issued in the manner described in "Sale of Treasury bills and government bonds".
- (2) Tenders shall be submitted in the Auction System.
- (3) Tenders submitted are binding on the PD from the time that Norges Bank has announced as the deadline for submitting bids. This means that the PD:
 - a) is bound by the tenders submitted, regardless of the party in the PD's organisation that has submitted the tenders.
 - b) may not withdraw or change tenders once the deadline for submitting tenders has expired.
 - c) Is obliged to accept the volume allotted, even if this is less than the tenders.
- (4) The PD is responsible for checking that tenders submitted are correct. Norges Bank is under no obligation to assist the PD in correcting erroneous tenders.

Clause 3 Provisions regarding quoting prices in the Interdealer Market

- (1) The PD shall quote firm bid and offer prices on the Trading Venue. The obligation to quote prices shall apply on a continuous basis in the time period 9:00 am - 4:00 pm (CET/CEST) on all banking days. A banking day is a day when both the VPS settlement system and banks are open in Oslo. On the Wednesday before Easter, the PD shall quote prices in the time period 9:00 am - 1:00 pm (CET/CEST). The PD is not obliged to quote prices on New Year's Eve.
- (2) For new Government bonds, the PD shall quote firm bid and offer prices as from one banking day prior to the settlement date.
- (3) The spreads between the bid and offer prices shall not exceed the equivalent of:
 - 10 effective interest rate basis points for bonds with residual maturity of up to one year,
 - 5 effective interest rate basis points for bonds with residual maturity of one year or more.
- (4) The minimum size of visible orders placed in accordance with the first paragraph is:
 - NOK 75 million for bonds with residual maturity of up to two years,
 - NOK 50 million for bonds with residual maturity of two years or more.
- (5) After a trade has been executed, a new quotation (price and volume) shall be submitted within three minutes.

(6) Government bonds are quoted at the clean price. Bonds with more than 12 months to maturity are quoted to two decimal places. Bonds with 12 months or less to maturity are quoted to four decimal places.

(7) Trading in government bonds shall take into account the accrued coupon in addition to the clean price. The settlement amount of a trade is the nominal amount of the bonds multiplied by the “dirty price” (the clean price plus the accrued coupon).

(8) The accrued coupon is calculated as the coupon multiplied by the principal amount and the number of accrued calendar days divided by 365 (also in leap years). The number of accrued calendar days is calculated from and including the previous coupon date until the settlement date of the trade in question. In leap years, 29 February is included. Accrued interest is stated to nine decimal places.

(9) Prior to any piece of news with the potential to influence interest rates, when the point in time of any such announcement is already known, the PD may quote a price spread of up to three times the interest rate spreads specified in the third paragraph from five minutes before until 15 minutes after the announcement. The quotation may not be rescinded.

(10) In the event of turbulent market conditions, the PD may set a price spread of up to three times the interest rate spreads in the third paragraph the same day and on the following trading day. The PD shall notify Norges Bank of this immediately and provide justification for its decision. The quotation may not be rescinded.

(11) In special cases and for a limited period of time, Norges Bank may determine other maximum interest rate spreads and/or minimum volumes. The decision shall be submitted to the primary dealers in advance. The decision shall be made public over the Announcement System.

Annex B: Terms and conditions for repurchase agreements

Version 1 January 2021

Clause 1 General requirements

- (1) The PD and Norges Bank may enter into agreements to buy and sell back bonds from the government's own stock.
- (2) The purpose of the repurchase arrangement is to ensure that the PD is able to deliver bonds in the Secondary Market. The arrangement shall not entail an active liquidity position for the PD.
- (3) The PD must enter into a Master Agreement relating to repurchase agreements with Norges Bank.
- (4) Repurchase agreements may only be entered into on days when the PD is obliged to quote prices on the Trading Venue.
- (5) Repurchase agreements shall be entered into by notification via Bloomberg VCON.

Clause 2 Amount limits

(1) The PD may enter into repurchase agreements for up to NOK 4 billion for each government bond series covered by this Agreement. The arrangement is to two-step system with different interest rates for each step:

- The limit for step 1 is NOK 2 billion
- The limit for step 2 is an additional NOK 2 billion

(2) Neither the government nor Norges Bank is liable if, owing to a breach by other primary dealers, there are insufficient bonds available from the government's own stock.

Clause 3 Requirements for the individual repurchase agreement

In addition to the provisions of the Master Agreement relating to repurchase agreements, the individual repurchase agreement is subject to the following conditions:

- a) The PD buys bonds through Norges Bank, with agreed settlement one or two banking days later (the "Spot transaction"). At the same time, a repurchase of the bonds shall be agreed, with settlement no later than five banking days after the first settlement.
- b) The price for the Spot transaction shall be a market price in the Interdealer Market. The PD shall recommend a Spot price for Norges Bank's approval.
- c) The interest rate included in the calculation of the repurchase price for repurchase agreements within step 1 is 10 basis points lower than Norges Bank's key policy rate. From the point in time a new key policy rate is announced, a new interest rate shall immediately be used in the calculation.
- d) The interest rate included in the calculation of the repurchase price for repurchase agreements within step 2 is 100 basis points lower than Norges Bank's key policy rate. From the point in time a new key policy rate is announced, a new interest rate shall immediately be used in the calculation.
- e) The PD is responsible for using the correct interest rate for calculating the repurchase price for repurchase agreements. The PD is solely responsible for the apportioning of repurchase agreements between step 1 and step 2, respectively. Any repurchase agreement that during the term of the repurchase agreement entails that the PD exceeds the limit for step 1 and is submitted with an interest rate pertaining to step 1 will be rejected by Norges Bank.

Repurchase agreements notified at an interest rate pertaining to step 2 will be accepted by Norges Bank even if the PD has not fully utilised step 1.

- f) The repurchase price shall be calculated to six decimal places.
- g) The settlement amount for the Spot transaction shall be deposited in a special account in Norges Bank.
- h) The minimum amount of a repurchase agreement is NOK 10 million.
- i) The individual repurchase agreement may not be in an amount greater than NOK 1 billion.
- j) Norges Bank will not accept a partial return of bonds.
- k) The PD must notify repurchase agreements to Norges Bank by no later than 3:00 pm on the day prior to the settlement date. On the Wednesday before Maundy Thursday, repurchase agreements shall be notified no later than 12:00 noon.
- l) The repurchase agreement shall be confirmed by Norges Bank.

Annex C: Further provisions regarding evaluation of primary dealers and remuneration

Version 1 January 2021

Clause 1 Evaluation of PDs

(1) Norges Bank's system for evaluating PDs utilises the following criteria:

- activity in the Primary Market
- activity in the Secondary Market
- compliance with the rules for quoting prices on the Trading Venue
- providing advice to Norges Bank and contributions to investor relations

(2) The PD will receive evaluation reports twice a year.

Clause 2 Remuneration

(1) At the beginning of the year, Norges Bank will inform PDs of the limit for remuneration for PDs.

(2) Calculation of remuneration is based on the period during the calendar year in which the PD has performed its duties under the Agreement. Norges Bank's system for evaluating PDs will be used to calculate the PD's remuneration.

(3) Remuneration is based on efforts in the Primary Market, activity in the Secondary Market, fulfilment of requirements for price quoting and general advising activities.

(4) Remuneration will be paid to the PD only if it is a primary dealer at year-end.

(5) Payment of remuneration is discussed in the Government Debt Management Annual Report and Norges Bank's Annual Report.

Annex D: List of authorisations, contacts etc. Organisational chart

Version 1 January 2021

(1) The PD shall provide a complete list of persons in the PD's organisation who are authorised to submit tenders at auctions and enter into repurchase agreements and their email addresses and telephone numbers.

(2) Norges Bank must be notified immediately in writing of any changes by e-mail to debtmanagement@norges-bank.no.

(3) The change becomes effective from the date Norges Bank has confirmed the change in writing.

Persons in the PD's organisation authorised to submit tenders at auctions:

Name	Title	E-mail address	Telephone
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Persons in the PD's organisation authorised to enter into repurchase agreements:

Name	Title	E-mail address	Telephone
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Organisational chart

PD shall submit an organisational chart or similar overview showing the organisation of primary dealer activities, including the sale of Government bonds and brokering activities. The chart shall make clear who is authorised to make decisions with direct influence on the entity's role as PD. Norges Bank must be notified immediately of any changes during the term of the Agreement.

General queries to the PD (corporate entity):

Name of responsible officer in the PD's organisation:
(block letters)

Telephone:

E-mail:

General queries to Norges Bank:

Norges Bank
P.O. Box 1179 Sentrum
N-0107 Oslo

Telephone: + 47 22 31 71 40

E-post: debtmanagement@norges-bank.no

ANNEX E: RESTRICTIONS ON SALES REGARDING THE US

The following restrictions apply regarding marketing and sales in the US. Since the restrictions relate to provisions of US law, this Annex has been drafted in English.

Definitions and interpretation

Unless the context otherwise requires or unless otherwise defined herein, a term defined in the Agreement shall have the same meaning when used in this Annex.

"Affiliate" has the meaning ascribed to it in Rule 405 under the Securities Act.

"Exchange Act" the United States Securities Exchange Act of 1934, as amended.

"Issuance" Government Bonds which are issued or subsequently reopened, under terms of which are identical in all respects.

"Issuer" the Kingdom of Norway, represented by Norges Bank.

"General Terms and Conditions" the general terms and conditions on Norwegian government bonds, as amended from time to time, and publically available on www.debtnorway.no.

"Government Bonds" Norwegian government bonds (*No: Statsobligasjoner*) issued in Norwegian kroner (NOK) with a term (time to maturity) of longer than one year at their first issue date, denominated in units of NOK 1000 and with a fixed annual coupon that is paid in arrears on a fixed date during the term of the bond (as described in Section 1 of the General Terms and Conditions).

"QIB" qualified institutional buyer, within the meaning of Rule 144A.

"Regulation S" Regulation S under the Securities Act.

"Rule 144A" Rule 144A under the Securities Act.

"Relevant Agreement" an agreement between the Issuer and the Primary Dealer for the sale by the Issuer and the purchase as principal by the Primary Dealer, for its own account or for resale to clients, of any Government Bonds, whether in the form of a sale of Government Bonds to the Primary Dealer or an exchange of Government Bonds by the Primary Dealer with the Issuer for other Government Bonds.

"Securities Act" the United States Securities Act of 1933, as amended.

1. The following representations, warranties, agreements and undertakings are made by the Issuer on the date hereof and shall be deemed to be repeated, in respect of each Issuance of Government Bonds to be purchased by the Primary Dealer, on the date on which the Relevant Agreement is made, on the issue date of such Government Bonds and on each intervening date, in each case, with reference to the facts and circumstances then subsisting:
 - (a) The Issuer is a foreign government (as defined in Rule 405 under the Securities Act) eligible to register securities under Schedule B of the Securities Act and the Government Bonds are backed by the full faith and credit of a foreign government (within the meaning of Regulation S).
 - (b) Neither the Issuer, nor any of its Affiliates, nor any person acting on its or their behalf (other than the Primary Dealers, as to whom no representation or warranty is made) has engaged or will engage in any directed selling efforts (as defined in Rule 902(c) of Regulation S) in connection with the offer or sale of the Government Bonds.
 - (c) Neither the Issuer, nor any of its Affiliates, nor any person acting on its or their behalf (other than the Primary Dealers, as to whom no representation or warranty is made), directly or indirectly, (a) has made or will make offers or sales of any security, (b) has solicited or will solicit offers to buy any security or (c) otherwise has negotiated or will negotiate in respect of any security (as defined in the Securities Act), in any case, under

circumstances that would require the registration of the Government Bonds under the Securities Act.

- (d) Neither the Issuer, nor any of its Affiliates, nor any person acting on its or their behalf (other than the Primary Dealers, as to whom no representation or warranty is made) has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) in connection with the offer or sale of the Government Bonds in the United States.
- (e) The Government Bonds are eligible for resale pursuant to Rule 144A and will not be, at the date of issuance of the Government Bonds, of the same class (within the meaning of Rule 144A(d)(3)) as securities listed on a national securities exchange registered under Section 6 of the Exchange Act or quoted in a U.S. automated inter-dealer quotation system.

2. The Primary Dealer acknowledges, agrees, represents, warrants and undertakes as follows:

- (a) The Government Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.
- (b) Neither the Primary Dealer, nor any of its Affiliates, nor any person acting on its or their behalf has offered or sold, or will offer or sell, any Government Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S or Rule 144A. The Primary Dealer may directly or through its Affiliates resell Government Bonds in the United States to QIBs pursuant to Rule 144A and in accordance with the provisions of this Agreement, provided that each such person to whom Government Bonds are offered or sold is, or the Primary Dealer reasonably believes each such person to be, a QIB purchasing for its own account or for the account of one or more QIBs, and provided further that the aggregate principal amount of Government Bonds sold by such Primary Dealer to each QIB is not less than the equivalent (based on then current exchange rates) of U.S.\$100,000. In connection with any resale pursuant to Rule 144A, the Primary Dealer and any person acting on its behalf will take reasonable steps to ensure that the purchaser is aware that the seller may rely on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. In addition, the Affiliate through which the Primary Dealer resells the Government Bonds in the United States shall be a U.S. broker-dealer that is registered as such under the Exchange Act.
- (c) Neither the Primary Dealer, nor any of its Affiliates, nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts (as defined in Rule 902(c) of Regulation S) in connection with the offer or sale of the Government Bonds.
- (d) Neither the Primary Dealer, nor any of its Affiliates, nor any person acting on its or their behalf has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) in connection with the offer or sale of the Government Bonds in the United States.
- (e) The Primary Dealer has not entered and will not enter into any contractual arrangement with any distributor (as defined in Regulation S) with respect to the distribution of the Government Bonds, except with its Affiliates or with the prior written consent of the Issuer.