



FRN Gjensidige Pensjonsforsikring AS Subordinated Callable Bond Issue 2016/2026

Terms:

Documentation:

The Loan Agreement ¹⁾ is described more closely in Standard Terms

Before investing in the bond, the investor is encouraged to become familiar with relevant documents such as this term sheet, the Loan Agreement and the Issuer's financial accounts and articles of association and if relevant, listing document. The documents are available from the Issuer and in Relevant Places. In the case of any discrepancies between the Loan Agreement and this term sheet, the Loan Agreement will apply.

Relevant Places:

www.gjensidige.no and www.dnb.no

Issuer/Borrower:

Gjensidige Pensjonsforsikring AS

Borrowing Limit – Tap Issue:

N/A

First Tranche / Loan Amount : ²⁾

NOK 300,000,000

Disbursement Date: ³⁾

23 June 2016

Maturity Date: ⁴⁾

23 June 2026

NIBOR: ⁵⁾

3 months NIBOR

Margin:

2.90 percentage point p.a.

Coupon Rate: ⁶⁾

NIBOR + margin

Day Count Fraction– Coupon:

Act/360

Date of interest adjustment: ^{7) 9)}

Interest Payment Date

Business Day Convention: ⁸⁾

Modified following business day.

Interest Payment Date: ⁹⁾

23 March, 23 June, 23 September and 23 December every year. First Interest Payment Date is 23 September 2016.

Interest accrual date (from and including):

Disbursement Date

Final coupon date (to):

Maturity Date

days first term:

92 days

Status of the Loan ¹⁰⁾

Unsecured and subordinated debt obligations

Issue Price: ¹¹⁾

100 % (par)

Denomination:

NOK 1,000,000

Bondholder's put option: ¹²⁾

Redemption Date(s): N/A **Price:** N/A

Issuer's call option: ¹³⁾

Redemption Date(s): **Ordinary call:** **Price:** Equal to the Redemption Price

23 June 2021, and on each Interest Payment Date, see Special (distinct)

conditions.

Conditional call, see Special (distinct) conditions.

Issuer's org. number:	988 343 773				
Number / Codes:	Sector Code : 5500	Geographic code: 0301	Industry (trade) Code: 65110		
Usage of funds:	Purpose of the Bond Issue is that the Bonds shall qualify as Tier 2 capital (basic own funds) of the Issuer for the purpose of the Applicable Regulation and as determined by the Issuer's Supervisor.				
Approvals / Permissions:	<ul style="list-style-type: none">• The listing document has been inspected by Oslo Børs• The bonds have been issued in accordance with the issuer's Board of Directors and a resolution from the Issuer's Extraordinary General Meeting on 13 May 2016.• The Bond Issue is subject to approval from The Financial Supervisory Authority of Norway (No. Finanstilsynet), such approval received by the Issuer 20 May 2016.				
Trustee / Bondholders' Representative:	Nordic Trustee ASA, Haakon VII's gate 1, N-0116 Oslo, Norway				
Arranger(s):	DNB Bank ASA, DNB Markets, Dronning Eufemias gate 30, NO-0021 Oslo, Norway				
Paying Agent:	DNB Bank ASA, Verdipapirservice, Dronning Eufemias gate 30, NO-0021 Oslo, Norway				
Securities Depository:	Norwegian Central Securities Depository ("VPS").				
Market making:	No market-maker agreement has been made for this Loan.				
Special (distinct) conditions:	<p>Ordinary Call The Issuer may on the Call Date or on any Interest Payment Date thereafter redeem all (but not only some) of the outstanding Bonds at the Call Price with the Issuer's Supervisor's prior consent, together with accrued and unpaid interest on the redeemed Bonds, including Arrears of Interest (if any), provided that if there is a Capital Requirement Breach or if a repayment or redemption would lead to a Capital Requirement Breach, redemption may only be made if:</p> <ul style="list-style-type: none">a) the Issuer's Supervisor has exceptionally waived its suspension of repayment or redemption of the Bonds;b) the Bonds are exchanged for or converted into another Tier 1 or Tier 2 basic own fund item of at least the same quality; andc) the Minimum Capital Requirements are complied with after the repayment or redemption <p>Conditional Call If the Issuer provides satisfactory evidence to the Bond Trustee (on behalf of the Bondholders), that a:</p> <ul style="list-style-type: none">a) Capital Disqualification Event, orb) Taxation Event, <p>has occurred, the Issuer may, provided that (i) no Capital Requirement Breach have occurred or will occur as a result of a redemption, and (ii) the Issuer has received prior consent of the Issuer's Supervisor, redeem all (but not only some) of the outstanding Bonds at the Call Price together with accrued and unpaid interest on the redeemed Bonds, including Arrears of Interest (if any), without premium or penalty.</p> <p>In case of a redemption within the period of five (5) years from the Issue Date:</p> <ul style="list-style-type: none">a) the Issuer shall deliver a statement determining that the circumstances entitling it to exercise the right of redemption was concluded or judged				

to have been unlikely to occur at the Issue Date, and

- b) such redemption shall be funded out of the proceeds from new issuance of capital of at least the same quality as the Bond (unless such requirement no longer is required under the Applicable Regulations).

Call Notice

Exercise of a Call shall be notified at least thirty (30) Business Days prior to the relevant redemption date. Upon exercise of the Call Option, the Issuer's written notifications to the Bondholders shall be sent via the Bond Trustee alternatively through the Securities Register with a copy to the Bond Trustee and the Exchange.

Redemption Price

100% of Face Value, subject to adjustment following a Reduction of principal as set out in the Bond Agreement, Clause 3.8

Supplementary information about the status of the loan: ¹⁰⁾

Status

The Bonds will constitute direct, unsecured and subordinated debt obligations of the Issuer, and will in connection with a Bankruptcy Event of the Issuer rank:

- a) pari passu without any preference among the Bonds,
- b) pari passu with all outstanding Parity Obligations,
- c) in priority to payments to creditors in respect of Junior Obligations, and
- d) junior in right of payment to (i.e. be subordinated to) any present or future claims of (i) policyholders of the Issuer, and (ii) any other unsubordinated creditors of the Issuer.

Deferral of interest

Optional deferral of interest

The Issuer may on any Optional Interest Deferral Date defer payment of all (but not only some) of the interest accrued but unpaid to that Optional Interest Deferral Date, provided that no Compulsory Interest Payment Event has occurred during the six (6) months' period ending on that Optional Interest Deferral Date.

Mandatory deferral of interest

Notwithstanding Clause 3.6.1 in The Bond Agreement, the Issuer may on any Mandatory Interest Deferral Date defer payment of all (but not only some) of the interest accrued but unpaid to that Mandatory Interest Deferral Date, to the extent permitted under, and in accordance with, Applicable Regulations.

Notice of deferral of interest

The Issuer shall notify the Bond Trustee (on behalf of the Bondholders) and the Paying Agent no later than five (5) Business Days prior to any Interest Payment Date if the interest is to be deferred in accordance with Clause 3.6.1 or 3.6.2 in the Bond Agreement, provided that if the conditions to the Interest Payment Date being a Mandatory Interest Deferral Date are satisfied less than five (5) Business Days prior to the Interest payment Date, the Issuer shall give notice of such deferral as soon as reasonably practicable following the occurrence of such satisfaction.

Payment of Arrears of interest

Any Arrears of Interest may at the option of the Issuer be paid in whole or in part at the next Interest Payment Date which is not a Mandatory Interest Deferral Date, and shall, subject to prior approval from the Issuer's Supervisor (to the extent required under the Applicable Regulations), be paid in whole on a date which is not a Mandatory Interest Deferral Date at the earliest of:

- a) the next Interest Payment Date which is a Compulsory Interest payment Date or seven(7) days after the date when the requirements for a Compulsory Interest Payment Date would be deemed to be satisfied, if such date falls earlier than the next Interest Payment Date,
- b) the date of any redemption of the Bonds in accordance with the terms and conditions of the Bond Agreement,
- c) the date of a Bankruptcy Event, or
- d) the date on which the Issuer pays, or any other person declares or pays, any distribution or dividend or makes any payment (including payment in relation to redemption or repurchase) on or in respect of

any Junior Obligations or Parity Obligations, or the date on which any dividend or other distribution on or payment (including payment in relation to redemption or repurchase) on or in respect of the Issuer's share capital is paid.

Interest will not accrue on Arrears of Interest.

Mandatory Deferral

No Bonds shall be redeemed on the Maturity Date or a Call date if the date set for redemption is a Mandatory Redemption Deferral Date and redemption shall be deferred. Any principal due but not paid due to such Mandatory Deferral shall not constitute a default by the Issuer for any purpose, provided that nothing shall be construed to permit the Issuer to defer any principal otherwise due and payable except under the circumstances specified in the definition of Mandatory Redemption Deferral Date.

Notwithstanding that the date set for redemption may be a Mandatory Redemption Deferral Date, the Bonds may be redeemed and the relevant redemption amount may still be paid to the extent permitted under, and in accordance with, the Applicable Regulations.

The Issuer shall notify the Bond Trustee (on behalf of the Bondholders) and the Paying Agent no later than five (5) Business Days prior to any date set for redemption of the Bonds if such redemption is to be deferred, provided that if the conditions to the date set for redemption being a Mandatory Redemption Deferral Date are satisfied less than five (5) Business Days prior to the date set for redemption, the Issuer shall give notice of such deferral as soon as reasonably practicable following the occurrence of such satisfaction.

If a Mandatory Deferral has taken place on a Payment Date for principal, the Issuer shall, redeem the Bonds in full together with any accrued and unpaid interest, including Arrears of Interest (if any), upon the earliest of:

- a) the date falling ten (10) Business Days after the Mandatory Deferral has ceased to occur, or
- b) the date falling ten (10) Business Days after the Issuer's Supervisor has agreed to the repayment or redemption of the Bonds, or
- c) a Bankruptcy Event,

Redemption in the case of paragraphs (a) and (b) above shall only take place according to the provisions of subordination and to receiving the prior approval of the Issuer's Supervisor (if required).

The Issuer shall give a Call Notice to the Bond Trustee (on behalf of the Bondholders) and the Paying Agent as soon as reasonably practicable following the occurrence of the relevant event set out in paragraphs (a) to (c) above.

If the Mandatory Deferral provisions do not apply, but redemption of the Bonds does not occur on a Payment Date for principal because the Issuer was not or would not be solvent, the Issuer shall, subject to receiving the prior approval of the Issuer's Supervisor (if required), redeem such Bonds at the Redemption Price, together with accrued and unpaid interest on the redeemed Bonds, including Arrears of Interest (if any) on the date falling ten (10) Business Days after the first date that:

- a) the Issuer is solvent, and
- b) the redemption of the Bonds would not result in the Issuer ceasing to be solvent,

provided that if such Business Day specified for redemption is a Mandatory Redemption Deferral Date, then the Bonds shall not be redeemed on such date and the provisions above shall apply mutatis mutandis to determine the due date for redemption of the Bonds.

At the same time as delivering any notice of Mandatory Deferral to the Bond Trustee (on behalf of the Bondholders), the Issuer shall send to the Bond Trustee a certificate signed by two directors of the Issuer confirming that the relevant date set for redemption is or is not (as applicable) a Mandatory Redemption Deferral Date. Any such certificate shall, in the absence of manifest error, be treated and accepted by the Issuer, the Bond Trustee (on behalf of the Bondholders) and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons, and the Bond Trustee shall be entitled to rely on such certificate without liability to any person.

Reduction of principal

The Bonds may be utilized by the Issuer to absorb losses by a reduction (write down) of principal amounts of its subordinated debt capital pursuant to the Applicable Regulations and ancillary regulations. Provided the audited accounts of the Issuer show that a substantial part of subordinated debt capital has been lost, such a reduction may be resolved by a shareholder's meeting of the Issuer acting upon a proposal by the board of directors of the Issuer.

The Issuer undertakes that such a proposal will include a recommendation that principal in respect of Tier 1 indebtedness should be written down prior to any principal in respect of Tier 2 subordinated indebtedness.

Pursuant to the above, and subject to applicable provisions of Norwegian law, the Issuer undertakes that it will, subject to prior approval from the Issuer's Supervisor (to the extent required under the Applicable Regulations), recommend that its shareholders reduce all principal in respect of all Tier 1 capital and all paid up equity and equity fund/retained earnings of the Issuer before reducing any principal in respect of the Bonds and on a pro rata basis with all other pari passu claims.

To the extent that part only of the outstanding principal amount of the Bonds has been reduced as provided above:

- a) the partial reduction is effected either by a reduction (write down) of firstly the accrued and unpaid interest, including Arrears of Interest (if any) and secondly a write down of the Outstanding Bonds by a pro rata reduction of Bonds between the Bondholders, or by a reduction of the Redemption Price, or any other mechanics applied to effect the reduction of principal, and
- b) interest will continue to accrue in accordance with the terms hereof on the then outstanding principal amount of the Bonds.

In order to facilitate any reduction of principal as set out herein, the Bond Trustee may instruct the Securities Register to split the Face Value of the Bonds.

Preconditions to redemption, purchase, variation or substitution

Prior to the publication of any Call Notice before the Maturity Date or any purchase, variation or substitution of the Bonds, provided that no Capital Requirement Breach has occurred or is continuing, the Issuer will be required to be in continued compliance with the applicable capital adequacy requirements. On the same date as publishing any Call Notice before the Maturity Date or making any purchase, variation or substitution of the Bonds the Issuer shall deliver to the Bond Trustee a certificate from the Issuers' Supervisor confirming the acceptance of the Call.

Prior to the publication of any Call Notice or notice of variation or substitution pursuant to any Optional Redemption by the Issuer upon the occurrence of a Capital Disqualification Event or Taxation Event, the Issuer shall deliver to the Bond Trustee;

- a) in the case of a redemption, variation or substitution in a Taxation Event, a certificate signed by two directors stating that any or all of the requirements referred to in paragraphs (i), (ii) or (iii) in the definition of Taxation Event will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it, together with an opinion of independent tax counsel of recognized standing to such effect and the Bond Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above; and
- b) in the case of a redemption, variation or substitution in a Capital Disqualification Event, a certificate signed by two directors stating that a Capital Disqualification Event has occurred and is continuing. Any such certificate shall be conclusive and binding on the Bondholders.

Definitions

Please see Clause 2 Clarification and definitions in the Bond Agreement

Standard Terms:	<u><i>If any discrepancy should occur between this Loan Description and the Loan Agreement, then the Loan Agreement will apply.</i></u>
Loan Agreement: 1)	The Loan Agreement will be entered into between the Issuer and the Trustee prior to Disbursement Date. The Loan Agreement regulates the Bondholder's rights and obligations in relations with the Issue. The Trustee enters into this agreement on behalf of the Bondholders and is granted authority to act on behalf of the Bondholders to the extent provided for in the Loan Agreement.
	When bonds are subscribed/purchased, the Bondholder has accepted the Loan Agreement and is bound by the terms of the Loan Agreement. If subscription is made prior to finalisation of the Loan Agreement, the subscriber is deemed to have granted authority to the Trustee to finalise the Loan Agreement. For tap issues, the Loan Agreement will apply for later issues made within the Borrowing Limit. The parties' rights and obligations are also valid for subsequent issued bonds within the Borrowing Limit.
Open / Close: 3)4)	Tap Issues will be opened on Disbursement Date and closed no later than five banking days before Maturity Date.
Disbursement Date: 3)	Payment of the First Tranche / Loan Amount takes place on the Disbursement Date. In case of late payment, the applicable default interest rate according to "lov 17. desember 1976 nr 100 om renter ved forsinket betaling m.m." will accrue.
Expansions – Tap Issues: 2)	For Tap Issues the Issuer can increase the loan above the First Tranche/Loan Amount, before the initial Disbursement Date. For taps not falling on Interest Payment Dates, Accrued Interest will be calculated using standard market practice in the secondary bond market. The Issuer may apply for an increase of the Borrowing Limit.
Issue price – Tap Issues: 11)	Any taps under the Tap Issue will be made at market prices.
Interest Determination Date: 7)	2 Business Days prior to Date of Interest Payment Date
Interest Determination: 6)7)	The regulation of the Interest Rate is effective from each Interest Payment Date. The new interest rate is determined on Interest Determination Date based on NIBOR with additional margin. If the Coupon Rate becomes negative, the Coupon Rate shall be deemed to be zero.
	The new interest rate and the next interest term/period will be notified the Bondholders in writing through the Securities Depository. The Trustee and Nordic ABM shall also be notified immediately.
NIBOR – definition: 5)	(Norwegian Interbank Offered Rate) Interest rate fixed for a defined period on Oslo Børs' webpage at approximately 12.15 Oslo time. In the event that such page is not available, has been removed or changed such that the quoted interest rate no longer represents, in the opinion of the Bond Trustee, a correct expression of the Reference Rate, an alternative page or other electronic source which in the opinion of the Bond Trustee and the Issuer gives the same interest rate as the initial Reference Rate shall be used. If this is not possible, the Bond Trustee shall calculate the Reference Rate based on comparable quotes from major banks in Oslo.
	NIBOR is calculated to two Business Days prior to every Interest Determination Date, rounded to the nearest hundredth of a percentage point, for the Interest Period stated. NIBOR applies with effect from each Date of Interest Adjustment to the next Date of Interest Adjustment. If NA is specified, Reference Rate does not apply.
Interest Period: 9)7)	The interest is paid in arrears on the Interest Payment Date. The first interest period matures on the first Interest Payment Date after the Disbursement Date. The next period runs from this date until the next Interest Payment Date. The last period of interest ends on Maturity Date.
Accrued interest:	Accrued Interest for trades in the secondary bond market are calculated on the basis of current recommendations of Norsk Finansanalytikeres Forening.
Standard Business Day Convention: 8)	Modified Following: If the Interest Payment Date is not a banking day, the Interest Payment Date shall be postponed to the next banking day. However, if this day falls in the following calendar month, the Interest Payment Date is moved to the first banking day preceding the original date.
Condition – Bondholder's put option: 12)	Exercise of Put shall be notified by the Bondholder to its Securities Register agent no later than the last Business Day before the end of the Put Period, and the settlement of the Put shall take place the fifth Business Day after the end of the Put Period.
Condition – Issuer's call option: 13)	Exercise of Call shall be notified by the Issuer to the Bondholders and the Bond Trustee at least thirty Business Days prior to the relevant Call Date. Partial exercise of Call shall be carried out pro rata between the Bonds (according to the procedures in the Securities Register).

Registration:	The loan must prior to disbursement be registered in the Securities Depository. The bonds are being registered on each Bondholders account in the Securities Depository.
Issuer's acquisition of bonds:	The Issuer has the right to acquire Bonds and to retain, sell or discharge such Bonds in the Securities Depository. Subordinated bonds may not be purchased, sold or discharged by the Issuer without the consent of Finanstilsynet, provided that such consent is required.
Amortisation: ⁴⁾	The bonds will run without instalments and be repaid in full on Maturity Date at par, provided the Issuer has not called the bonds.
Redemption:	Matured interest and matured principal will be credited each Bondholder directly from the Securities Registry. Claims for interest and principal shall be limited in time pursuant the Norwegian Act relating to the Limitation Period Claims of May 18 1979 no 18, p.t. 3 years for interest rates and 10 years for principal.
Sale:	Tranche 1/ Loan Amount has been sold by the Arranger(s). Later taps can be made by authorized securities brokers.
Legislation:	Disputes arising from or in connection with the Loan Agreement, which are not resolved amicably, shall be resolved in accordance with Norwegian law and the Norwegian courts. Legal suits shall be served at the Trustee's competent legal venue.
Fees and expenses:	Any public fees payable in connection with the Bond Agreement and fulfilling of the obligations pursuant to the Bond Agreement shall be covered by the Issuer. The Issuer is not responsible for reimbursing any public fees levied on the trading of Bonds. The Issuer is responsible for withholding any withholding tax imposed by Norwegian law.

Oslo, 22 June 2016

