

Term Sheet



MORROW BANK ASA

14 May 2025

FRN MORROW BANK ASA TIER 1 PERPETUAL CALLABLE BOND ISSUE 2025 (the “Bonds” or the “Bond Issue”)

ISIN:	NO 0013567990
Issuer:	Morrow Bank ASA (org. number 998 997 801).
Type of instrument:	Perpetual callable bonds with floating interest.
Initial Principal Amount:	NOK 275,000,000.
Initial Nominal Amount:	The Bonds will have a nominal value of NOK 100,000 each. Minimum subscription in the Bond issue is NOK 1,500,000. The Nominal Amount means the nominal value of each Bond at any time.
Issue Date:	22 May 2025.
Maturity Date:	Perpetual.
Redemption Price:	100% of the Nominal Amount of the Bonds, subject to any adjustment following a reduction of amounts of principal pursuant to the Capital Requirement Laws, plus accrued and unpaid interest, including Arrears of Interest (if any).
Interest Rate:	The Reference Rate plus the Margin. (If the Interest Rate becomes negative, the Interest Rate shall be deemed to be zero).
Reference Rate:	3 months NIBOR.
Margin:	6.90 % p.a.
First Interest Payment Date:	22 August 2025.
Interest Payment Dates:	22 August, 22 November, 22 February and 22 May each year (each date an “Interest Payment Date”).
Interest Payments:	Interest on the Bonds will accrue from and including the Issue Date and 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 “actual/360” and Business Day convention is “modified following”.

Interest Period:	From (and including) the Issue Date to (but excluding) the first Interest Payment Date, and each subsequent period from (and including) an Interest Payment Date to (but excluding) the immediately following Interest Payment Date.
Business Day:	Any day on which the CSD settlement system is open and the relevant currency settlement system is open.
Day Count Convention:	Actual/360.
Business Day Convention:	Modified Following Business Day.
First Call Date:	22 May 2030, five years after the Issue Date.
Call:	The Issuers early redemption of outstanding Bonds.
Ordinary Call, regulatory Call and taxation Call	<p><i>Ordinary Call:</i></p> <p>The Issuer is entitled to, on the First Call Date and on each Interest Payment Date thereafter, redeem all, and not some only, of the outstanding Bonds at the Redemption Price.</p> <p><i>Regulatory Call:</i></p> <p>If any amendment, clarification, interpretation of or change in the official position with respect to the Capital Requirement Laws results in the Bonds, either in parts or in whole, will no longer be eligible to count as Additional Tier 1 capital and such change was not reasonably foreseeable at the Issue Date, the Issuer is entitled to redeem all, and not only some, of the outstanding Bonds at the Redemption Price.</p> <p><i>Taxation Call:</i></p> <p>If any amendment, clarification, interpretation of or change in the official position with respect applicable laws, regulations or public administrative practice should result in a material amendment to the tax treatment of the Bonds on the Issuer's hand, and such change was not reasonably foreseeable at the Issue Date, the Issuer is entitled to redeem all, and not only some, of the outstanding Bonds at the Redemption Price.</p> <p>A regulatory Call or a taxation Call may, after the relevant amendment etc. enters into force, be made on each Interest Payment Date.</p>
Exercise of Call:	The Exercise of a Call option is subject to approval of the Issuer Supervisor. If a decision has been made to write-down the Bonds in accordance with the item regarding Trigger Event below, no Call may be exercised, regardless of whether the Bond Trustee has been notified. Exercise of Call shall be notified by the Issuer to the Bond Trustee at least ten (10) Business Days prior to the relevant Call date.
Purpose:	The purpose of the Issue is to have the Bonds to qualify as Additional Tier 1 capital when measuring the Issuer's Capital Adequacy.
Status of the Bonds:	The Bonds will constitute Tier 1 capital of the Issuer under the Capital Requirement Laws, and constitute direct, unsecured and subordinated obligations of the Issuer, and shall, at all times rank:

- (a) *pari passu* without any preference among themselves;
- (b) *pari passu* with (a) any other Additional Tier 1 capital of the Issuer, and (b) any other obligations or capital instruments of the Issuer that rank or are expressed to rank *pari passu* with the Bonds in a liquidation or bankruptcy of the Issuer;
- (c) senior to Common Equity Tier 1 capital of the Issuer and any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Bonds on a liquidation or bankruptcy of the Issuer; and
- (d) junior to any present or future (i) depositors of the Issuer, (ii) any other unsubordinated creditors of the Issuer, and (iii) subordinated creditors of the Issuer including holder of Tier 2 capital instruments other than the present and future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Bonds.

Definitions:

"Additional Tier 1 capital" means requirements for classification as Additional Tier 1 capital in accordance with the Capital Requirement Laws, as amended or replaced.

"Bondholder" A person who is registered in the CSD as directly registered owner or nominee holder of a Bond.

"Capital Adequacy" means capital adequacy (kapitaldekning) of the Issuer from time to time computed in accordance with the Capital Requirement Laws.

"Capital Requirement Laws" means (i) Norwegian laws (lov), regulations (forskrift), circular letters from the Issuer Supervisor (rundskriv) and guidelines from a Norwegian competent authority and in each case applying to Financial Institutions as applicable to the Issuer as a Norwegian commercial bank, and (ii) requirements directed to the Issuer specifically by a Norwegian competent authority, and in the case of (i) and (ii) regulating capital requirements from time to time applicable to Financial Institutions, including but not limited to such laws, regulations, circular letters and guidelines relating to the CRR, the CRD, or the recommendations of the European Banking Authority stated in EBA/REC/2011/1 (EBA Recommendations) as implemented from time to time in Norwegian law.

"Common Equity Tier 1 capital" means measurement of the Issuer's Common Equity Tier 1 compared with its total risk-weighted assets, in accordance with the Capital Requirement Laws.

"Common Equity Tier 1 capital Ratio" means measurement of the Issuer's Common Equity Tier 1 compared with its total risk-weighted assets, in accordance with the Capital Requirement Laws.

"CSD" means the central securities depository in which the Bonds are registered, being Verdipapirsentralen ASA (VPS).

"Financial Institutions Act" means Act no. 17 of 10 April 2015 relating to financial institutions and financial groups.

"Financial Sector Entity" means an entity as defined in Article 4 no. 1 (27) of the CRR

"Issuer Supervisor" means the Financial Supervisory Authority of Norway (No: *Finanstilsynet*) and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer.

"Own Funds" means sum of (i) Common Equity Tier 1 capital (ren kjernekapital), (ii) Additional Tier 1 capital (annen godkjent kjernekapital) and (iii) Tier 2 items and instruments (tilleggskapital) of the Issuer from time to time and computed in accordance with the Capital Requirement Laws.

"Participating Company" means a company which is a part of a group of companies consolidated in accordance with the Financial Institutions Act and the applicable Consolidation Regulation,

- (i) where the Issuer is the parent company; and/or
- (ii) has a capital interest in another Financial Sector Entity; and/or
- (iii) has joint management with another Financial Sector Entity; and/or
- (iv) participate in a collaborative group in which the company will undertake consolidation pursuant to Section 17-13 (2) of the Financial Institutions Act.

"Tier 1 capital" means the part of the Issuer's Own Funds which meet the requirements for classification as Tier 1 capital in accordance with the CRR. At the date of the Bond Terms equal to the sum of the Issuer's Common Equity Tier 1 capital and Additional Tier 1 capital.

"Tier 2 Capital" means the part of the Issuer's Own Funds which meet the requirements for classification as Tier 2 capital in accordance with the CRR.

"Trigger Event" means any time that the Common Equity Tier 1 Capital Ratio of the Issuer is below 5.125 per cent.

Restrictions on payment of interest:

The Issuer may elect not to pay the Interest Rate. Unpaid Interest Rate shall not accumulate or be replaced by other forms of payment.

The Issuer Supervisor may require the Issuer to terminate payment of Interest Rate on the Bonds.

Interest accrued on the Bonds may only be paid with funds available within the thresholds set out in the applicable Capital Requirement Laws from time to time permitting payment of interest. Non-payment or reduced payment of accrued interest does not constitute a default of the Bond Terms and any claim for accrued but unpaid interest will be permanently cancelled and discharged.

Trigger Event:

Upon the occurrence of a Trigger Event, the Bonds plus accrued interest may be written down in accordance with the Capital Requirement Laws.

A partial write down is implemented by firstly writing down any accrued interest on the Bonds and thereafter by writing down the Bonds by a discharge of Bonds on a pro rata basis between the Bondholders, or by a reduction of the Redemption Price or in another manner which achieves the intended financial result.

After a write down of the Bonds, the Issuer may write-up the Bonds by adding a portion of accumulated profits to the Bonds. Interest, if any, shall be calculated on the amount of outstanding Bonds after the write-down.

The total amount of write-up and accrued interest shall not exceed the annual profit after taxes multiplied by the Additional Tier 1 capital's share of the total Tier 1 capital. The annual profit after taxes shall be the lowest of the profit for the Issuer on a non-consolidated basis and the profit for the group where the Issuer is a Participating Company on a consolidated basis. The share shall be calculated as the Additional

Tier 1 capital which has been subject to write-down, prior to the write-down, divided by the total Tier 1 capital at the calculation date.

The total amount of write-up and accrued interest on Additional Tier 1 capital, together with other distributions, must not exceed the maximum amount for distributions according to Section 10 of the CRR/CRD IV Regulation.

The Bonds may be written down on a permanent basis or converted into Common Equity Tier 1 capital if the Issuer Supervisor or any other competent public authority has instructed to write-down or convert the Bonds pursuant to applicable laws and regulations from time to time, including the Norwegian legislation implementing the BRRD and section 20-14 of the Financial Institutions Act, e.g. due to material deficiency in the Issuer's solidity where the relevant competent authority considers the write-down or conversion to be necessary to avoid a liquidation.

General covenants:

The Issuer undertakes not to (either in one action or as several actions, voluntarily or involuntarily):

- (a) sell or otherwise dispose of all or parts of its assets or business,
- (b) change the nature of its business, or
- (c) merge, demerge or in any other way restructure its business,

if, in respect of paragraphs (a) to (c) above, such action will materially and adversely affect the Issuer's ability to fulfil its obligations under the Bond Terms.

Information undertakings:

The Issuer undertakes to:

- (a) inform the Bond Trustee of any event or circumstance that may materially and adversely affect the Issuer's ability to fulfil its obligations under the Bond Terms;
- (b) inform the Bond Trustee if the Issuer intends to sell or dispose of all or a substantial part of its assets or operations or change the nature of its business;
- (c) upon request, provide the Bond Trustee with its annual and interim financial statements and any other information reasonably required by the Bond Trustee;
- (d) upon request report to the Bond Trustee the balance of Issuer's Bonds,
- (e) provide a copy to the Bond Trustee of any notice to its creditors to be made according to applicable laws and regulations,
- (f) send a copy to the Bond Trustee of notices to the Exchange which have relevance to the Issuer's liabilities pursuant to the Bond Terms,
- (g) inform the Bond Trustee of changes in the registration of the Bonds in the CSD,
- (h) annually, in connection with the issuance of its annual report, and otherwise upon request by the Bond Trustee, confirm to the Bond Trustee that the undertakings and covenants set forth in the Bond Terms are complied with; and
- (i) immediately and without request, inform the Bond Trustee upon the occurrence of a situation as described in the items Restrictions on interest payments and Trigger Event above.

No Events of default:

It follows from the status of the Bonds as Additional Tier 1 capital, that no demand for repayment of the Bonds can be made, unless in connection with a liquidation of the Issuer.

Amendment of terms:	Upon future changes to applicable Capital Requirement Laws being adopted by Norwegian authorities, the Bond Trustee shall, upon request from the Issuer and approval from the Issuer Supervisor, be entitled (but not obligated) to make such changes to the Bond Terms as may be deemed required for the Bonds to continue to qualify as Additional Tier 1 capital.
Documentation:	<p>A bond agreement (the “Bond Terms”) will be entered into by the Issuer and the Bond Trustee acting as the Bondholders’ representative, and it shall be based on Norwegian bond market standard as approved by the Issuer Supervisor. The Bond Terms shall regulate the Bondholders’ rights and obligations with respect to the Bonds. If any discrepancy should occur between this Term Sheet and the Bond Terms, then the Bond Terms shall prevail. The Bond Trustee enters into the Bond Terms on behalf of the Bondholders and is authorised to take any action on behalf of the Bondholders based on the terms and conditions of the Bond Terms.</p> <p>The application for and subscription of Bonds in the Bond Issue will occur on the terms of the bond application form provided by the Manager (the “Application Form”). The Application Form specifically authorises the Bond Trustee to finalize, execute and deliver the Bond Terms on behalf of the prospective Bondholders, who will execute and deliver such Application Form by a signed document, taped telephone conversation, e-mail, Blomberg chat or otherwise prior to receiving Bond allotments.</p> <p>By subscribing for Bonds, the subscriber will be deemed to have accepted all terms set out in the Application Form, including the representations and acknowledgments set out therein. Please note in this respect that the Bond Issue is based only upon the investor documentation referenced therein, and in particular that no prospectus, offering memorandum or similar document have or will be prepared in connection with the offering and sale of the Bonds.</p>
Approvals:	The Bonds will be resolved issued by the Issuer's board of directors pursuant to the authorisation granted by the Issuer's General Meeting held on 10 April 2025. The Bond Issue is subject to approval from the Issuer Supervisor, if required.
Allocation	The Manager, on behalf of the Company, will in its sole discretion allocate the Bonds to the Applicants. The Manager may apply allocation principles such as orders received early in the Application Period, relative order size, investment experience from the banking sector, investment background and wide and varied bondholder structure.
Issuer's Bonds:	The Issuer cannot sell or delete Issuer's Bonds in the CSD without approval from the Issuer Supervisor.
Listing:	The Issuer will apply for listing of the Bonds on Nordic ABN.
Market making:	No market-maker agreement has been made for this Bond Issue.
Governing law and jurisdiction:	Norwegian law and Norwegian courts.
Paying Agent:	Nordea Bank Norway
CSD:	The central securities depository, in which the Bonds are registered, being Verdipapirsentralen ASA (VPS). Principal and interest accrued will be credited the Bondholders through the CSD.
Bond Trustee:	Nordic Trustee AS, P.O. Box 1470 Vika, N-0116 Oslo, Norway.

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 Terms.
Manager:	Pareto Securities AS, Dronning Mauds gate 3, N-0250 Oslo, Norway.
Target Market:	Manufacturer target market (MiFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in EEA.
Fee:	The Manager will be paid a fee by the Issuer in connection with the transaction.
Selling and transfer restrictions:	<p>The Bonds will only be offered or sold within the United States to “Qualified Institutional Buyers” (“QIBs”) as defined in Rule 144A under the U.S. Securities Act of 1933, as amended, or any state securities law except pursuant to an exemption from the registration requirements of the U.S. Securities Act and appropriate exemptions under the laws of any other jurisdiction. The Bonds may not be offered or sold within the United States to, or for the account or benefit of, any U.S. Person (as such terms are defined in regulations), except pursuant to an exemption from the registration requirements of the U.S. Securities Act as further detailed in the Application Form.</p> <p>Other selling and transfer restrictions for the Bond Issue are set out in the Application Form.</p> <p>Failure to comply with these restrictions may constitute a violation of applicable securities legislation.</p>
Subject to:	The issue of Bonds shall be subject to approval by the Issuer’s board and the Bond Trustee’s approval of the bond documentation and the Issuer Supervisor’s approval of the Bond Issue, if required.

Oslo, 14 May 2025

Morrow Bank ASA
as Issuer