Box 3 New type of subordinated loans

(Capital supplement)

Regulation no. 852 of November 21, 2000, with the subsequent amendment no. 964 of December 20, 2000, authorises the classification of bonds as Tier I Capital, if the following conditions, among others, are fulfilled:

1. No due date is specified on the bond.
2. The issuer may only repay the principal with the approval of the Financial Supervisory Authority and then in the first instance 10 years after its date of issue, provided that the equity will be adequate after repayment, in the view of the FSA.
3. Interest payments will only be permitted within the limits allowed by retained earnings, providing that minimum capital adequacy requirements are also fulfilled when this has been done. Furthermore, the interest carried by the bond may only be reviewed, on a single occasion, 10 years afterwards.
4. If the issuer's equity falls below the minimum capital requirement, the principal can be written down to meet the issuer's operating loss.
5. In calculating equity, the maximum combined total of bonds both for the parent company and group is 15% of Tier I capital.