

Term Sheet



ISIN: NO001 070602.1

NOK 1,100,000,000 FRN STOREBRAND LIVSFORSIKRING AS PERPETUAL SUBORDINATED BONDS (the “Bonds” or the “Bond Issue”)

Settlement date: 25 March 2014

Issuer:	Storebrand Livsforsikring AS (Org.number 958 995 369).
Parent:	Storebrand ASA and being the direct 100% owner of the Issuer.
Group:	The Parent with all its subsidiaries from time to time.
Currency:	NOK.
Loan Amount:	NOK 1,100,000,000.
Coupon:	The Reference Rate plus the Margin.
Reference Rate:	3 months NIBOR.
Margin:	2.70 per cent p.a., until First Call Date, and thereafter 2.70 per cent p.a. + 1.00 per cent p.a.
Price:	100 % of par value.
First Interest Payment Day:	25 June 2014, 3 months after Settlement Date.
Settlement Date:	25 March 2014.
Maturity:	Perpetual.
First Call Date:	25 March 2024, 10 years after Settlement Date (First Call Date).
Nominal value:	The Bonds will have a nominal value of NOK 1,000,000, with a minimum subscription amount of NOK 1,000,000.
Purpose:	To partly replace the NOK 1,700,000,000 floating rate perpetual subordinated bonds issued by the Issuer on 27 June 2008. The Issuer also intends for the Bonds to qualify as Tier 2 capital for the purpose of the Applicable Regulation and as determined by the Issuer Supervisor.

“**Applicable Regulations**” means

- (i) prior to the implementation of Solvency II into Norwegian law, any legislation, rules or regulations (whether having the force of law or otherwise) applying to the Issuer, the Issuer Group or any member of the Issuer Group from time to time relating to the characteristics, features or

criteria of own funds or capital resources and, for the avoidance of doubt and without limitation to the foregoing, includes any legislation, rules or regulations relating to such matters which are supplementary or extraneous to the obligations imposed on Norway by Solvency I or the Solvency II Directive;

- (ii) following the implementation of Solvency II into Norwegian law, such rules and regulations as introduced in Norway from time to time for the purposes of implementing Solvency II into Norwegian law.

Issuer Supervisor means The Financial Supervisory Authority of Norway and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer and the Issuer Group.

“Solvency II” means Directive 2009/138/EC of 25 November 2009 on the taking-up and pursuit of business of Insurance and Re-insurance (Solvency II) and is intended to be transposed by member states of the European Economic Area by 1 January 2016.

Status of the Bonds: The Bonds will constitute direct, unsecured and subordinated debt obligations, 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;
- (d) junior in right of payment to any present or future claims of (i) policyholders of the Issuer, (ii) dated subordinated indebtedness of the Issuer, and (iii) any other unsubordinated creditors of the Issuer.

“Bankruptcy Event” means a decision by the Ministry of Finance that the Issuer shall become subject to public administration (*No: Offentlig administrasjon*) according to the Act on Guarantee Schemes for Banks and Public Administration (Act 6 December 1996 no. 75) (*NO: Banksikringsloven*), as amended from time to time.

“Issuer Group” means the Issuer and its subsidiaries (as such term is defined in Sections 1-3, cf 1-4, of the Norwegian Companies Act (*No: Aksjeloven*)).

“Junior Obligations” means (i) the Issuer’s share capital, (ii) any other obligations of any member of the Issuer Group ranking or expressed to rank junior to the Bonds issued by the Issuer.

“Parity Obligations” means any obligations of the Issuer together with any other obligations of the Issuer Group ranking or expressed to rank *pari passu* with the Bonds.

Interest Payments: Interest on the Bonds will be payable quarterly in arrears on the Interest Payment Dates (as defined below) in each year, or if not a Norwegian banking day on the first subsequent banking day. Day count fraction is “act/360” and business day convention is “modified following” and business day is “Oslo”.

Interest Period: The interest period shall be each period beginning on (but excluding) the Settlement Date for the relevant Bonds or any Interest Payment Date, and ending on (and including) the next Interest Payment Date.

Interest Payment Dates: 25 June, 25 September, 25 December, and 25 March each year (each date an “**Interest Payment Date**”).

Optional Deferral of Interest: The Issuer may on any Optional Interest Deferral Date by notice to the Trustee defer payment of all (but not only some) of the interest accrued but unpaid to that date.

“Capital Requirement Breach” means a breach of the applicable capital requirements or solvency requirements from time to time (however such requirements are defined) under the Applicable Regulations.

“**Compulsory Interest Payment Date**” means any Interest Payment Date, other than a Mandatory Interest Deferral Date, where a decision of payment of any distribution or dividend or other payment (including payment in relation to redemption or repurchase) on or in respect of any Junior Obligations has been made by the Issuer during the six months immediately preceding such Interest Payment Date.

“**Mandatory Interest Deferral Date**” means each Interest Payment Date immediately following (i) the date as of which the Issuer’s most recent quarterly report to the Issuer Supervisor disclosed that a Capital Requirement Breach has occurred, or there is a risk that a Capital Requirement Breach or a Bankruptcy Event would occur as a result of the payment of Interest, provided that such Interest Payment Date shall not be a Mandatory Interest Deferral Date if, since the date of publication of such report, the Issuer has remedied the Capital Requirement Breach and that no such event will occur as a result of the interest payment, and/or (ii) the occurrence of any event which under the Applicable Regulations would require the Issuer to defer or suspend payment of interest in respect of the Bonds (unless Issuer Supervisor has waived such requirement).

“**Optional Interest Deferral Date**” means any Interest Payment Date which is not a Compulsory Interest Payment Date nor a Mandatory Interest Deferral Date.

Mandatory Deferral of Interest: The Issuer will on any Mandatory Interest Deferral Date by notice to the Trustee (together with a certificate signed by authorised signatories of the Issuer confirming the relevant Interest Payment Date is a Mandatory Interest Deferral Date) defer payment of all (but not only some) of the interest accrued but unpaid to that date.

Payment of Deferred Interest: Any interest not paid on an Optional Interest Deferral Date or a Mandatory Interest Deferral Date (“**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 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 for the Bonds;
- (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.

Optional Redemption: The Issuer may on the First Call Date or any Interest Payment Date thereafter, if the Issuer provided satisfactory evidence to the holders of the Bonds, represented by the Trustee, that (i) in the opinion of the Issuer Supervisor no Capital Requirement Breach has occurred or is likely to occur as a result of a redemption, and (ii) the Issuer has received prior consent of the Issuer Supervisor, redeem all (but not only some only) of the outstanding Bonds at their outstanding principal amount together with accrued interest thereon, without any premium or penalty.

Optional Redemption by the Issuer upon the occurrence of a Capital Disqualification Event, If the Issuer provides satisfactory evidence to the holders of the Bonds, represented by the Trustee, that a;
(a) Capital Disqualification Event;
(b) Rating Agency Event; or

Rating Agency Event
or Taxation Event:

(c) Taxation Event;

has occurred when the Bonds are outstanding, the Issuer may subject to (i) no Capital Requirement Breach in the opinion of the Issuer Supervisor having occurred or would occur as a result of a redemption, and (ii) prior consent of the Issuer Supervisor, redeem all (but not only some only) of the outstanding Bonds at their outstanding principal amount together with accrued interest thereon, without premium or penalty.

“**Capital Disqualification Event**” means an event which occurs if, as a result of any replacement of or change to (or change to the interpretation by any court or authority entitled to do so of) the Applicable Regulation which becomes effective on or after the Issue Date (including the implementation of Solvency II), the Bonds or part of the Bonds are no longer eligible in accordance with the Applicable Regulations to count as cover for the capital or solvency requirements (however such terms are described from time to time in the Applicable Regulations) for the Issuer whether on a single or consolidated basis, except where in the case such non-qualification is only a result of any applicable limitation on the amount of such capital.

“**Rating Agency**” means Moody's Investors Service, Inc., Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc., or any successor thereof.

“**Rating Agency Event**” means a change in the rating methodology, or in the interpretation of such methodology, as the case may be, becoming effective after the Issue Date, as a result of which the capital treatment assigned by a Rating Agency to the Bonds or part thereof, as notified by such Rating Agency to the Issuer or as published by such Rating Agency, becomes, in the reasonable opinion of the Issuer, materially unfavourable for the Issuer, when compared to the capital treatment assigned by such Rating Agency to the Bonds, as notified by such Rating Agency to the Issuer or as published by such Rating Agency, on or around the Issue Date.

“**Taxation Event**” means an event which occurs as a result of any amendment to, clarification of or change (including any announced prospective change) in the laws or treaties (or regulations thereunder) of Norway affecting taxation (including any change in the interpretation by any court or authority entitled to do so) or any governmental action, on or after the Issue Date, and there is a substantial risk that:

- (i) The Issuer is, or will be, subject to more than a significant material amount of other taxes, duties or other governmental charges or civil liabilities with respect to the Bonds;
- (ii) The treatment of any of the Issuer's items of income or expense with respect to the Bonds as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by a taxing authority, which subjects the Issuer to more than a significant material amount of additional taxes, duties or other governmental charges; or
- (iii) The Issuer would be required to gross up interest payments.

Reduction of Amounts
of Principal:

Under Norwegian legislation, subordinated debt capital may be written down if the audited accounts of a financial institution show that a substantial part of the institution's subordinated debt capital has been lost. Such a write down may be resolved by a shareholders' meeting acting upon a proposal which the Board of Directors is obliged to submit. The Issuer undertakes that such a proposal would include a recommendation that principal in respect of Tier 1 indebtedness should be written down prior to any principal in respect of undated Tier 2 subordinated indebtedness, and any undated Tier 2 subordinated indebtedness should be written down prior to any principal in respect of any dated 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 Supervisor (to the extent required under the Applicable Regulations), recommend that its shareholders cancel all principal in respect of all Tier 1 Capital and all paid up equity and equity fund/retained earnings of the Issuer before cancelling any principal in respect of the Bonds and on a pro rata basis with all other pari passu claims.

The Issuer shall give not more than 30 nor less than 5 Business Days' prior notice to the Trustee, and to the Bondholders of any cancellation of principal in respect of the Bonds.

To the extent that part only of the outstanding principal amount of the Bonds has been cancelled as provided above, interest will continue to accrue in accordance with the terms hereof on the then outstanding principal amount of the Bonds.

Events of default and put option:	No events of default. Holders of the Bonds may only demand prepayment in the event of actual bankruptcy/liquidation of the Issuer.
Amendment of terms:	The Issuer and the Trustee shall be entitled to make any amendments of the terms of the Bonds which are of a formal, minor or technical nature or are made to correct a manifest error. Other amendments to the terms of the Bonds shall be subject to the Bondholders' and the Issuer Supervisor's consent.
Taxation:	The Issuer shall pay any stamp duty and other public fees in connection with the Bonds, but not in respect of trading in the secondary market (except to the extent required by applicable laws), and shall deduct at source any applicable withholding tax payable pursuant to law.
Bond Agreement:	<p>A bond agreement will be entered into by the Issuer and the Trustee acting as the bondholders' representative, and it shall be based on Norwegian bond market standard. The Bond Agreement shall regulate the bondholders' rights and obligations with respect to the Bonds. If any discrepancy should occur between this Term Sheet and the Bond Agreement, then the Bond Agreement shall prevail.</p> <p>Each subscriber in the Bonds, such subscription documented by a subscription agreement, a taped telephone conversation, e-mail or otherwise, is deemed to have granted authority to the Trustee to finalize the Bond Agreement. Minor adjustments to the structure described in this Term Sheet may occur.</p> <p>The Bond Subscription Agreements specifically authorize the Trustee to execute and deliver the Bond Agreement on behalf of the prospective bondholders, who will execute and deliver such Subscription Agreements prior to receiving Bond allotments. On this basis, the Issuer and the Trustee will execute and deliver the Bond Agreement and the latter's execution and delivery is on behalf of all of the subscribers, such that they thereby will become parties to the Bond Agreement. The Bond Agreement specifies that all Bond transfers shall be subject to the terms thereof, and the Trustee and all Bond transferees shall, when acquiring the Bonds, be deemed to have accepted the terms of the Bond Agreement, which specifies that all such transferees shall automatically become parties to the Bond Agreement upon completed transfer having been registered in the VPS, without any further action required to be taken or formalities to be complied with. The Bond Agreement shall specify that it shall be made available to the general public for inspection purposes and may, until redemption in full of the Bonds, be obtained on request by the Trustee or the Issuer, and such availability shall be recorded in the VPS particulars relating to the Bonds.</p>
Approvals:	The Bonds have been issued in accordance with the Issuer's Board approval dated 29 October 2013.
Issuer's ownership of Bonds:	The Issuer or any of its subsidiaries may subject to receiving the prior consent from the Issuer Supervisor at any time purchase Bonds in any manner and at any price. Any Bonds repurchased by the Issuer or any of its affiliates will be held by the Issuer or may be cancelled by causing such Bonds to be deleted of the records of the VPS.
Stock Exchange listing:	An application will be made for the Bonds to be listed on Oslo Stock Exchange.
Market making:	No market-maker agreement has been made for this Issue.

Governing law:	Norwegian law and Norwegian courts
Paying Agent	Nordea Bank Norge ASA
Registration:	The Norwegian Central Securities Depository (“ VPS ”). Principal and interest accrued will be credited the bondholders through VPS.
Trustee:	Norsk Tillitsmann ASA, Postboks 1470 Vika, 0116 Oslo
Conditions Precedent to Disbursement:	Disbursement of the net proceeds of the Bond Issue to the Issuer will be subject to such conditions precedents as are customary in the Norwegian bond market as of the date of the Bond Agreement.
Arrangers:	Nordea Markets, Nordea Bank Norge ASA, P.O. Box 1166 Sentrum, N-0107 Oslo, Norway, and Swedbank, P.O. Box 1441 Vika, N-0115 Oslo, Norway
Eligible purchasers:	The Bonds shall only be offered to non-“U.S. persons” in “offshore transactions” within the meaning of Rule 902 under the U.S. Securities Act of 1933, as amended (“ Securities Act ”) except for “Qualified Institutional Buyers” (“ QIBs ”) within the meaning of Rule 144A under the Securities Act. In addition to the Subscription Agreement that each investor will be required to execute, each U.S. investor that wishes to purchase Bonds will be required to execute and deliver to the Issuer a certification in a form to be provided by the Issuer stating, among other things, that the investor is a QIB. The Bonds may not be purchased by, or for the benefit of, persons resident in Canada. Nordea is not registered with the U.S. Securities and Exchange Commission as a U.S. registered broker-dealer and will not participate in the offer or sale of the Bonds within the United States.
Transfer restrictions:	Bondholders will not be permitted to transfer the Bonds except (a) subject to an effective registration statement under the Securities Act, (b) to a person that the Bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other transfer may be made in reliance on Rule 144A, (c) an offshore transaction in accordance with Regulation S under the Securities Act, including, in a transaction on the Oslo Børs, and (d) pursuant to any other exemption from registration under the Securities Act, including Rule 144 there under (if available). The Bonds may not, subject to applicable Canadian laws, be traded in Canada for a period of four months and a day from the date the Bonds were originally issued.
Subject to:	The issue of Bonds shall be subject to approval by the Issuer’s board and the Trustee’s approval of the bond documentation.

Lysaker / Oslo, 11 March 2014