



The Fixed-Income Markets at the Oslo Børs and the ABM

 **OSLO BØRS**

ABM
Alternative Bond Market

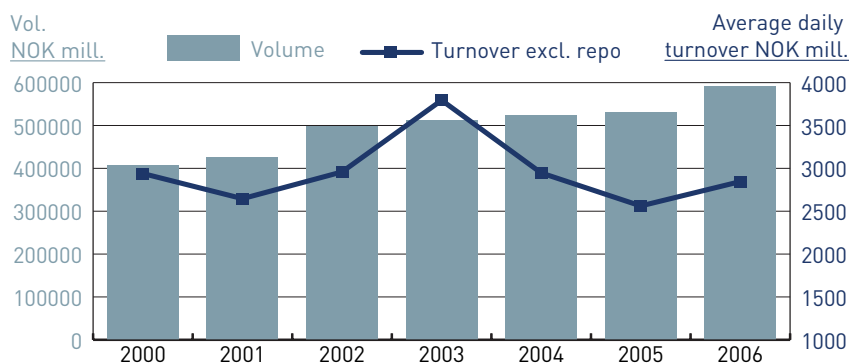
The Oslo Børs

The Oslo Børs marketplace offers trading in shares, primary capital certificates, warrants, fixed income instruments, and derivatives. Investor access to the Oslo market is provided by the brokerage firms and investment banks that are members of the stock exchange. There are 53 such members, of which 29 are international remote members. The strong sectors associated with the Norwegian market include oil & gas, offshore oil service, shipping, fisheries & fish farming, and IT.

Two marketplaces for fixed-income instruments

The Oslo Børs operates two distinct marketplaces for trading in bonds and short-term fixed-income instruments. The traditional fixed-income market (Oslo Børs) is regulated in accordance with the Stock Exchange Act which

incorporates EU directives implemented in Norwegian legislation. As a desire to give issuers an alternative to adapting to the new requirements imposed by the EU, the Alternative Bond Market (ABM) was established in June 2005. ABM is a separate marketplace where rules and procedures are tailor-made to reflect the particular needs of both issuers and investors. While offering the same high standards and quality as the traditional exchange market, the ABM offers a somewhat simplified process for admission to listing than what is required under the EU Prospectus Directive. In addition, ABM represents an alternative for issuers who do not prepare their consolidated accounts in accordance with International Financial Reporting Standards (IFRS). Except for the IFRS-requirement, the continuing obligations for the issuers are to the extent possible the same for the two markets.



The markets at a glance

The total turnover in 2006 for both markets, was NOK 718.5 billion excl. repo (EUR 89 billion), which corresponds to a daily turnover of NOK 2.9 billion (EUR 360 million). The Norwegian bond market is characterised by a broad range of

issuers: the State of Norway, banks and industrial companies represent the largest sectors and make active use of the bond market for their funding. As a result there is considerable variety in the types of issues listed, covering everything from fixed-rate and floating rate¹⁾ to structured debt instruments

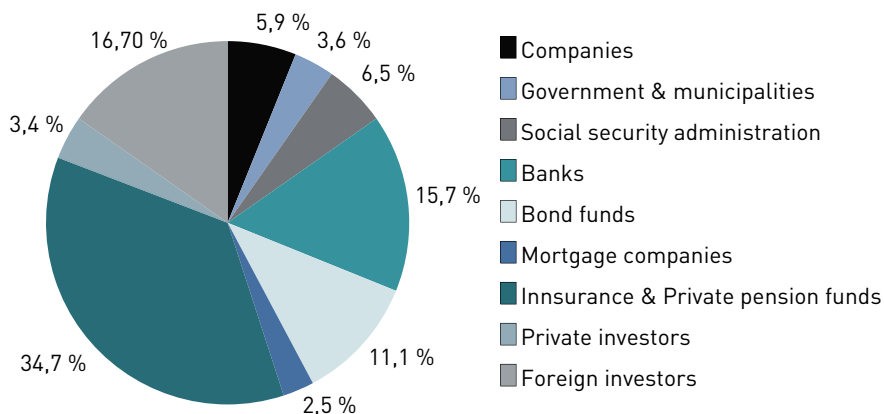
1) Most commonly adjusted with reference to NIBOR (Norwegian InterBank Offered Rate)

such as senior secured, convertible, and index-linked bonds. Covered bonds are expected to be introduced during 2007 as soon as legislation is in place.

The past few years have been characterised by solid growth of both new issuers and the number of issues admitted to trading. Oslo Børs' fixed-income markets have attracted a variety of both Norwegian and foreign companies in 2006, and this trend seems to be continuing in 2007. Most noteworthy is perhaps the growing number of bonds issued by local banks, industrial companies and foreign issuers who use the bond market as an alternative to equity or bank funding. Consequently, investors benefit from a more diversified variety of issuers, sectors and regions.

At the end of 2006, a total of 926 loans were listed on the Oslo Børs and the ABM; representing an outstanding volume of NOK 587 billion (EUR 71.3 billion). The face value differs between issues targeted towards retail- and professional investors, with NOK 500,000 (EUR 62.000) being the most commonly used denominator. Fixed-income instruments are most commonly listed and traded in NOK (Norwegian Krone). Other currencies employed include EUR and USD. The maturity of listed bonds ranges from money market debt to long-term bonds where issues with a maturity between 2 and 10 years are most frequently used in the Norwegian market.

Ownership per 31.12.06



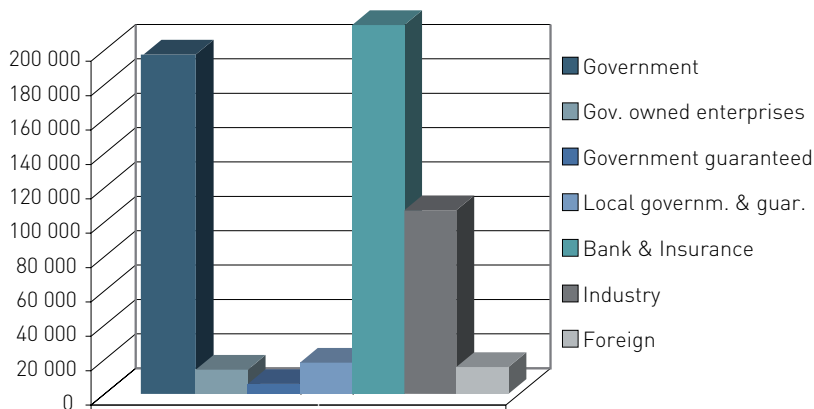
Ownership structure

The Norwegian bond market is largely a professional investors market, where private individuals account for only around 4% of the total outstanding volume. The investor side is dominated by private pension funds (34.7%),

foreign investors (16.7%) and banks (15.7%).

While the majority of foreign fixed-income investments are allocated government bonds, their share of industrial issues has increased significantly during the past few years.

Outstanding volume per 31.12.06



Government Bonds

The Norwegian government issues debt in the bond and bill market. All government issues are listed on the exchange. New issues are auctioned to the stock exchange's primary dealers. The auction is executed through the Oslo Børs' trading system, Saxess. By using the auction system in Saxess, the Central Bank of Norway is able to offer an auction model that ensures a fair and swift allocation process, thus reducing the risk for both the investors and the members during the bidding process. An investor who intends to participate in an

auction must do so through a primary dealer. Trading in the secondary market is executed by both automatic order matching and telephone arbitration. The market for government bonds is highly liquid with daily turnover in 2006 (excl. repo) exceeding NOK 2 billion (EUR 243 million). The primary dealers are required to continually offer two-way spreads in Saxess where maximum allowed spread and minimum required volume for each issue depends on the issue's maturity. Primary dealers may be found on the Member's List on the last page of this brochure.

Bank and insurance

Financial institutions represent the largest sector of issuers with an outstanding volume of NOK 201 billion (EUR 24.4 billion). The sector is largely dominated by commercial- and savings banks who issue a broad range of instruments. The largest investors include insurance companies, pension funds and banks.

Three largest issuers:

DnB NOR

NOK 15 178 mill.

SparebankenVest

NOK 14 135 mill.

BNbank

BOLIG- OG NÆRINGSKREDITT ASA

NOK 11 902 mill.

Industrial and commercial Bonds

The industrial and commercial sector is dominated by issuers operating in capital-intensive industries such as energy production, construction, manufacturing, offshore services and information technology. As much as half of the issuers included in this sector also have shares listed on the Oslo Børs. This contributes to the quality of the information provided by the issuers; making relevant news, events and financial reports easily accessible from one single source.

Foreign issuers

During the past year, eight Danish savings banks have listed eleven bonds on the ABM. This new development is thanks to the efficiency, ease of listing process and the broad range of potential investors on the Oslo market.

Information about listed securities:

The Oslo Børs offers two websites providing information about listed bonds. On www.oslobors.no you will find information about bonds listed on the exchange market, while information regarding bonds listed on the ABM may

Trading rules

The NOREX-alliance, which is a strategic alliance between the Nordic Exchanges, consists of the Oslo Børs and the OMX Exchanges. The NOREX-exchanges offer trading through a common trading system, and have harmonised rules and recommendations regarding trading and membership. Trading on the NOREX Exchanges and

Three largest issuers:



Statkraft



NOK 9 928 mill.

NOK 20 314 mill.



NOK 7 503 mill.

Three largest issuers:



NOK 1 620 mill.



NOK 1 500 mill.



NOK 1 220 mill.

be found on www.abmportal.no. On these pages, you may also find the prospectuses, price information (both intraday and historically), company disclosures, financial reports and terms and conditions for each issue.

the ABM is carried out through the Saxess trading system. Trading rules for both the Oslo Børs and the ABM are therefore based on the NOREX Member Rules. Same trading rules for the two markets allow market participants to access the information they need while offering a high level of price transparency. For orders: volume and number of orders for each price level are

distributed. For trades: price, volume and trade type for all trades are registered in the trading system and are distributed in real time. However, members may request that dissemination of telephone trades are delayed, and this functionality is used by the members to a large extent. Regardless of dissemination time, all negotiated trades must be registered in Saxess within 5 minutes and the Oslo Børs continually monitors market activity in both the exchange market and on the ABM in order to ensure a fair and orderly market. More information about Saxess is available on www.oslobors.no
About the market

Duty to publish company disclosures

Issuers of listed bonds are subject to a duty to publish information that may influence the price of their bonds. In addition to inside information, the rules also contain some objective criteria for information that must be published. Examples include interest rate adjustments (or other changes in the terms of the loans), resolutions passed in a bondholders' meeting, annual and interim reports, changes in debtor, buy back offers, sale of or offer to sell a substantial portion of the issuer's assets or business activity and the result of the offer and any decision to halt payments or open debt settlement proceedings. These rules are available on www.oslobors.no and www.abmportal.no.

For a complete overview of company disclosures for all listed securities (not only related to bonds), please see www.newsweb.no.

Indices

The Oslo Børs calculates six bond indices, all of which are yield indices with fixed duration between 0.25 and 5

years. The indices provide institutional and professional investors with information related to both government- and corporate bonds. The aim of the government bond indices is to represent a reference for portfolios at each point of the term structure. Accordingly, the indices are not meant to be an investment object. The BRIX-sample consists of up to 15 private fixed coupon or FRN bullet loans (large issues) within the following sectors: banking, insurance, mortgage institutions and industry. In order to maintain duration of three years, the sample is revised on a monthly basis. Each month's sample is based on trade statistics for the period between the second and last market days of the previous months. For more information about calculations of the indices and updated and historic values, please see www.oslobors.no

Index	Duration (years)
ST1X	0.25
ST2X	0.50
ST3X	1.00
ST4X	3.00
ST5X	5.00
BRIX	3.00

Clearing and Settlement

The Norwegian Central Securities Depository (VPS) settlement system is based on a multilateral netting and clearing model. Based on the net transfer per seller and buyer, the Central Bank of Norway carries out the cash settlement; while the VPS performs the securities settlement between the participants. The settlement system offers a high settlement rate. 98% of all settlement instructions are carried out on the contractual date.

Please see www.vps.no for more information.

Member firms – Fixed income

ABG Sundal Collier Norge ASA	+47 22 01 60 00 www.abgsc.no	
DnB NOR Markets*	+47 22 01 78 20 www.dnbno.no/markets	
Fearnley Fonds ASA	+47 22 93 60 00 www.fearnleyfonds.no	
First Securities ASA	+47 23 23 80 00 www.first.no	
Fokus Markets*	+47 23 13 91 00 www.fokus.no	 <small>part of Danske Markets</small>
Fondsfinans ASA	+47 23 11 30 00 www.fondsfinans.no	
Glitnir Securities ASA	+ 47 22 01 63 00 www.glitnir.no	
Kaupthing ASA	+47 24 14 74 00 www.kaupthing.no	
Nordea Markets*	+47 22 48 50 00 www.nordea.no/markets	
Pareto Securities ASA	+47 22 87 87 00 www.pareto.no	
Skandinaviska Enskilda Banken*	+47 22 82 70 00 www.seb.no	
Svenska Handelsbanken AB*	+46 8 463 4590 www.handelsbanken.com	
Swedbank AB*	+47 23 11 62 00 www.swedbank.no	
Terra Securities ASA	+47 22 87 81 00 www.terra.no	

* Primary Dealers

External links

The Norwegian Society of Financial Analysts - "Recommended Conventions for the Norwegian Certificate and Bond Markets" - www.finansanalytiker.no

The Norwegian Central Securities Depository - www.vps.no

www.oslobors.no
www.abmportal.no

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