

OFFERING CIRCULAR



Svenska Handelsbanken AB (publ)

(Incorporated as a public limited liability banking company in The Kingdom of Sweden)

U.S.\$50,000,000,000

Euro Medium Term Note Programme

for the issue of Notes

with a minimum maturity of one month

On 26th June, 1992 Svenska Handelsbanken AB (publ) (the "Issuer" or the "Bank") entered into a U.S.\$1,500,000,000 Euro Medium Term Note Programme (the "Programme") and issued an offering circular on that date describing the Programme. This Offering Circular supersedes any previous offering circular and supplements therein prepared in connection with the Programme. Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes already in issue.

Under the Programme, the Bank may from time to time issue Notes (the "Notes"), which expression shall include Notes (i) issued on an unsubordinated basis as described in Condition 3 ("Senior Notes"), (ii) issued on a subordinated basis and which rank on any voluntary or involuntary liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Bank as described in Condition 4 ("Subordinated Notes") and (iii) issued on a subordinated basis with no fixed maturity and which rank on any voluntary or involuntary liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Bank as described in Condition 5 ("Additional Tier 1 Notes").

The Outstanding Principal Amount (as defined in Condition 2) of each Series (as defined below) of Additional Tier 1 Notes will be subject to Write Down (as defined in Condition 2) if the Common Equity Tier 1 Capital Ratio (as defined in Condition 2) of the Bank and/or the Handelsbanken Group (as defined Condition 2) is less than the relevant Trigger Level (as defined in Condition 2). Following such Write Down, the Outstanding Principal Amount of the Additional Tier 1 Notes of such Series may, at the Bank's sole and absolute discretion, be reinstated in whole or in part if certain conditions are met. See Condition 8.

Subordinated Notes and Additional Tier 1 Notes contain only limited events of default, as described in "Terms and Conditions of the Notes". Notes may be denominated in any currency agreed by the Bank and the relevant Purchasers (as defined below). Subject as set out herein, the Notes will have a minimum maturity of one month. The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.\$50,000,000,000 (or its equivalent in other currencies at the time of agreement to issue calculated as described in the Programme Agreement described herein).

The Notes will be issued to one or more of the Dealers specified on pages 7 to 8 (each a "Dealer" and together the "Dealers", which expression shall include any additional Dealer appointed under the Programme from time to time) on a continuing basis. Notes may also be issued to third parties other than Dealers. Dealers and such third parties are referred to as "Purchasers".

This Offering Circular has been approved by the Central Bank of Ireland (the "Central Bank") as competent authority under the Prospectus Directive (as defined below). The Central Bank only approves this Offering Circular as meeting the requirements imposed under Irish law and European Union ("EU") law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC (the "Markets in Financial Instruments Directive" or "MiFID") and/or which are to be offered to the public in any Member State of the European Economic Area ("EEA"). Application has been made to the Irish Stock Exchange plc (the "Irish Stock Exchange") for the Notes issued under the Programme (other than Exempt Notes (as defined below)) within the period of 12 months from the date of this Offering Circular to be admitted to the official list (the "Official List") and trading on its regulated market (the "Main Securities Market"). The Main Securities Market is a regulated market for the purposes of MiFID.

Notice of the aggregate nominal amount of interest (if any) payable in respect of the issue price of Notes will be set forth in a final terms document (the "Final Terms"). With respect to Notes to be listed on the Irish Stock Exchange, the Final Terms will be delivered to the Central Bank and to the Irish Stock Exchange. Notice of the aggregate nominal amount of interest (if any) payable in respect of, the issue price of, and any other terms and conditions not contained herein which are applicable to, each Tranche (as defined below) of Notes, in the case of Exempt Notes will be set forth in a pricing supplement (the "Pricing Supplement").

The requirement to publish a prospectus under the Prospectus Directive only applies to the Notes which are to be admitted to trading on a regulated market in the EEA and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Offering Circular to "Exempt Notes" are to Notes for which no prospectus is required to be published under the Prospectus Directive. The Central Bank has neither approved nor reviewed information contained in this Offering Circular in connection with Exempt Notes. **Factors which may affect the Bank's ability to fulfil its obligation under Notes issued under the Programme and factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are set out in "Risk Factors" herein.**

The Senior Notes to be issued under the Programme are expected to be rated AA- (long-term Senior Notes) and A-1+ (short-term Senior Notes) by Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's"), Aa2 (long-term Senior Notes) and Prime-1 (short-term Senior Notes) by Moody's Investors Service Limited ("Moody's") and AA (long-term Senior Notes) and F1+ (short-term Senior Notes) by Fitch Ratings Ltd ("Fitch"). The Issuer has been rated AA- (long-term senior debt) and A-1+ (short-term senior debt) by Standard & Poor's, Aa2 (long-term senior debt) and Prime-1 (short-term senior debt) by Moody's and AA (long-term senior debt) and F1+ (short-term senior debt) by Fitch. Each of Standard & Poor's, Moody's and Fitch is established in the EU and has been registered under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"). Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme and/or the Issuer. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Bank and the relevant Purchaser(s) in relation to each issue. The Bank may also issue unlisted Notes and/or Notes not admitted to trading on any market. The applicable Pricing Supplement in respect of the issue of any Exempt Notes will specify whether or not such Exempt Notes will be admitted to listing or trading on any non-EEA listing authority, stock exchange and/or quotation system, if applicable.

The Notes of each Tranche will be in bearer form and will be initially represented by a global Note which will (i) if the global Note is intended to be issued in new global note ("NGN") form, as stated in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "Common Safekeeper") for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg"); and (ii) if the global Note is not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the "Common Depositary") for Euroclear and Clearstream, Luxembourg.

The Bank may agree with any Purchaser and the Trustee (as defined below) that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which case a supplementary offering circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Additional Tier 1 Notes are not intended to be sold and should not be sold to retail clients in the EEA, as defined in the rules set out in the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, (as amended or replaced from time to time), other than in circumstances that do not and will not give rise to a contravention of those rules by any person. Prospective investors are referred to the section headed "Restrictions on marketing and sales to retail investors" on page 4 of this Offering Circular for further information.

Arranger
BofA Merrill Lynch
Dealers

Barclays
BofA Merrill Lynch
Commerzbank
Credit Suisse
Deutsche Bank
HSBC
Mizuho Securities
Nomura
Société Générale Corporate & Investment Banking
The Royal Bank of Scotland

BNP PARIBAS
Citigroup
Crédit Agricole CIB
Danske Bank
Goldman Sachs International
J.P. Morgan
Morgan Stanley
SMBC Nikko
Handelsbanken Capital Markets
UBS Investment Bank

The date of this Offering Circular is 16th June, 2016.

This Offering Circular constitutes a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive. When used in this Offering Circular, “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the EEA.

This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference” on page 35). This Offering Circular shall be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular.

Neither the Dealers nor the Trustee have separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Bank in connection with the Notes. Neither the Dealers nor the Trustee accept any liability in relation to the information contained in this Offering Circular or any other information provided by the Bank in connection with the Notes.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Bank, any of the Dealers or the Trustee.

Neither this Offering Circular nor any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as recommendations by the Bank, any of the Dealers or the Trustee that any recipient of this Offering Circular, or any further information supplied in connection with the Notes, should purchase any of the Notes. Each investor contemplating purchasing any of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the credit worthiness, of the Bank and of the Bank and its consolidated subsidiaries (the “Group”). Neither this Offering Circular nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Bank, any of the Dealers or the Trustee to any person to subscribe for or to purchase any of the Notes.

The delivery of this Offering Circular does not at any time imply that the information contained herein concerning the Bank is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme or any Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Bank and its subsidiaries during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published annual report of the Bank and the annual accounts of the Bank and of the Group and, if published later, the most recently published interim financial statements of the Group when deciding whether or not to purchase any Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any U.S. state and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see “Subscription and Sale” on page 127).

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of the Notes are

subject to the above restrictions and may be restricted by law in certain other jurisdictions. The Issuer, the Dealers and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of the Notes in the United States, the European Economic Area, the United Kingdom, Sweden and Japan (see “Subscription and Sale” on page 127).

This Offering Circular has been prepared on a basis that Notes other than Exempt Notes will have a minimum denomination of €100,000 (or its equivalent in any other currency).

In this Offering Circular, references to websites or uniform resource locators (“URLs”) are inactive textual references and are included for information purposes only. The contents of any such website or URL shall not form part of, or be deemed to be incorporated into, this Offering Circular.

In this Offering Circular, references to “SEK” are to Swedish Kronor, references to “U.S.\$” and “U.S. dollars” are to United States dollars, references to “cents” are to United States cents, references to “Yen” and “¥” are to Japanese Yen, references to “Sterling” are to pounds sterling, and references to “euro” are to the currency of the member states of the EU that adopt or have adopted the single currency in accordance with the Treaty on the Functioning of the European Union, as amended.

In this Offering Circular, references to a numbered “Condition” shall be to such specified condition in the “Terms and Conditions of the Notes”.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes may not be a suitable investment for all investors. It is advisable that each potential investor in the Notes determines the suitability of that investment in light of its own circumstances. In particular, it is advisable that each potential investor (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement; (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio; (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency; (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of the relevant financial markets; and (e) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

RESTRICTIONS ON MARKETING AND SALES TO RETAIL INVESTORS

The Additional Tier 1 Notes discussed in this Offering Circular are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Additional Tier 1 Notes to retail investors.

In particular, in June 2015, the United Kingdom Financial Conduct Authority (the “FCA”) published Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1st October, 2015 (the “PI Instrument”). Under the rules set out in the PI Instrument (as amended or replaced from time to time, the “PI Rules”), (i) certain contingent write-down or convertible securities (including any beneficial interests therein), such as the Additional Tier 1 Notes, must not be sold to retail clients in the EEA and (ii) there must not be any communication or approval of an invitation or inducement to participate in, acquire or underwrite such securities (or the beneficial interest in such securities) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case, within the meaning of the PI Rules), other than in accordance with the limited exemptions set out in the PI Rules.

Certain of the Dealers (who are subject to the supervision of the FCA) are required to comply with the PI Rules. In addition, by purchasing, or making or accepting an offer to purchase, any Additional Tier 1 Notes from the Bank and/or the Dealers, each prospective investor in relation to the Additional Tier 1 Notes represents, warrants, agrees with and undertakes to the Bank and each of the Dealers that:

1. it is not a retail client in the EEA (as defined in the PI Rules);
2. whether or not it is subject to the PI Rules, it will not (a) sell or offer the Additional Tier 1 Notes (or any beneficial interests therein) to retail clients in the EEA or (b) communicate (including the distribution of this Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Additional Tier 1 Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case within the meaning of the PI Rules), other than (i) in relation to any sale of or offer to sell Additional Tier 1 Notes to a retail client in or resident in the United Kingdom, in circumstances that do not and will not give rise to a contravention of the PI Rules by any person and/or (ii) in relation to any sale of or offer to sell Additional Tier 1 Notes to a retail client in any EEA member state other than the United Kingdom, where (x) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Additional Tier 1 Notes and is able to bear the potential losses involved in an investment in the Additional Tier 1 Notes (or any beneficial interests therein) and (y) it has at all times acted in relation to such sale or offer in compliance with the Markets in Financial Instruments Directive (2004/39/EC) (“MiFID”) to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and
3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Additional Tier 1 Notes, including any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Additional Tier 1 Notes by investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Additional Tier 1 Notes from the Bank and/or the Dealers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action or over-allotment may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any such stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

RESPONSIBILITY STATEMENT

The Bank accepts responsibility for the information contained in this Offering Circular and the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement for each Tranche of Notes issued under the Programme. To the best of the knowledge and belief of the Bank (which has taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

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OVERVIEW OF THE PROGRAMME

This overview should be understood as an introduction to this Offering Circular and highlights information presented in greater detail elsewhere in this Offering Circular. This overview is not complete and does not contain all the information an investor should consider before investing in any Notes. Any investor should carefully read the entire Offering Circular before investing, including “Risk Factors”, the audited consolidated financial statements of the Bank incorporated by reference in this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement. Each decision to invest in any Notes should be based on an assessment of the entire Offering Circular.

This overview also constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No. 809/2004 (as amended) implementing the Prospectus Directive.

Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” shall have the same meanings in this overview.

Issuer: Svenska Handelsbanken AB (publ) is a public limited liability banking company incorporated under the banking laws of Sweden and is registered with the Municipality of Stockholm under the registration number 502007-7862. The Issuer and its consolidated subsidiaries (the “Group”) is a leading Swedish full-service banking group, meaning that it provides various investment and other financial services, in addition to its wide range of traditional banking services, both domestically and internationally, for private and corporate customers. These services include deposit-taking, lending, property mortgages, payment facilities, investment banking, factoring, leasing and life insurance. The Group considers the Nordic Countries, Great Britain and the Netherlands as its domestic markets and any operations conducted in these areas are considered local operations.

Risk Factors: There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme. These are set out under “Risk Factors” below and include exposure to credit risk, operational risk, liquidity risk, market risk, (e.g., interest rate risk, equity price risk, exchange rate risk and commodity price risk), insurance risk, legal and litigation risk and compensation risk. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme, including risks relating to the structure of a particular issue of Notes.

Description: Euro Medium Term Note Programme

Arranger: Merrill Lynch International

Dealers: Barclays Bank PLC
BNP Paribas
Citigroup Global Markets Limited
Commerzbank Aktiengesellschaft
Crédit Agricole Corporate and Investment Bank

Credit Suisse Securities (Europe) Limited
 Danske Bank A/S
 Deutsche Bank AG, London Branch
 Goldman Sachs International
 HSBC Bank plc
 J.P. Morgan Securities plc
 Merrill Lynch International
 Mizuho International plc
 Morgan Stanley & Co. International plc
 Nomura International plc
 SMBC Nikko Capital Markets Limited
 Société Générale
 Svenska Handelsbanken AB (publ)
 The Royal Bank of Scotland plc
 UBS Limited

Distribution: Notes may be distributed by way of private or public placement and on a syndicated or non-syndicated basis.

**Issuing and Principal
Paying Agent:** Deutsche Bank AG, London Branch

Trustee: Deutsche Trustee Company Limited

Amount: Up to U.S.\$50,000,000,000 (or its equivalent in other currencies) outstanding at any time. The Bank has the option to increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Currencies: Any currency agreed between the Bank and the relevant Purchaser, subject to any applicable legal or regulatory restrictions.

Maturities: Such maturities as may be agreed between the Bank and the relevant Purchaser(s), subject to such minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Bank or the relevant Specified Currency. Additional Tier 1 Notes will have no scheduled maturity.

Issue Price: Notes will be issued on a fully paid basis and at an issue price which is par or at a discount to, or premium over, par.

Form: The Notes will be issued in bearer form as described in “Form of the Notes”.

Fixed Rate Notes: Fixed Rate Notes will bear interest at a fixed rate of interest and will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Bank and the relevant Purchaser(s).

Reset Notes: Reset Notes will have reset provisions pursuant to which the relevant Notes will, in respect of an initial period, bear interest at an initial fixed rate of interest specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement. Thereafter,

the fixed rate of interest will be reset on one or more date(s) by reference to a Mid-Market Swap Rate for the relevant Specified Currency, and for a period equal to the Reset Interest Period, as adjusted for any Relevant Reset Margin, in each case as may be specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

Interest on Reset Notes will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Bank and the relevant Purchaser(s).

Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions; or
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) in the case of Exempt Notes, on such other basis as may be agreed between the Bank and the relevant Purchaser(s) (as indicated in the applicable Pricing Supplement).

The Margin (if any) applicable to such floating rate will be agreed between the Bank and the relevant Purchaser(s) for each Series of Floating Rate Notes (as indicated in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement).

Floating Rate Notes may have a maximum and/or a minimum interest rate.

Interest on Floating Rate Notes will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Bank and the relevant Purchaser(s).

Interest periods (interest-bearing Notes only):

Such period as the Bank and the relevant Purchaser(s) may agree (as indicated in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement).

Exempt Notes:

The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes and this general description of the Programme, in which event the relevant provisions will be included in the applicable Pricing Supplement.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption:

In relation to Senior Notes and Subordinated Notes, the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement will indicate the scheduled maturity date. Additional Tier

1 Notes will have no scheduled maturity date. The applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement will indicate whether the relevant Notes cannot be redeemed prior to their scheduled maturity date (if any) (other than for taxation reasons or following an Event of Default or, in the case of Subordinated Notes or Additional Tier 1 Notes, following any of the relevant events described below in relation to the redemption of such Notes) or whether the relevant Notes may be redeemed early, if applicable, at the option of the Bank and/or the Noteholders upon giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement to the Noteholders or the Bank, as the case may be, on a date or dates specified and at a price or prices and on such terms as are indicated in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

Denomination:

Such denominations as may be agreed between the Bank and the relevant Purchaser(s) and indicated in the applicable Final Terms (save that the minimum denomination of each Note other than an Exempt Note will be €100,000 (or the equivalent amount in any other currency in which the Notes are denominated) or such other amount as may be allowed or required from time to time by the relevant regulatory body or any laws or regulations applicable to the Bank or the relevant Specified Currency).

Taxation:

All payments in respect of the Notes will be made without withholding or deduction for or on account of taxes levied in Sweden, unless such withholding or deduction is required by law, subject as provided in Condition 12.

Status of Senior Notes:

Senior Notes will constitute unconditional and unsecured obligations of the Bank and will rank *pari passu* without any preference among Notes of the same Series and *pari passu* in right of payment with all other unsecured obligations (other than subordinated obligations and indebtedness which is entitled to preference under Swedish law) of the Bank, including deposits.

Status of Subordinated Notes:

Subordinated Notes will constitute unsecured, subordinated obligations of the Bank. In the event of a liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Bank, the rights of the holders of the Subordinated Notes to payments of the then Outstanding Principal Amount of the Subordinated Notes and any other amounts payable in respect of the Subordinated Notes will rank (i) *pari passu* without any preference among Notes of the same Series, (ii) at least *pari passu* in right of payment with payments to holders of present or future outstanding Parity Securities, (iii) in priority in right of payment to payments to holders of present or future outstanding Junior Securities, and (iv) junior in right of payment to the payment of any present or future claims of (a) creditors of the Bank entitled to preference under Swedish law, (b) depositors of the Bank, (c) other unsubordinated creditors of the Bank and (d) subordinated creditors of the Bank whose right of payment ranks, or is expressed to rank, in priority to

the right of payment of the holders of the Subordinated Notes.

Status of Additional Tier 1 Notes:

Additional Tier 1 Notes will constitute unsecured, subordinated obligations of the Bank. In the event of the voluntary or involuntary liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Bank, the rights of the holders of the Additional Tier 1 Notes to payments of the then Outstanding Principal Amount of the Additional Tier 1 Notes (which shall be reduced by any relevant Write Down in respect of which a Trigger Event has occurred but in respect of which the relevant Write Down Effective Date has not yet occurred) and any other amounts payable in respect of the Additional Tier 1 Notes will rank (i) *pari passu* without any preference among Notes of the same Series, (ii) at least *pari passu* in right of payment with payments to holders of present or future outstanding Parity Securities; (iii) in priority in right of payment to payments to holders of present or future outstanding Junior Securities; and (iv) junior in right of payment to the payment of any present or future claims of (a) creditors of the Bank entitled to preference under Swedish law, (b) depositors of the Bank, (c) other unsubordinated creditors of the Bank and (d) creditors of the Bank in respect of Subordinated Indebtedness (other than Parity Securities and Junior Securities).

Cancellation of Interest (Additional Tier 1 Notes):

Interest on each Series of Additional Tier 1 Notes will be due and payable only at the sole and absolute discretion of the Bank and, accordingly, the Bank shall have sole and absolute discretion at all times to cancel (in whole or in part) any interest payment that would otherwise be due and payable on any Interest Payment Date. If the Bank does not make an interest payment on the relevant Interest Payment Date (or if the Bank elects to make a payment of a portion, but not all, of such interest payment), such non-payment shall evidence the Bank's exercise of its discretion to cancel such interest payment (or the portion of such interest payment not paid) and, accordingly, such interest payment (or the portion thereof not paid) shall not be due and payable.

If the Bank provides notice of its intention to cancel a portion, but not all, of an interest payment and the Bank subsequently does not make a payment of the remaining portion of such interest payment on the relevant Interest Payment Date, such non-payment shall evidence the Bank's exercise of its discretion to cancel such remaining portion of the interest payment and, accordingly, such remaining portion of the interest payment shall also not be due and payable.

Interest will only be due and payable on an Interest Payment Date to the extent the obligation to pay it is not cancelled in accordance with the provisions set out above. Any interest payment obligation so cancelled (in whole or in part) shall not be due and shall not accrue or be payable at any time thereafter nor shall any cancellation thereof constitute an Event of Default and, accordingly, holders of a Series of Additional Tier 1 Notes shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation or deemed cancellation.

Restrictions on Payments of Interest (Additional Tier 1 Notes):

Payments of interest in respect of each Series of Additional Tier 1 Notes in any financial year of the Bank shall be made only out of Distributable Items of the Bank. The Bank shall not pay interest on the Additional Tier 1 Notes on any Interest Payment Date (and the obligation to make such interest payment shall therefore be deemed to have been cancelled and thus such interest payment shall not be due and payable on such Interest Payment Date) to the extent that the Bank has an amount of Distributable Items on such Interest Payment Date that is insufficient to pay the sum of (A) all interest payments or distributions on all other own funds instruments of the Bank (determined by the Bank for the purposes of the Relevant Rules) paid and/or required and/or scheduled to be paid out of or limited to Distributable Items in the then current financial year and (B) all interest scheduled for payment on the Additional Tier 1 Notes in the then current financial year, but excluding from (A) and (B) above any such payments or distributions (or portion thereof) which have already been deducted in calculating the Distributable Items of the Bank.

The Bank may, in its sole and absolute discretion, elect to make a partial interest payment on the Additional Tier 1 Notes on any Interest Payment Date, but only to the extent that such partial interest payment may be made without breaching the restriction set out in the immediately preceding paragraph.

In circumstances where Article 141 of the CRD IV Directive (or, as the case may be, any provision of Swedish law transposing or implementing such Article) applies, no payments will be made on the Additional Tier Notes (whether by way of principal, interest, Reinstatement Amount or otherwise) if and to the extent that such payment would cause the Maximum Distributable Amount (if any), determined in accordance with the Relevant Rules to be exceeded and, accordingly, in the case of interest, the obligation to make the relevant interest payment or any part thereof shall be deemed to be cancelled.

Redemption upon Capital Event or Tax Event (Additional Tier 1 Notes and Subordinated Notes):

Upon the occurrence of a Capital Event or a Tax Event in respect of a Series of Subordinated Notes or Additional Tier 1 Notes, but subject to the prior written consent of the Relevant Regulator as provided in Condition 7(j), the Bank may, at its option, having given not less than 30 days' nor more than 60 days' notice to the Trustee, the Agent and, in accordance with Condition 18, to the holders of the Subordinated Notes or Additional Tier 1 Notes, as the case may be, of such Series, redeem all (but not some only) of the Subordinated Notes or Additional Tier 1 Notes, as the case may be, of such Series. See Condition 7(h).

Variation or Substitution Instead of Redemption (Additional Tier 1 Notes):

If at any time a Capital Event or Tax Event occurs in respect of a Series of Additional Tier 1 Notes, the Bank may, subject to the prior written consent of the Relevant Regulator as provided in Condition 7(j), instead of giving notice to redeem as referred to above, and subject to the Terms and Conditions of the Notes, without any requirement for the consent or approval of the holders of the Additional Tier 1 Notes or Couponholders, at any time either

substitute all (but not some only) of the Additional Tier 1 Notes of such Series for, or vary the terms of the Additional Tier 1 Notes of such Series provided that they become or, as appropriate, remain, Qualifying Additional Tier 1 Securities.

Purchase:

Subject to the prior written consent of the Relevant Regulator as provided in Condition 7(j), the Bank or any of its Subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons appertaining thereto are surrendered therewith) in the open market or otherwise at any price.

Conditions to Redemption and Purchase (Subordinated Notes and Additional Tier 1 Notes):

In the case of a Series of Subordinated Notes, any early redemption or purchase pursuant to Conditions 7(b), (c), (e) and (h), as applicable, is subject to the prior written consent of the Relevant Regulator as provided in Condition 7(j).

In the case of a Series of Additional Tier 1 Notes, any redemption, variation or substitution or purchase pursuant to Conditions 7(b), (c), (e), (h) and (i), as applicable, is subject to the prior written consent of the Relevant Regulator as provided in Condition 7(j).

No Interest Cancellation following a Capital Event (Additional Tier 1 Notes):

In the case of a Series of Additional Tier 1 Notes, if (a) a Capital Event has occurred and (b) No Interest Cancellation Discretion Following a Capital Event is specified as applicable in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, then, beginning on the relevant Capital Event Date, the Bank shall cease to have discretion to cancel its obligation to make interest payments and shall pay amounts of interest accruing on the Additional Tier 1 Notes of such Series from and including such Capital Event Date in arrear on each subsequent Interest Payment Date.

Write Down (Additional Tier 1 Notes):

If, in respect of a Series of Additional Tier 1 Notes, the Bank determines that a Trigger Event has occurred as at any Measurement Date, then the Bank shall Write Down the Outstanding Principal Amount of each Additional Tier 1 Note of such Series (in whole or in part, as applicable) on the relevant Write Down Effective Date. Any Write Down Amount shall only be reinstated as set out under the Terms and Conditions of the Notes. The relevant Write Down shall occur without delay (and in any event within one month or such shorter period as the Relevant Regulator may require) following the occurrence of a Trigger Event.

The Bank may determine that a Trigger Event has occurred on more than one occasion and, accordingly, the Outstanding Principal Amount of each Additional Tier 1 Note may be written down on more than one occasion provided that the Outstanding Principal Amount of an Additional Tier 1 Note may never be reduced to below the Loss Absorption Minimum Amount.

The Write Down shall not constitute an Event of Default or a breach of the Bank's obligations or duties or a failure to perform by the Bank in any manner whatsoever and shall not, of itself, entitle holders of Additional Tier 1 Notes to make any petition for the insolvency or dissolution of the Bank or otherwise.

Reinstatement (Additional Tier 1 Notes):

If the Bank records a positive Net Profit or, to the extent permitted by the Relevant Rules, the Handelsbanken Group records a positive Net Profit at any time while the Outstanding Principal Amount of a Series of Additional Tier 1 Notes is less than their Original Principal Amount, the Bank may, at its sole and absolute discretion and subject to the Maximum Distributable Amount (when the amount of the Reinstatement (as defined below) is aggregated together with other distributions of the Bank or the Handelsbanken Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive (or, if different, any provision of the Relevant Rules implementing Article 141(2) of the CRD IV Directive)) not being exceeded thereby, reinstate all or any part of any Write Down Amount, such that the Outstanding Principal Amount of each Additional Tier 1 Note of such Series shall be increased by such amount in accordance with the Reinstatement Procedure (a “Reinstatement”) up to a maximum of the Original Principal Amount, on a *pro rata* basis with the other Additional Tier 1 Notes of such Series and with any Written Down Loss Absorbing Instruments of the Bank and, in the case of any increase in the Outstanding Principal Amount of the Additional Tier 1 Notes of such Series by reference to the Net Profit of the Handelsbanken Group, any Written Down Loss Absorbing Instruments of the Handelsbanken Group, that, in each case, have terms permitting a principal write up or reinstatement to occur on a basis similar to that set out in Condition 8(d) in the circumstances existing on the date of the relevant Reinstatement, provided that the sum of:

- (i) the aggregate amount of the relevant Reinstatement on all the Additional Tier 1 Notes of such Series;
- (ii) the aggregate amount of any payments of interest in respect of the Additional Tier 1 Notes of such Series that were paid on the basis of an Outstanding Principal Amount (of the Additional Tier 1 Notes of such Series) lower than the Original Principal Amount (of the Additional Tier 1 Notes of such Series) at any time after the end of the previous financial year;
- (iii) the aggregate amount of the increase in principal amount of each such Written Down Loss Absorbing Instrument at the time of the relevant Reinstatement; and
- (iv) the aggregate amount of any interest payments or distributions in respect of each such Written Down Loss Absorbing Instrument that were calculated or paid on the basis of an outstanding principal amount that is lower than the principal amount it was issued with at any time after the end of the previous financial year,

does not exceed the Maximum Reinstatement Amount.

A Reinstatement may occur on more than one occasion (and any exercise by the Bank of its discretion to effect a Reinstatement shall not preclude the Bank from effecting or not effecting any

Reinstatement on any other occasion) provided that the Outstanding Principal Amount of an Additional Tier 1 Note may never exceed its Original Principal Amount.

Negative Pledge: None.

Cross Default: None.

Events of Default: Payment of principal and interest on the Notes will be subject to acceleration only in certain limited circumstances, as described in Condition 13(a) (in respect of Senior Notes and Subordinated Notes) and Condition 13(b) (in respect of Additional Tier 1 Notes).

Listing and admission to trading: Application has been made to the Irish Stock Exchange for the Notes (other than Exempt Notes) issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to the Official List and trading on the Main Securities Market. Notes may also be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Bank and the relevant Purchaser(s) in relation to each issue. Notes which are neither listed nor admitted to trading on any market may also be issued. The applicable Final Terms will state on which stock exchange(s) or markets the Notes are to be listed. In the case of Exempt Notes, the applicable Pricing Supplement will state whether or not the Notes are to be listed and/or admitted to trading, and if so, on which non-EEA stock exchange(s) or markets.

Governing Law: The Notes and any non-contractual obligations arising out of or in connection therewith, shall be governed by, and construed in accordance with, English law, except that the provisions contained in Conditions 4 and 5, will be governed by, and shall be construed in accordance with, Swedish law.

Selling Restrictions: Those prevailing in the United States, the EEA, the United Kingdom, Sweden, Japan and Taiwan, and such other restrictions as may be required in connection with the offering and sale of a particular issue of Notes. See “Subscription and Sale” below.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

Words and expressions defined elsewhere in this Offering Circular shall have the same meanings in this section.

Factors that may affect the issuer's ability to fulfil its obligations under Notes issued under the Programme

Credit risk

Credit risk is the potential risk of financial loss arising from the failure of a borrower or counterparty to fulfil its financial and contractual obligations as they fall due. The Issuer is exposed to credit risk as a result of lending, issuing guarantees and carrying out transactions with counterparties on the foreign exchange and securities markets. Credit exposures are managed in accordance with a credit policy established by the Board of Directors (the "Board").

The responsibility for the Issuer's credit exposure lies with its branches. Responsibility for credit decisions rests with the branch that manages the relevant customer's relationship. Branch managers and most account managers have a personal decision limit within which they have sole responsibility for their credit decisions. This personal limit determines the total amount of credit which a specific branch manager or account manager can grant to a customer. For decisions on larger credits, there are regional and central decision levels. Each additional level of decision adds credit expertise and each decision level has the right to reject credits both within their own decision level and also credits which would otherwise have been decided at a higher level. The largest credits are decided by the Board's credit committee, or the entire Board, where cases have been reviewed by the Central Credit Department. However, no credit application may be processed in the Bank without the recommendation of the branch manager who is responsible for the credit. The Bank believes that this decentralized approach allows for a better assessment of the credit risks of each individual customer, both at the time credit is extended and throughout the duration of the credit.

Operational risk

Operational risk refers to the risk of loss due to inadequate or failed internal processes, human error, erroneous systems or external events. The definition includes legal risk.

Operational risk occurs in all operations at the Group. The responsibility for identifying, assessing and managing operational risk is therefore part of managerial responsibility at all levels of

the operations. The Group's decentralized method of work promotes good management of operational risk by means of the cost-consciousness which leads to vigilance against potential loss risk in daily procedures and events. Operational errors and deficiencies are reduced as far as possible. The strong focus on good administrative order in the Group also contributes to all parts of the operations keeping their risks at a level which is in line with the Group's strict view of risk. Management of operational risk is thus carried out in the business operations and its work is checked by Local and Central Risk Control.

Specially appointed local coordinators for operational risk are in place at regional banks, main departments, subsidiaries and units outside the Group's home markets to assist managers in their processing of operational risk. They are responsible for ensuring that existing methods and procedures for managing operational risk are used in the business operations. They are also responsible for monitoring that the business operations take and implement appropriate proactive measures.

The Local Risk Control functions at regional banks, main departments, subsidiaries and units outside the Group's home markets check that management of operational risk is correctly performed. This is done by means of regular quality assurance and evaluation of the operations' work with operational risk.

Central Risk Control has the overall responsibility for the methods and procedures used to identify, steer, control and report operational risk, and for follow-up at overall Group level. Central Risk Control has close, regular co-operation with both local coordinators for operational risk and the Local Risk Control function. Central Risk Control is also responsible for analysing and reporting the Group's operational risk to the management and the Board.

As an aid to continual identification, handling and management of operational risk, the Bank has a reporting and case management system for incidents, a self-assessment procedure and Key Risk Indicators ("KRI"). KRI is a method of identifying operational risk at an early stage and was implemented in 2015.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its payment obligations when they fall due without being affected by unacceptable costs or losses. The Group's liquidity requirements arise when expected outgoing payments exceed expected incoming payments. The size of this gap is restricted by limits. Liquidity risk is measured and limited by carrying out a gap analysis of cash flows for various maturities and all currencies, as well as gap analysis of groups of currencies. As a general rule, a larger exposure is permitted in currencies with high liquidity than in currencies where liquidity is low.

Central Treasury has overall responsibility for the Bank's liquidity and funding. It ensures that the Bank has continual control of its balance sheet and that the actual funding costs are allocated out in the organisation.

The Group believes that it takes a conservative approach to liquidity management by combining daily liquidity management with the management of its contingency reserves in order to prepare for a variety of potential disruptions. Pursuant to this approach, the Group holds assets that are readily realisable, through repurchase arrangements with central banks or in the capital markets, with the objective of allowing the Group to meet its liquidity requirements. The Group manages its liquidity with the goal of being able to meet its liquidity requirements for a 12-month period without borrowing additional funds in the interbank market.

The Group strives to maintain well-diversified sources of funding in terms of currencies, markets and products. The Group maintains a variety of programmes in order to have readily

available access to international and Swedish capital markets. Short-term funding is obtained through active commercial paper programmes in Sweden, the United States and Europe. Long-term funding is obtained through covered bond issues in SEK and utilisation of other funding programmes of the Group. The central treasury department is responsible for maintaining a proper balance in the maturities of assets and liabilities.

Market risk

Market risk is the risk of a loss in connection with changes in prices or the volatility of prices in the financial markets. The Group divides market risk into interest rate risk, exchange rate risk, equity price risk and commodity risk. Market risk arises mainly in Handelsbanken Capital Markets' operations as a result of customer driven transactions as a market maker for fixed income products, currencies and equity instruments. Market risk also arises in the Group's central treasury department through the Group's funding, in the Group's insurance operations and in Stadshypotek and, to a more limited extent, in the Group's regional banks.

The Group's Central Risk Control is responsible for establishing policies and procedures, as well as implementing appropriate reporting systems, concerning market risk. The unit is also responsible for overseeing management of market risk by each regional bank and business area. Market risks are regularly assessed by the Group's risk committee, chaired by the CRO, which reports its findings to senior management and the Board.

Interest Rate Risk

Interest rate risk primarily arises in Handelsbanken Capital Markets, the Bank's central treasury department and in the Group's lending operations. In the latter, the interest rate risk arises as a result of lending to customers and other banks, at rates, in amounts and for periods that differ from those of the applicable sources of funding for these loans. The Group attempts to eliminate a significant portion of this risk by entering into interest rate swap agreements. In general, interest rate risk exposure is in markets which are characterised by good liquidity.

The Bank measures and limits interest rate risk with methods that capture general interest rate risk, specific interest rate risk and non linear interest rate risk.

Equity Price Risk

Equity price risk is the risk of loss due to changes in the market value of equity-related positions as a result of fluctuations in market prices and the risk of loss due to the volatility of market prices. The Group's exposure to equity price risk primarily occurs through Handelsbanken Capital Markets' activities as a market maker and in its securities and options portfolio. The Group uses pre-defined stress scenarios, simulating significant changes in underlying share prices and volatilities, to measure equity price risk and establish acceptable limits.

Exchange Rate Risk

The Group has home markets outside Sweden and also operations in a number of other countries. Indirect currency exposure therefore arises, because the Group's accounts are expressed in Swedish kronor. The structural risk is minimised by matching assets and liabilities in the same currency.

The Group's direct foreign exchange exposure arises as a consequence of customer-driven trading in the international foreign exchange markets conducted at Handelsbanken Capital Markets. Some foreign exchange exposure also arises in the normal banking operations as part of managing customer

payment flows and in funding operations at Central Treasury. The Board, CEO and CFO have set position limits for these risks.

Commodity price risk

Commodity price risk arises only at Handelsbanken Capital Markets as a result of customer-based trading in the international commodity markets.

The Bank limits and measures the commodity price risk in Handelsbanken Capital Markets with methods that captures both commodity price risk and non linear risk effectively, and is measured as the absolute total of risk for all commodities to which the Bank is exposed.

Insurance risk

Insurance risk is the uncertainty in the outcome of an insurance policy due to uncertainty relating to the cost of future insurance events. Insurance risk at Handelsbanken Liv is related to the following events:

- mortality – payment to beneficiaries in the event of death of the insured person;
- longevity – payment that is dependent on the insured person living, e.g. pension disbursements;
- morbidity – payment in the event of illness or inability to work; and
- accident – payment in the event of accident.

An individual policy may include exposure to a combination of these four insurance risks. As the Group's insurance company, Handelsbanken Liv, is a profit-distributing insurance company, it bears these risks. As such, a medical risk assessment is performed on potential purchasers of insurance.

Risks in the remuneration system

Remuneration risk is the risk of loss or other damage arising as a result of the compensation system.

Remuneration for work performed is set individually for each employee, and is paid in the form of a fixed salary, customary salary benefits and a pension provision. In the Group, salaries are set at local level. Salaries are set in salary reviews between the employee and their line manager. These principles have been applied for many years. They mean that managers at all levels participate regularly in salary processes, and take responsibility for the Bank's salary policy and the growth in their own unit's staff costs.

The Group has low tolerance of remuneration risks and actively strives to keep them at a low level. This is achieved in part by only using variable remuneration to a very limited extent and only in the areas where this is market practice and is necessary in order to achieve the goals for the relevant unit's operations. Where variable remuneration exists, it is a rule subject to deferred payment.

Compliance risk

Compliance risk is the risk that the Group does not comply with laws, regulations and internal rules, or accepted business practices or standards, which could lead to increased operational and legal risks, reputation risk and the risk of intervention by the supervisory authorities. The work of

compliance aims to identify compliance risks and to ensure that the requisite action is taken to manage them.

The Group's compliance function is organised as a central compliance department ("Central Compliance") and local compliance officers or departments ("Local Compliance") in every business area, regional bank and central department, and in all countries where the Group has local operations. Central Compliance has the functional and operational responsibility for all compliance work in the Group and may delegate functional responsibility for following up regulations to Local Compliance, which is thus allocated the operational responsibility and the authority for how the work is to be performed at the unit in question.

The Head of Central Compliance reports identified compliance risks and actions taken every quarter to the CEO, every six months to the Board's risk committee and annually to the Board.

Risks associated with the current conditions in the global financial markets and by global economic conditions

Each of the Group's operating segments is affected by market conditions, which can cause results to fluctuate from year to year as well as on a long term basis. These conditions include economic cycles such as financial market cycles, including volatile movements in market prices and banking industry cycles. Fluctuations in interest rates and exchange rates, monetary and fiscal policy, consumer and business spending, demographics and competitive and other factors also influence the Group's performance.

The outlook for the global economy over the near to medium term remains challenging. In particular, structural challenges in the Eurozone economies stand out as the most severe. From August 2007 through 2010, the global financial system experienced unprecedented credit and liquidity conditions and severe dislocation of financial markets around the world. Although the level of market disruption and volatility caused by the global financial crisis abated somewhat between 2013 and 2015, there can be no assurance that these conditions will not recur or that similar events will not occur having similar effects on the financial markets, in which case the Group may experience reductions in business activity, increased funding costs, decreased liquidity, decreased asset values, additional credit impairment losses and lower profitability and revenues. Any of the foregoing factors could have a material adverse effect on the Group's business, financial condition and results of operations. The precise nature of all the risks and uncertainties the Group faces as a result of these matters cannot be predicted and many of these risks are outside the control of the Group. However, market disruption and volatility may materially adversely affect the Group's business, results of operations and financial condition and the Bank's ability to fulfil its obligations under the Notes.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain of those features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market price at which the Notes trade. During any period when the Issuer may elect to redeem Notes, the market price of such Notes generally will not exceed the price at which they can be redeemed (which, following a Write Down in the case of a Series of Additional Tier 1 Notes only, may be less than the Original Principal Amount

of such Additional Tier 1 Notes). This also may be true prior to any redemption event, in anticipation of such an event occurring.

In particular, each Series of Additional Tier 1 Notes or Subordinated Notes may be redeemed at the option of the Bank in whole, but not in part, only (i) on any Optional Redemption Date specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement or (ii) at any time for certain withholding tax reasons as provided in Condition 7(b) or (iii) upon the occurrence of a Tax Event or a Capital Event, in each case only with the prior written consent of the Relevant Regulator in accordance with Condition 7(j).

Under Directive 2013/36/EU (“CRD IV”), the competent authority (the Relevant Regulator in the case of the Bank) will give its consent to a redemption or repurchase of such Series of Additional Tier 1 Notes or Subordinated Notes, as the case may be, provided that either of the following conditions is met:

- (a) on or before such redemption or repurchase of such Series of Additional Tier 1 Notes or Subordinated Notes, as the case may be, the Bank replaces the relevant Additional Tier 1 Notes or Subordinated Notes, as the case may be, with capital instruments of an equal or higher quality on terms that are sustainable for its income capacity; or
- (b) the Bank has demonstrated to the satisfaction of the Relevant Regulator that its Tier 1 Capital and Tier 2 Capital (for the purposes of and within the meaning of the Relevant Rules) would, following such redemption or repurchase, exceed the capital ratios required under CRD IV by a margin that the Relevant Regulator may consider appropriate on the basis set out in CRD IV for the determination of the appropriate level of capital of an institution.

In addition, CRD IV provides that the Relevant Regulator may only permit the Bank to redeem a Series of Additional Tier 1 Notes or Subordinated Notes earlier than five years after its relevant Issue Date if, in addition to meeting the conditions referred to in (a) or (b) above, the following conditions are also met:

- (A) in the case of redemption due to the occurrence of a Capital Event, (i) the Relevant Regulator considers the relevant change to be sufficiently certain and (ii) the Bank demonstrates to the satisfaction of the Relevant Regulator that the Capital Event was not reasonably foreseeable at the time of the issuance of the relevant Series of Additional Tier 1 Notes or Subordinated Notes, as the case may be; or
- (B) in the case of redemption due to the occurrence of a Tax Event or for withholding tax reasons pursuant to Condition 7(b), the Bank demonstrates to the satisfaction of the Relevant Regulator that the relevant event is material and was not reasonably foreseeable at the time of issuance of the relevant Series of Additional Tier 1 Notes or Subordinated Notes, as the case may be.

The rules under CRD IV may be modified from time to time after the date of this Offering Circular.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Redemption upon an occurrence of a Capital Event or a Tax Event in relation to Additional Tier 1 Notes is within the Bank's discretion

In the case of a Series of Additional Tier 1 Notes or Subordinated Notes, upon the occurrence of a Capital Event or a Tax Event but subject to the consent of the Relevant Regulator as provided in Condition 7(j), the Bank may, at its option, redeem all (but not some only) of such Series of Additional Tier 1 Notes or Subordinated Notes, as the case may be, at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

On 12th June, 2014, the Swedish Corporate Taxation Committee (Sw. Företagsskatteskommittén) (the "Taxation Committee") presented a final report in which a new model for the corporate tax treatment of the cost of capital in Sweden was proposed with the stated goal of increasing neutrality in the tax treatment of debt and equity and providing for a more unified corporate tax model. As a revised proposal of the Taxation Committee's report, the Swedish Ministry of Finance (Sw. Finansdepartementet) has in a memorandum proposed that the deductibility of interest expenses related to certain securities including capital instruments (in the current proposal, Tier 1 and Tier 2 items and instruments) issued by banks be abolished. The changes are proposed to enter force on 1st January, 2017.

The recommendations of the Taxation Committee remain subject to the legislative process and it is not possible to predict whether the changes will be implemented in the form proposed, in a modified form, or at all. Even if such change in applicable tax treatment were to be implemented in respect of such proposals and would otherwise constitute a Tax Event, in the absence of any prior decision of the Relevant Regulator on such matters, it is unclear whether such change would be considered reasonably foreseeable for the purposes of the Relevant Rules and therefore whether the Relevant Regulator would consent to any redemption for the purposes of Condition 7(j). There can be no assurance that holders of such Series of Additional Tier 1 Notes or Subordinated Notes, as the case may be, will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in such Series of Additional Tier 1 Notes or Subordinated Notes, as the case may be.

In addition, each Series of Additional Tier 1 Notes will contain provisions entitling the Bank, instead of redeeming such Series of Additional Tier 1 Notes in the circumstances aforesaid, to substitute them for, or vary their terms so that they remain or, as appropriate, become, Qualifying Additional Tier 1 Securities.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market value of such Notes is typically more volatile than the market value of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixe/Floating Rate Notes

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market in and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to result in a lower overall cost of borrowing for the Issuer. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates on its Notes.

Reset Notes

Reset Notes will initially bear interest at the relevant Initial Rate of Interest until (but excluding) the relevant First Reset Date. On the relevant First Reset Date, the relevant Second Reset Date (if applicable) and each relevant Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the relevant Mid-Swap Rate and the relevant Subsequent Reset Margin (as applicable) as determined by the Agent on the relevant Reset Interest Determination Date (each such interest rate, a "Subsequent Reset Rate of Interest"). The Subsequent Reset Rate of Interest for any relevant Reset Interest Period could be less than the relevant Initial Rate of Interest or the relevant Subsequent Reset Rate of Interest for prior Reset Interest Periods, which could affect the market value of an investment in the relevant Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than prices for more conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

The Issuer's obligations under Subordinated Notes are subordinated and its obligations under Additional Tier 1 Notes are deeply subordinated

Subordinated Notes and the relative Coupons will constitute unsecured, subordinated obligations of the Bank and, in the event of a liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Bank, the rights of the holders of the Subordinated Notes to payments of the then Outstanding Principal Amount of the Subordinated Notes and any other amounts payable in respect of the Subordinated Notes (including any accrued interest or damages awarded for breach of any obligations under the Terms and Conditions of the Notes), will rank (i) *pari passu* without any preference among Subordinated Notes of the same Series, (ii) at least *pari passu* in right of payment with payments to holders of present or future outstanding Parity Securities, (iii) in priority in right of payment to payments to holders of present or future outstanding Junior Securities, and (iv) junior in right of payment to the payment of any present or future claims of (a) creditors of the Bank entitled to preference under Swedish law, (b) depositors of the Bank, (c) other unsubordinated creditors of the Bank and (d) subordinated creditors of the Bank whose right of payment ranks, or is expressed to rank, in priority to the right of payment of the holders of the Subordinated Notes.

Additional Tier 1 Notes and the relative Coupons will constitute unsecured, subordinated obligations of the Bank and, in the event of the voluntary or involuntary liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Bank, the rights of the holders of the Additional Tier 1 Notes to payments of the then Outstanding Principal Amount of the Additional Tier 1 Notes (which shall be

reduced by any relevant Write Down in respect of which a Trigger Event has occurred but in respect of which the relevant Write Down Effective Date has not yet occurred) and any other amounts payable in respect of the Additional Tier 1 Notes (including, if applicable, any accrued and uncanceled interest or damages awarded for breach of any obligations under the Terms and Conditions of the Notes), will rank (i) *pari passu* without any preference among Additional Tier 1 Notes of the same Series, (ii) at least *pari passu* in right of payment with payments to holders of present or future outstanding Parity Securities; (iii) in priority in right of payment to payments to holders of present or future outstanding Junior Securities; and (iv) junior in right of payment to the payment of any present or future claims of (a) creditors of the Bank entitled to preference under Swedish law, (b) depositors of the Bank, (c) other unsubordinated creditors of the Bank and (d) creditors of the Bank in respect of Subordinated Indebtedness (other than Parity Securities and Junior Securities).

If the Bank were to liquidate (whether voluntarily or involuntarily), holders of such Notes could lose their investment, and this risk is more prominent for holders of Subordinated Notes and Additional Tier 1 Notes.

Additional Tier 1 Notes may be subject to a Write Down and upon the occurrence of such an event holders of Additional Tier 1 Notes may lose substantially all of their investment in the Additional Tier 1 Notes

If, in respect of a Series of Additional Tier 1 Notes, the Bank determines that a Trigger Event has occurred as at any Measurement Date, a Write Down will occur and the Outstanding Principal Amount of the Additional Tier 1 Note of such Series may be written down to as low as the applicable Loss Absorption Minimum Amount for such Series of Additional Tier 1 Notes. As a result, a holder of a Series of Additional Tier 1 Notes may lose substantially all of its investment in such Series of Additional Tier 1 Notes. No holder of a Series of Additional Tier 1 Notes will have any rights against the Bank with respect to the repayment of any principal amount to the extent so written down or the payment of interest on any principal amount that has been so written down or any other amount on or in respect of any principal amount that has been so written down. Moreover, the Bank's obligation to pay any interest on any principal amount that is to be written down on the relevant Write Down Effective Date, in respect of an Interest Period ending on any Interest Payment Date falling between the date of a Trigger Event and the Write Down Effective Date, shall automatically be deemed to have been cancelled upon the occurrence of such Trigger Event and such interest shall, accordingly, not be due and payable. The Write Down shall not constitute an Event of Default or a breach of the Bank's obligations or duties or a failure to perform by the Bank in any manner whatsoever and shall not, of itself, entitle holders of such Series of Additional Tier 1 Notes to any petition for the insolvency or dissolution of the Bank or otherwise.

A Trigger Event will occur, in respect of a Series of Additional Tier 1 Notes, where the Common Equity Tier 1 Capital Ratio of the Bank or the Handelsbanken Group, as the case may be, as at any Measurement Date is less than at the relevant Trigger Level in respect of such Series of Additional Tier 1 Notes. Proximity of the Bank's or the Handelsbanken Group's Common Equity Tier 1 Capital Ratio to the relevant Trigger Level in respect of such Series of Additional Tier 1 Notes will likely cause volatility in and have an adverse effect on the market price of such Series of Additional Tier 1 Notes. This may also be true prior to the occurrence of a Trigger Event, in anticipation of such an event occurring.

Furthermore, upon the occurrence of a Write Down, holders of Additional Tier 1 Notes will not (i) receive any shares or other participation rights in the Bank or be entitled to any other participation in the upside potential of any equity or debt securities issued by the Bank or any other member of the Handelsbanken Group, or (ii) be entitled to any write-up or any other compensation in the event of a potential recovery of the Bank or any other member of the Handelsbanken Group or any subsequent change in the financial condition thereof. A Write Down may occur at any time and on

more than one occasion, and may occur even if existing preference shares, participation certificates and ordinary shares of the Bank remain outstanding. Any redemption of a Series of Additional Tier 1 Notes at the option of the Bank (as described in “Notes subject to optional redemption by the Issuer”) following any Write Down will be at the then Outstanding Principal Amount of the Additional Tier 1 Notes of such Series, which may be lower than the Original Principal Amount of the Additional Tier 1 Notes of such Series. Although the Bank could, in its sole and absolute discretion, reinstate all or a part of any Write Down Amount under certain conditions described in the Terms and Conditions of the Notes, there can be no assurance that such terms and conditions would ever be satisfied or, even if satisfied, that the Bank would exercise its discretion to implement such a Reinstatement. See Condition 8.

The Additional Tier 1 Notes are a novel form of security and may not be a suitable investment for all investors

The Additional Tier 1 Notes are a novel form of security. As a result, an investment in a Series of Additional Tier 1 Notes will involve certain increased risks. Each potential investor in a Series of Additional Tier 1 Notes must determine the suitability of such investment in light of its own circumstances. In particular, in respect of each Series of Additional Tier 1 Notes, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Additional Tier 1 Notes, the merits and risks of investing in the Additional Tier 1 Notes and the information contained in this Offering Circular;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Additional Tier 1 Notes and the impact the Additional Tier 1 Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Additional Tier 1 Notes, including where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understand thoroughly the terms of the Additional Tier 1 Notes, such as the provisions governing a Write Down and cancellation of interest, understand under what circumstances a Trigger Event will or may be deemed to occur, and be familiar with the behaviour of any relevant financial markets and their potential impact on the likelihood of a Trigger Event, a Capital Event or a Tax Event occurring; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment, the Write Down of the Additional Tier 1 Notes and its ability to bear the applicable risks.

Upon the occurrence of a Trigger Event there may be a Write Down of the Additional Tier 1 Notes even if other regulatory capital instruments of the Bank are not written down or converted into shares

The terms and conditions of other regulatory capital instruments already in issue or to be issued by the Bank after the issue date of a particular Series of Additional Tier 1 Notes may vary and accordingly such instruments may not be written down at the same time, or to the same extent, as the Additional Tier 1 Notes of such Series, or at all. Alternatively, such other regulatory capital instruments may provide that they shall convert into equity, or be entitled to a write up or other compensation in the event of a potential recovery of the Bank or any other member of the Handelsbanken Group or a subsequent change in the financial condition thereof. Upon the occurrence

of a Trigger Event, to the extent the prior (or *pro rata*) write down or conversion of any other regulatory capital instruments issued by the Bank is not applicable under their respective terms, or if applicable, does not occur for any reason, this shall not in any way affect the Write Down of any Additional Tier 1 Notes.

The Common Equity Tier 1 Capital Ratio of each of the Bank and the Handelsbanken Group is unpredictable and will fluctuate. Any decline in such ratios may have an adverse effect on the market price of a Series of Additional Tier 1 Notes and could give rise to a Trigger Event in respect of such Series of Additional Tier 1 Notes

The market price of a Series of Additional Tier 1 Notes is expected to be affected by fluctuations in the Common Equity Tier 1 Capital Ratio of the Bank and the Handelsbanken Group. Thus, any indication that the Common Equity Tier 1 Capital Ratio of the Bank or the Handelsbanken Group is declining towards the relevant Trigger Level, as the case may be, in respect of such Series of Additional Tier 1 Notes, may have an adverse effect on the market price of such Series of Additional Tier 1 Notes. The level of the Common Equity Tier 1 Capital Ratio of each of the Bank and the Handelsbanken Group may significantly affect the trading price of a Series of Additional Tier 1 Notes.

The Common Equity Tier 1 Capital Ratio of each of the Bank and the Handelsbanken Group may be calculated as at any Measurement Date. Consequently, a Trigger Event in respect of a Series of Additional Tier 1 Notes could occur at any time.

The Common Equity Tier 1 Capital Ratio of the Bank and the Handelsbanken Group, and thus the likelihood of the occurrence of a Trigger Event in respect of a Series of Additional Tier 1 Notes, is inherently unpredictable and will be affected by a number of factors, any of which may be outside the Bank's control, as well as by its business decisions and, when making such decisions, the Bank's interests may not be aligned with those of the holders of a Series of Additional Tier 1 Notes. The calculation of the Common Equity Tier 1 Capital Ratio of the Bank and the Handelsbanken Group could be affected by one or more factors, including, among other things, changes in the mix of the Handelsbanken Group's business, major events affecting its earnings, dividend payments by the Bank, regulatory changes (including changes to definitions and calculations of regulatory capital ratios and their components) and the Handelsbanken Group's ability to manage risk-weighted assets in both its ongoing businesses and those which it may seek to exit. Such ratio will also depend on the Handelsbanken Group's decisions relating to its businesses and operations, as well as the management of its capital position, and may be affected by changes in applicable accounting rules or by regulatory adjustments which modify the regulatory capital impact of changes in accounting rules. The Bank will have no obligation to consider the interests of holders of a Series of Additional Tier 1 Notes in connection with its strategic decisions, including in respect of its capital management. Holders of a Series of Additional Tier 1 Notes will not have any claim against the Bank or any other member of the Handelsbanken Group relating to decisions that affect the business and operations of the Handelsbanken Group, including its capital position, regardless of whether they result in the occurrence of a Trigger Event in respect of such Series of Additional Tier 1 Notes. Such decisions could cause holders of a Series of Additional Tier 1 Notes to lose all or part of the value of their investment in such Series of Additional Tier 1 Notes.

The Bank and the Handelsbanken Group are subject to the BRRD

Directive 2014/59/EU of the European Parliament and of the Council of 15th May, 2014, as amended or replaced from time to time (the "BRRD") contains resolution tools and powers which may be used alone or in combination if the relevant resolution authority considers that:

- a bank (or its group) is failing or likely to fail;

- there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe; and
- a resolution action is in the public interest.

Those tools and powers allow:

- a sale of business, which enables the resolution authority to direct the sale of the firm or the whole or part of its business on commercial terms;
- the creation of a bridge institution, which enables the resolution authority to transfer all or part of the business of the firm to a “bridge institution” (an entity created for this purpose that is wholly or partially in public control); and
- asset separation, which enables the resolution authority to transfer impaired or problem assets to one or more publicly owned asset management vehicles in order to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down and can only be used together with another resolution tool.

The BRRD resolution tools and powers also include a general bail-in tool, which gives the resolution authority the power to write down certain claims of unsecured creditors of a failing bank or group and to convert certain unsecured debt claims, including the Subordinated Notes and the Additional Tier 1 Notes, to equity, which could, in turn, also be subject to any future application of the general bail-in tool.

The BRRD also provides for a Member State of the EU as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

A bank (or its group) will be considered as failing or likely to fail when it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation, its assets are, or are likely in the near future to be, less than its liabilities, it is, or is likely in the near future to be, unable to pay its debts as they fall due or (except in limited circumstances) it requires extraordinary public financial support.

In addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power permanently to write down or convert into equity capital instruments such as the Notes at the point of non-viability and before any other resolution action is taken (“non-viability loss absorption”). Any shares issued to holders of Additional Tier 1 Notes or Subordinated Notes upon any such conversion into equity could, in turn, also be subject to any application of the general bail-in tool.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the bank (or its group) meets the conditions for resolution (but no resolution action has yet been taken) or that the bank (or its group) will no longer be viable unless relevant capital instruments (such as Additional Tier 1 Notes or Subordinated Notes) are written-down or converted into equity or extraordinary public support is to be provided and without such support the appropriate authority determines that the bank (or its group) would no longer be viable.

The BRRD provides that it will be applied by Member States of the EU from 1st January, 2015, except for the general bail-in tool which is to be applied from 1st January, 2016. The BRRD was implemented in Sweden on 1st February, 2016 through the Swedish Resolutions Act (Sw. lag (2015:1016) om resolution). With the implementation of the BRRD, European banks are required to have bail in-able resources in order to fulfil the Minimum Requirement for own funds and Eligible Liabilities (“MREL”). There is no minimum EU-wide level of MREL – each resolution authority is required to make a separate determination of the appropriate MREL requirement for each resolution group within its jurisdiction, depending on the resolvability, risk profile, systemic importance and other characteristics of each institution. The requirement for Swedish institutions will be based on the European Banking Authority’s methodology, the exact levels to be determined in conjunction with the preparation of their resolution plans. This may require Swedish systemically important financial institutions and other banks to issue debt that fulfil the eligibility criteria of the BRRD according to national implementation. Also, a comparable concept for loss absorption, Total Loss Absorbing Capacity, is under discussion internationally, and these discussions and their outcome could influence the capital needs of European banks going forward even though the Bank has not been identified as a globally systemic important institution.

The powers set out in the BRRD will impact how banks are managed as well as, in certain circumstances, the rights of creditors. Holders of Senior Notes, Subordinated Notes and Additional Tier 1 Notes may be subject to write down or conversion into equity on any application of the general bail-in tool and, in the case of Subordinated Notes and Additional Tier 1 Notes, non-viability loss absorption, which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of such holders, the price or value of their investment in any Notes and/or the ability of the Bank to satisfy its obligations under any Notes.

The Terms and Conditions of the Notes are subject to the laws of Sweden and their interpretation by the Relevant Regulator. The implementation of many aspects of CRD IV and the BRRD in Sweden, and their interpretation by the Relevant Regulator, are uncertain and may have a material effect on the terms of the Additional Tier 1 Notes

The rights and remedies of holders of Additional Tier 1 Notes may be affected by changes in the laws of Sweden after the date of this Offering Circular or the official interpretation of aspects of CRD IV and/or BRRD by the Relevant Regulator or the European Central Bank after the date hereof.

Future changes could include the implementation of regulatory, statutory or tax regimes, any or all of which could materially adversely affect the rights of holders of a Series of Additional Tier 1 Notes and the market price of such Series of Additional Tier 1 Notes.

In particular, CRD IV is a relatively recently set of rules and regulations that imposes a series of new requirements. Although the CRD IV Regulation is directly applicable in each Member State, CRD IV leaves a number of important interpretational issues and certain other matters to the discretion of the Relevant Regulator.

Any such changes could impact the calculation of the Common Equity Tier 1 Capital Ratio of the Bank and/or the Handelsbanken Group, which could give rise to the occurrence of the Trigger Event in respect of a Series of Additional Tier 1 Notes in circumstances where such Trigger Event may not otherwise have occurred. The calculation of the Common Equity Tier 1 Capital Ratio of the Bank and/or the Handelsbanken Group may also be affected by other factors, see “The Common Equity Tier 1 Capital Ratio of each of the Bank and the Handelsbanken Group is unpredictable and will fluctuate. Any decline in such ratios may have an adverse effect on the market price of a Series of Additional Tier 1 Notes and could give rise to a Trigger Event in respect of such Series of Additional Tier 1 Notes”.

Such changes could also result in the Bank having the option to redeem a Series of Additional Tier 1 Notes, as referred to in “ - Notes subject to optional redemption by the Issuer” and “ - Redemption upon an occurrence of a Tax Event or a Capital Event is within the Bank’s discretion”, or substitute such Series of Additional Tier 1 Notes or vary their terms, as referred to in “ - Upon the occurrence of a Capital Event or a Tax Event the Bank may substitute a Series of Additional Tier 1 Notes or vary the terms of such Series of Additional Tier 1 Notes without the consent of the holders of such Series of Additional Tier 1 Notes and such substitution or variation may materially adversely affect the rights of such holders” in circumstances which otherwise it might not have such rights.

Such changes, or any uncertainty relating to future interpretation, may have a material impact on the market price of each Series of Additional Tier 1 Notes and/or the ability to accurately value a Series of Additional Tier 1 Notes.

There is no scheduled redemption or maturity of the Additional Tier 1 Notes

The Additional Tier 1 Notes are undated securities without any fixed redemption or maturity date. The Bank is under no obligation to redeem any Series of Additional Tier 1 Notes at any time. Any optional redemption by the Bank is subject to the prior approval of the Relevant Regulator. There is no redemption at the option of the holders of a Series of Additional Tier 1 Notes.

Upon the occurrence of a Capital Event or a Tax Event the Bank may substitute a Series of Additional Tier 1 Notes or vary the terms of such Series of Additional Tier 1 Notes without the consent of the holders of such Series of Additional Tier 1 Notes and such substitution or variation may materially adversely affect the rights of such holders

In the case of a Series of Additional Tier 1 Notes only and subject to Conditions 7(j) and 7(i), upon the occurrence of a Capital Event or a Tax Event, the Bank may, instead of redeeming such Series of Additional Tier 1 Notes, without the consent of holders of such Series of Additional Tier 1 Notes at any time substitute them for, or vary their terms provided that they become or, as appropriate, remain Qualifying Additional Tier 1 Securities. Any such substitution or variation may materially adversely affect the rights of the holders of such Series of Additional Tier 1 Notes and the market price of such Series of Additional Tier 1 Notes. Furthermore, the tax and stamp duty consequences of holding particular securities following a substitution may adversely impact some types of investors.

The Bank may decide to cancel interest payments in its sole and absolute discretion. The Additional Tier 1 Notes are not cumulative instruments and cancelled interest will not accrue

Interest on a Series of Additional Tier 1 Notes will be due and payable only at the sole and absolute discretion of the Bank and, accordingly, the Bank shall have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be due and payable on any Interest Payment Date. If the Bank does not make an interest payment on the relevant Interest Payment Date (or if the Bank elects to make a payment of a portion, but not all, of such interest payment), such non-payment shall evidence the Bank’s exercise of its discretion to cancel such interest payment (or the portion of such interest payment not paid), and accordingly such interest payment (or the portion thereof not paid) shall not be due and payable.

The Bank is entitled to cancel payments of interest in its sole discretion and it is permitted to do so even if it could make such payments without exceeding the limits described above. Notwithstanding the above, payments of interest on a Series of Additional Tier 1 Notes may be cancelled even if (i) holders of the Bank’s shares continue to receive dividends and/or (ii) other regulatory capital instruments remain outstanding and holders of those instruments continue to receive interest payments.

Following any cancellation of interest as described above, the right of holders of a Series of Additional Tier 1 Notes to receive accrued interest in respect of any such Interest Period will terminate and the Bank will have no further obligation to pay such interest or to pay interest thereon, whether or not payments of interest in respect of subsequent Interest Periods are made, and such unpaid interest will not be deemed to have “accrued” or been earned for any purpose nor will the non-payment of such interest constitute an Event of Default.

Any actual or anticipated cancellation of interest on a Series of Additional Tier 1 Notes will likely have an adverse effect on the market price of such Series of Additional Tier 1 Notes. In addition, as a result of the interest cancellation provisions of the Additional Tier 1 Notes, the market price of a Series of Additional Tier 1 Notes may be more volatile than the market prices of other securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Bank’s financial condition.

There are restrictions on interest payments on the Additional Tier 1 Notes

Any payment of interest in respect of a Series of Additional Tier 1 Notes shall be payable only out of the Bank’s Distributable Items and will only be paid to the extent permitted by the Relevant Rules, including the applicable criteria for Additional Tier 1 Capital instruments.

It is currently expected that “discretionary payments” (defined broadly under CRD IV as payments relating to Common Equity Tier 1 capital, payments of variable remuneration and payments on Additional Tier 1 Capital instruments (including payments of interest on a Series of Additional Tier 1 Notes, which would include, for the avoidance of doubt, any additional amounts in respect of interest which may be payable under Condition 6)) will be required to be cancelled, in whole or in part, to the extent that:

- (i) Distributable Items are insufficient to make the relevant payment(s) in the then current financial year;
- (ii) the combined buffer requirement under the Relevant Rules is not met and, if the relevant payment(s) were made, the amount of such payment(s) would exceed the Maximum Distributable Amount; or
- (iii) the Relevant Rules prescribe and/or, as the case may be, the Relevant Regulator requires that the relevant payment(s) shall be cancelled.

The extent of any restriction imposed with respect to the discretionary payments will be adjusted according to the extent of the breach of the combined buffer requirement (as further described in “Capital Adequacy”) and calculated as a percentage of the profits of the institution since the last distribution of profits or other discretionary payment. Such calculation would result in the determination of the Maximum Distributable Amount in each relevant period, which will limit the ability of the relevant institution to make discretionary payments. The Maximum Distributable Amount is a novel concept and its determination and application is subject to considerable uncertainty.

Any actual or anticipated cancellation of interest payments will likely have an adverse effect on the market price of each Series of Additional Tier 1 Notes. In addition, as a result of the interest cancellation provision of the Additional Tier 1 Notes, the market price of each Series of Additional Tier 1 Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Bank’s financial condition.

The Bank or the Handelsbanken Group may be subject to additional capital requirements in the future. Such additional restrictions may restrict the Bank from making interest payments on a Series of Additional Tier 1 Notes in certain circumstances

Banks will be required under CRD IV to hold a minimum amount of regulatory capital of 8 per cent. of risk weighted assets (so-called “own funds” requirements). CRD IV also introduces various capital buffer requirements (together with the own funds requirement, the so-called “Pillar 1” requirements). To cover those risk elements not fully covered by the Pillar 1 requirements further capital requirements may be imposed by the Relevant Regulator under the framework of its supervisory review process (referred to as “Pillar 2”). The Bank is currently subject to both buffer requirements and additional Pillar 2 capital requirements. See “Capital Adequacy” for further details. These additional capital requirements may be subject to change at any time and, accordingly, more onerous capital requirements may be imposed on the Bank.

In September 2014, the Relevant Regulator clarified that a capital requirement under Pillar 2 is always additional to the minimum own funds requirements. This position was later confirmed in the Relevant Regulator’s Memorandum of 8th May, 2015 on risk assessment methods in Pillar 2. Where a formal Pillar 2 decision has been taken by the Relevant Regulator (as with respect to the Handelsbanken Group as described in “Capital Adequacy”), the Pillar 2 capital requirement will also be additional to any buffer requirements, meaning, *inter alia*, that it will affect the level at which the automatic restrictions on distributions linked to the combined buffer requirement come into effect. The additional Pillar 2 requirements will therefore restrict the Bank from making some payments in certain circumstances, which may include payments of interest on a Series of Additional Tier 1 Notes and result in the cancellation of such payments. See “- There are restrictions on interest payments on the Additional Tier 1 Notes”.

Further formal Pillar 2 decisions will only be taken if it is deemed necessary, for example in times of financial stress where a firm does not have a credible plan for restoring its capital. In less severe circumstances the Relevant Regulator may instead take an informal Pillar 2 decision by informing the firm of its capital assessment. In such a case, the firm may be required to take certain rectifying actions within the framework of applicable regulations in order to avoid such further formal Pillar 2 decisions. If such rectifying actions are required to be taken by the Bank it may adversely affect the Bank’s capacity to make interest payments and the market price of each Series of Additional Tier 1 Notes.

The EBA published guidelines on 19th December, 2014 addressed to national competent authorities throughout the EU on, *inter alia*, common procedures and methodologies for the Pillar 2 review. The guidelines relate to, among other things, the amount and composition of additional own funds and were implemented on 1st January, 2016. The current Pillar 2 practice of the Relevant Regulator, as described and communicated in the May 2015 Memorandum referred to above, is aligned with these guidelines.

There are very limited events of default under the Subordinated Notes and the Additional Tier 1 Notes

The Terms and Conditions of the Notes provide for very limited events of default allowing acceleration of a Series of Subordinated Notes or a Series of Additional Tier 1 Notes, as further described in Condition 13(a) and Condition 13(b), respectively. Moreover, no holder of a Series of Subordinated Notes or a Series of Additional Tier 1 Notes may proceed directly against the Bank unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing, in which case, such holder shall have only such rights against the Bank as those which the Trustee is entitled to exercise. Accordingly, holders of Subordinated Notes and Additional Tier 1 Notes will have very limited remedies.

There are no limitations on the Bank's incurrence of additional debt or creation of secured debt

The Bank is not prohibited from issuing, providing guarantees or otherwise incurring further indebtedness ranking *pari passu* with, or senior to, its existing obligations and any future obligations arising under the Programme or from creating any secured indebtedness without also securing its obligations under the Notes.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions stipulate defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 15 of the Notes.

U.S. Foreign Account Tax Compliance Act Withholding

The U.S. "Foreign Account Tax Compliance Act" (or "FATCA") imposes a reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non- U.S. financial institution. The Bank is classified as a financial institution for these purposes. If an amount in respect of such withholding tax were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Bank nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected. Prospective investors should refer to the section "Taxation – Foreign Account Tax Compliance Act".

Change of law

The Terms and Conditions of the Notes, except for the provisions relating to subordination in Conditions 4 and 5 (which are based on Swedish law in effect as at the date of issue of the relevant Notes) are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice or Swedish law or administrative practice, as the case may be, after the date of issue of the relevant Notes.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination

that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed or issued) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a brief description of certain market risks which will be applicable to holders of the Notes, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

The Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the relevant Specified Currency (as defined in the Terms and Conditions of the Notes). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. The Bank has no control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. Moreover, if payments on certain Notes are determined by reference to a formula containing a multiplier or leverage factor, the effect of any change in the exchange rates between the applicable currencies will be magnified. In recent years, exchange rates between certain currencies have been highly volatile and volatility between such currencies or with other currencies may be expected in the future. Fluctuations between currencies in the past are not necessarily indicative, however, of fluctuations that may occur in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

In addition, a holder of securities with a fixed interest rate that will be periodically reset during the term of the relevant securities, such as Reset Notes, is also exposed to the risk of fluctuating interest rate levels and uncertain interest income.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. Real or anticipated changes in the Bank's credit ratings generally will affect the market value of the Notes. The ratings may not reflect the potential impact of all risks related to the structure, the market, other additional risk factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes unless such ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings is set out on the front cover of this Offering Circular and, in respect of any Tranche of Notes which is rated, such rating will be disclosed in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published or are published simultaneously with this Offering Circular and have been filed with the Central Bank, shall be incorporated in, and form part of, this Offering Circular:

- (a) the annual report of the Bank and the annual audited consolidated accounts of the Group in respect of the financial year ended 31st December, 2015, which can be viewed online at ([http://www.handelsbanken.co.uk/shb/inet/icentsv.nsf/vlookuppics/investor_relations_en_q-reports_hb_2015_eng_annualreport/\\$file/hb_2015_eng_annualreport.pdf](http://www.handelsbanken.co.uk/shb/inet/icentsv.nsf/vlookuppics/investor_relations_en_q-reports_hb_2015_eng_annualreport/$file/hb_2015_eng_annualreport.pdf));
- (b) the annual report of the Bank and the annual audited consolidated accounts of the Group in respect of the financial year ended 31st December, 2014, which can be viewed online at ([http://www.handelsbanken.co.uk/shb/inet/icentsv.nsf/vlookuppics/investor_relations_en_hb_14_highlights/\\$file/hb_14_highlights.pdf](http://www.handelsbanken.co.uk/shb/inet/icentsv.nsf/vlookuppics/investor_relations_en_hb_14_highlights/$file/hb_14_highlights.pdf));
- (c) the interim unaudited consolidated financial statements of the Group for the three month period ended 31st March, 2016 which can be viewed online at ([http://www.handelsbanken.co.uk/shb/inet/icentsv.nsf/vlookuppics/investor_relations_en_q-reports_hb_2016_q1_eng_report/\\$file/hb_2016_q1_eng_report.pdf](http://www.handelsbanken.co.uk/shb/inet/icentsv.nsf/vlookuppics/investor_relations_en_q-reports_hb_2016_q1_eng_report/$file/hb_2016_q1_eng_report.pdf)); and
- (d) the sections “Terms and Conditions of the Notes” from the previous offering circulars relating to the Programme dated:
 - 17th June, 2015, which can be viewed online at (www.ise.ie/debt_documents/Base%20Prospectus_e3cf8992-2592-44cc-8e62-7f26cf9a8eeb.PDF);
 - 13th June, 2014, which can be viewed online at (www.ise.ie/debt_documents/Base%20Prospectus_c2398917-5865-4a8a-961d-f1017fa9dc70.PDF);
 - 14th June, 2013, which can be viewed online at (www.ise.ie/debt_documents/Base%20Prospectus_fa0970d7-39bf-4a8b-a021-2ad530af1a40.PDF);
 - 15th June, 2012, which can be viewed online at (www.rns-pdf.londonstockexchange.com/rns/5128F_1-2012-6-15.pdf);
 - 15th June, 2011, which can be viewed online at (www.rns-pdf.londonstockexchange.com/rns/5028I_1-2011-6-15.pdf);
 - 17th June, 2010, which can be viewed online at (www.rns-pdf.londonstockexchange.com/rns/8506N_-2010-6-18.pdf); and
 - 17th June, 2009, which can be viewed online at (www.rns-pdf.londonstockexchange.com/rns/0718U_-2009-6-17.pdf),

save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any document subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or

supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Where only parts of a document are incorporated by reference, the non-incorporated parts are either not relevant for the investor or are covered elsewhere in this Offering Circular.

Copies of any or all of the documents which are incorporated herein by reference can be obtained from the registered office of the Bank in Stockholm or on the websites specified above.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

The Bank will, in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Offering Circular which is capable of affecting the assessment of any Notes arising or being noted, prepare a supplement to this Offering Circular or publish a new base prospectus for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially represented by a global Note which will (i) if the global Note is intended to be issued in NGN form, as stated in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, be delivered on or prior to the original issue date of the Tranche to the Common Safekeeper for Euroclear and Clearstream, Luxembourg; and (ii) if the global Note is not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to the Common Depositary for Euroclear and Clearstream, Luxembourg. Payments of principal, interest (if any) or any other amounts on a global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender, as the case may be, of the global Note (if the global Note is not intended to be issued in NGN form). A global Note will be exchangeable, in whole but not in part, for security-printed definitive Notes with, where applicable, interest coupons and talons attached either (i) upon not less than 60 days' written notice from Euroclear or Clearstream, Luxembourg (as the case may be) acting on instructions of any holder of interests in the global Note or (ii) only upon the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (i) an Event of Default (as defined in Condition 13) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 18 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such global Note) or the Trustee may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent. Global Notes and definitive Notes will be issued pursuant to the Agency Agreement.

Pursuant to the Agency Agreement, the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned security code numbers by Euroclear and Clearstream, Luxembourg which are different from the security code numbers assigned to Notes of any other Tranche of the same Series until at least 40 days after the completion of the distribution of the Notes of such Tranche as certified by the Agent to the relevant Purchasers).

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Agent and the Trustee.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do within a reasonable period and the failure shall be continuing.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes other than Exempt Notes issued under the Programme.

[Date]

SVENSKA HANDELSBANKEN AB (publ)

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the U.S.\$50,000,000,000
Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes set forth in the Offering Circular dated 16th June, 2016 [and the Supplementary Offering Circular[s] dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. When used in these Final Terms, “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the EEA. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular [as so supplemented]. The Offering Circular [and the Supplementary Offering Circular[s] dated [date]] [has] [have] been published on the website of the [Central Bank of Ireland at <http://www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx>] [Irish Stock Exchange plc (the “Irish Stock Exchange”) at www.ise.ie].

[The following alternative language applies if the first Tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “Conditions”) set forth in the Offering Circular dated [17th June, 2009/17th June, 2010/15th June, 2011/15th June, 2012/14th June, 2013/13th June, 2014/17th June, 2015] [and the supplement(s) to it dated [date(s)]] which are incorporated by reference in the Offering Circular dated 16th June, 2016 [and the Supplementary Offering Circular[s] dated [date]] and are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. When used in these Final Terms, “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the EEA. This document must be read in conjunction with the Offering Circular dated 16th June, 2016 which constitutes a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular dated 16th June, 2016 [and the Supplementary Offering Circular[s] dated [date]]. Copies of such Offering Circular [and the Supplementary Offering Circular[s] dated [date]] [has] [have] been published on the website of the [Central Bank of Ireland at <http://www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx>] [Irish Stock Exchange plc (the “Irish Stock Exchange”) at www.ise.ie].

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

1. Issuer: Svenska Handelsbanken AB (publ)
2. (i) Series Number: []
 (ii) Tranche Number: []
(If fungible with an existing Series, details of that Series)
 (iii) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with [] on the Issue Date] [Not Applicable]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 – Tranche: []
 – Series: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount
 [plus accrued interest from [insert date]]
(if applicable)
6. (i) Specified Denominations: []
(Notes must have a minimum denomination of EUR 100,000 (or equivalent))
(Where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:
“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”)
 (ii) Calculation Amount: []
(If only one Specified Denomination, insert the Specified Denomination.
If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
7. [(i)] Issue Date [and Interest []

Commencement Date]:

- (ii) [Interest Commencement Date [specify/Issue Date/Not Applicable]]
(if different from the Issue Date):

(An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)

8. Maturity Date: [Specify date or for floating rate notes - Interest Payment Date falling [in/nearest to] [specify month and year]]
9. Interest Basis: [[] per cent. Fixed Rate]
[Reset Notes]
[[[currency] LIBOR / EURIBOR / STIBOR / NIBOR / CIBOR / HIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
(further particulars specified below – see paragraph [14/15/16/17] below)
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal value
11. Change of Interest Basis: [Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14, 15 and/or 16 below if details are included there]/[Not Applicable]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below – see paragraph[s] [18] [and] [19])]
13. Status of the Notes: [Senior/Subordinated/Additional Tier 1]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Dates(s): [[] in each year, from and including [], and up to and including the Maturity Date] [subject to adjustment in accordance with paragraph 14(vii)]
(This will need to be amended in the case of long

or short coupons)

- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form)
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
(Applicable to Notes in definitive form.)
- (v) Day Count Fraction: [Actual/Actual (ICMA) / 30/360 / Actual/365 (Fixed)]
- (vi) Determination Date(s): [] in each year

[Insert interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon] (NB: this will need to be amended in the case of regular interest payment dates which are not of equal duration) (NB: only relevant where Day Count Fraction is Actual/Actual (ICMA))
- (vii) Business Day Convention: [Modified Following Business Day Convention / Following Business Day Convention/Preceding Business Day Convention] [unadjusted/adjusted] / [Not Applicable]
- (viii) Additional Business Centre: [[]/Not Applicable]

15. Reset Note Provisions [Applicable/Not Applicable]

- (i) Initial Rate of Interest: [] per cent. per annum payable [annually/semi-annually/quarterly/monthly] in arrear
- (ii) Initial Mid-Swap Rate: [] per cent.
- (iii) First Reset Margin: [+/-][] per cent. per annum
- (iv) Subsequent Reset Margin: [[+/-][] per cent. per annum/Not Applicable]
- (v) Interest Payment Date(s): [[] in each year, from and including [], and up to and including the Maturity Date] [subject to adjustment in accordance with paragraph 15(xviii)]

(This will need to be amended in the case of long or short coupons)

- (vi) Fixed Coupon Amount up to (but excluding) the First Reset Date: [] per Calculation Amount

(Applicable to Notes in definitive

form)

- (vii) Broken Amount(s) up to (but excluding) the First Reset Date: [] per Calculation Amount payable on the Interest Payment Date falling [in/on] []

(Applicable to Notes in definitive form)

- (viii) First Reset Date: [[]/Interest Payment Date falling [in/nearest to] [*specify month*]]

- (ix) Second Reset Date: [[]/Interest Payment Date falling [in/nearest to] [*specify month*]/Not Applicable]

- (x) Subsequent Reset Date(s): [[] [and []]/Not Applicable]

- (xi) Relevant Screen Page: []

- (xii) Mid-Swap Rate: [Single Mid-Swap Rate/Mean Mid-Swap Rate]

- (xiii) Mid-Swap Maturity: []

- (xiv) Reset Interest Determination Date(s): []

(specify in relation to each Reset Date)

- (xv) Mid-Swap Rate Conversion: [Applicable/Not Applicable]

- (xvi) Original Mid-Swap Rate Payment Basis: [Annual/Semi-annual/Quarterly/Monthly/Not Applicable]

(Original Mid-Swap Rate Payment Basis should be specified as “Not Applicable” if Mid-Swap Rate Conversion, above, is specified as “Not Applicable”)

- (xvii) Relevant Time: []

- (xviii) Day Count Fraction: [30/360 / Actual/Actual (ICMA) / Actual/365 (Fixed)]

- (xix) Determination Date(s): [] in each year

[Insert interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon] (NB: this will need to be amended in the case of regular interest payment dates which are not of equal duration) (NB: only relevant where Day Count Fraction is Actual/Actual (ICMA))

- (xx) Business Day Convention: [Modified Following Business Day Convention / Following Business Day Convention/Preceding Business Day Convention] [unadjusted/adjusted] / [Not Applicable]

- (xxi) Additional Business Centre: ☐ /Not Applicable]
- (xxii) Party responsible for calculating the Rate of Interest and Reset Notes Interest Amount (if not the Agent): ☐
- (xxiii) Applicable fallback: [As per Condition 6(b)(ii)(e)(1)/As per Condition 6(b)(ii)(e)(2)]
- 16. Floating Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Specified Period(s)/Specified Interest Payment Dates: ☐
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iii) Additional Business Centre(s): ☐
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): ☐
- (vi) Screen Rate Determination:
- Reference Rate: ☐ month ☐ [[currency] LIBOR / EURIBOR / STIBOR / NIBOR / CIBOR / HIBOR]
 - Relevant Time: ☐ in the Relevant Financial Centre/As per Condition 6(c)(ii)]
 - Interest Determination Date(s): [Second London business day prior to the start of each Interest Period]
[First day of each Interest Period]
[Second day on which the TARGET2 System is open prior to the start of each Interest Period]
[Second Stockholm business day prior to the start of each Interest Period]
[Second Oslo business day prior to the start of each Interest Period]
[Second Copenhagen business day prior to the start of each Interest Period]]
[☐ days prior to the start of each Interest

	Period]	[]
	(See Condition 6(c)(ii) for details)	
–	Relevant Screen Page:	[]
	(In the case of EURIBOR, if not Reuters Screen EURIBOR01 ensure it is a page which shows a composite rate)	
–	Relevant Financial Centre:	[London/Brussels/Stockholm/Oslo/Copenhagen/Hong Kong]
(vii)	ISDA Determination:	
–	Floating Rate Option:	[]
–	Designated Maturity:	[]
–	Reset Date:	[]
(viii)	Linear Interpolation:	[Not Applicable/Applicable – the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
(ix)	Margin(s):	[+/-] [] per cent. per annum
(x)	Minimum Rate of Interest:	[Nor Applicable/[] per cent. per annum]
(xi)	Maximum Rate of Interest:	[Not Applicable/[] per cent. per annum]
(xii)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 360/360 Bond Basis Eurobond Basis 30E/360 (ISDA)]
17.	Zero Coupon Note Provisions	[Applicable/Not Applicable]
	(If not applicable, delete the remaining sub-paragraphs of this paragraph)	
(i)	Accrual Yield:	[] per cent. per annum
(ii)	Reference Price:	[]

- (iii) Day Count Fraction in relation to [30/360]
 Early Redemption Amounts: [Actual/360]
 [Actual/365]

PROVISIONS RELATING TO REDEMPTION

18. Issuer Call [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount: [] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: []
- (b) Higher Redemption Amount: []
- (iv) Notice period: Minimum period: [] days

Maximum period: [] days

(When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

19. Investor Put [Applicable/Not Applicable]

(Not applicable to Subordinated Notes and Additional Tier 1 Notes. If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount: [] per Calculation Amount
- (iii) Notice period: Minimum period: [] days

Maximum period: [] days

(When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems)

(which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

20. Notice periods for Condition 7(h):

[Applicable/Not Applicable]

(Only applicable to Subordinated Notes and Additional Tier 1 Notes. If not applicable, delete the remainder of this paragraph)

Minimum period: [] days

Maximum period: [] days

(When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

21. Notice periods for Condition 7(i):

[Applicable/Not Applicable]

(Only applicable to Additional Tier 1 Notes. If not applicable, delete the remainder of this paragraph)

Minimum period: [] days

Maximum period: [] days

(When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

22. Final Redemption Amount:

[] per Calculation Amount

23. Early Redemption Amount payable on redemption (i) for taxation reasons, (ii) upon the occurrence of a Capital Event, (iii) upon the occurrence of a Tax Event or (iv) on event of default:

[[] per Calculation Amount/As set out in the Conditions]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes

- (i) Form: Global Note exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]

(The exchange upon notice option should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "€[100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].")

- (ii) New Global Note: [Yes] [No]

25. Additional Financial Centre(s): [Not Applicable/[]]

(Note that this item relates to the date of payment and not interest period end dates to which items 14(viii), 15 (xix) and 16(iii) relate)

26. No Interest Cancellation Discretion Following a Capital Event: [Applicable/Not Applicable]

(Only relevant for Additional Tier 1 Notes)

27. Loss Absorption Minimum Amount: [[]/Not Applicable]

(Only relevant for Additional Tier 1 Notes)

28. Trigger Level: [[Bank: []];][Handelsbanken Group: []]/Not Applicable]

(Only relevant for Additional Tier 1 Notes)

29. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [admission to trading on the Irish Stock Exchange's regulated market and for listing on the Official List of the Irish Stock Exchange] of the Notes described herein pursuant to the listing of the U.S.\$50,000,000,000 Euro Medium Term Note Programme of Svenska Handelsbanken AB (publ).

[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Bank:

By

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: Application [has been/is expected to be] made for the Notes to be admitted to the Official List of the Irish Stock Exchange.
- (ii) Admission to trading: Application [has been/is expected to be] made for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange with effect from [].
- (iii) Estimate of total expenses [] relating to admission to trading:

2. RATINGS

- Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated *[insert details]* by *[insert the legal name of the relevant credit rating agency entity(ies)]*.]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
- [[Each of][*Insert the legal name of the relevant credit rating agency entity*] is established in the EU and is registered under Regulation (EC) No. 1060/2009 (as amended).]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [managers/dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [managers/dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

4. YIELD (*Fixed Rate Notes and Reset Notes only*)

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. [In the case of Notes where the [First] Reset Date falls less than one year from the Issue Date, the indication of yield specified above will only be applicable until the [First]

Reset Date.]

5. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/give *name(s) and number(s)*]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []
- (vi) [Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /
- [No. Whilst the designation is specified as “no” at the date of this Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

DISTRIBUTION

6. (i) Method of Distribution: [Syndicated/Non-Syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/give *names*]

- (iii) Date of Subscription Agreement: []
- (iv) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
7. If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
8. U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA C/TEFRA not applicable]
- [N.B. Notes may only be distributed in accordance with TEFRA C Rules]***

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes, whatever the denomination of those Notes, issued under the Programme. The applicable Pricing Supplement in relation to any Series of Exempt Notes may specify other terms and conditions which will, to the extent so specified or to the extent inconsistent with the Terms and Conditions, replace or modify such Terms and Conditions for the purpose of such Exempt Notes.

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC (AS AMENDED) (THE “PROSPECTUS DIRECTIVE”) FOR THE ISSUE OF NOTES DESCRIBED BELOW.

[Date]

SVENSKA HANDELSBANKEN AB (publ)

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the U.S.\$50,000,000,000
Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Offering Circular dated 16th June, 2016 [as supplemented by the supplement[s] dated [date[s]]] (the “Offering Circular”). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular. Copies of the Offering Circular may be obtained from [address].

[The following alternative language applies if the first Tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular [dated [original date] [and the supplement(s) dated [date(s)]] which are incorporated by reference in the Offering Circular.]

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]

- | | | |
|-----------|----------------------|---------------------------------|
| 1. | Issuer: | Svenska Handelsbanken AB (publ) |
| 2. | (i) Series Number: | [] |
| | (ii) Tranche Number: | [] |

(If fungible with an existing Series, details of that Series)

- (iii) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with [] on the Issue Date] [Not Applicable]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
- Tranche: []
- Series: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date]] (if applicable)
6. (i) Specified Denominations: []
- (Notes must have a minimum denomination of EUR 100,000 (or equivalent))*
- (Where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:*
- “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”)*
- (ii) Calculation Amount: []
- (If only one Specified Denomination, insert the Specified Denomination.*
- If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. [(i)] Issue Date [and Interest Commencement Date]: []
- (ii) [Interest Commencement Date (if different from the Issue Date): [specify/Issue Date/Not Applicable]]
- (An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [Specify date or for floating rate notes - Interest Payment Date falling [in/nearest to] [specify month and year]]

9. Interest Basis: [[] per cent. Fixed Rate]
 [Reset Notes]
 [[[currency] LIBOR / EURIBOR / STIBOR / NIBOR / CIBOR / HIBOR] +/- [] per cent. Floating Rate]
 [Zero Coupon]
 [specify other]
 (further particulars specified below – see paragraph [14/15/16/17] below)
10. Redemption Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [] per cent. of their nominal value][specify other]
11. Change of Interest Basis: [Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14, 15 and/or 16 below if details are included there]/[Not Applicable]
12. Put/Call Options: [Investor Put]
 [Issuer Call]
 [(further particulars specified below – see paragraph[s] [18] [and] [19])]
13. Status of the Notes: [Senior/Subordinated/Additional Tier 1]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Dates(s): [[] in each year, from and including [], and up to and including the Maturity Date] [subject to adjustment in accordance with paragraph 14(vii)]
(This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form)
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
(Applicable to Notes in definitive form.)
- (v) Day Count Fraction: [Actual/Actual (ICMA) / 30/360 / Actual/365]

(Fixed) / *specify other*]

(vi) Determination Date(s): [] in each year

[Insert interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon] (NB: this will need to be amended in the case of regular interest payment dates which are not of equal duration) (NB: only relevant where Day Count Fraction is Actual/Actual (ICMA))

(vii) Business Day Convention: [Modified Following Business Day Convention / Following Business Day Convention/Preceding Business Day Convention] [unadjusted/adjusted] / *specify other* / [Not Applicable]

(viii) Additional Business Centre: [[]/Not Applicable]

(ix) Other terms relating to the method of calculating interest for Fixed Rate Notes which are Exempt Notes: [None/*give details*]

15. Reset Note Provisions [Applicable/Not Applicable]

(i) Initial Rate of Interest: [] per cent. per annum payable [annually/semi-annually/quarterly/monthly] in arrear

(ii) Initial Mid-Swap Rate: [] per cent.

(iii) First Reset Margin: [+/-][] per cent. per annum

(iv) Subsequent Reset Margin: [[+/-][] per cent. per annum/Not Applicable]

(v) Interest Payment Date(s): [[] in each year, from and including [], and up to and including the Maturity Date] [subject to adjustment in accordance with paragraph 15(xviii)]

(This will need to be amended in the case of long or short coupons)

(vi) Fixed Coupon Amount up to (but excluding) the First Reset Date: [] per Calculation Amount

(Applicable to Notes in definitive form)

(vii) Broken Amount(s) up to (but excluding) the First Reset Date: [] per Calculation Amount payable on the Interest Payment Date falling [in/on] []

(Applicable to Notes in definitive form)

- (viii) First Reset Date: [[]/Interest Payment Date falling [in/nearest to] [*specify month*]]
- (ix) Second Reset Date: [[]/Interest Payment Date falling [in/nearest to] [*specify month*]/Not Applicable]
- (x) Subsequent Reset Date(s): [[] [and []]/Not Applicable]
- (xi) Relevant Screen Page: []
- (xii) Mid-Swap Rate: [Single Mid-Swap Rate/Mean Mid-Swap Rate]
- (xiii) Mid-Swap Maturity: []
- (xiv) Reset Interest Determination Date(s): []
(*specify in relation to each Reset Date*)
- (xv) Mid-Swap Rate Conversion: [Applicable/Not Applicable]
- (xvi) Original Mid-Swap Rate Payment Basis: [Annual/Semi-annual/Quarterly/Monthly/Not Applicable]

(*Original Mid-Swap Rate Payment Basis should be specified as “Not Applicable” if Mid-Swap Rate Conversion, above, is specified as “Not Applicable”*)
- (xvii) Relevant Time: []
- (xviii) Day Count Fraction: [30/360 / Actual/Actual (ICMA) / Actual/365 (Fixed)]
- (xix) Determination Date(s): [] in each year

(*Insert interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*) (NB: this will need to be amended in the case of regular interest payment dates which are not of equal duration) (NB: only relevant where Day Count Fraction is Actual/Actual (ICMA))
- (xx) Business Day Convention: [Modified Following Business Day Convention / Following Business Day Convention/Preceding Business Day Convention] [unadjusted/adjusted] / [Not Applicable]
- (xxi) Additional Business Centre: [[]/Not Applicable]
- (xxii) Party responsible for calculating the Rate of Interest and Reset Notes Interest Amount (if not the Agent): []

	(xxiii) Applicable fallback:	[As per Condition 6(b)(ii)(e)(1)/As per Condition 6(b)(ii)(e)(2)/specify other]
16.	Floating Rate Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Specified Period(s)/Specified Interest Payment Dates:	[]
	(ii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
	(iii) Additional Business Centre(s):	[]
	(iv) Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/specify other]
	(v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[]
	(vi) Screen Rate Determination:	<div data-bbox="384 1169 1407 1272">– Reference Rate: [] month [[currency] LIBOR / EURIBOR / STIBOR / NIBOR / CIBOR / HIBOR / specify other reference rate]</div> <div data-bbox="384 1305 1407 1382">– Relevant Time: [[] in the Relevant Financial Centre/As per Condition 6(c)(ii)][specify other]</div> <div data-bbox="384 1415 1407 1888">– Interest Determination Date(s): [Second London business day prior to the start of each Interest Period] [First day of each Interest Period] [Second day on which the TARGET2 System is open prior to the start of each Interest Period] [Second Stockholm business day prior to the start of each Interest Period] [Second Oslo business day prior to the start of each Interest Period] [Second Copenhagen business day prior to the start of each Interest Period] [[] days prior to the start of each Interest Period] [specify other]</div>
		<i>(See Condition 6(c)(ii) for details)</i>

- Relevant Screen Page: []

(In the case of EURIBOR, if not Reuters Screen EURIBOR01 ensure it is a page which shows a composite rate)
 - Relevant Financial Centre: [London/Brussels/Stockholm/Oslo/Copenhagen/Hong Kong/specify other]
 - (vii) ISDA Determination:
 - Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
 - (viii) Linear Interpolation: [Not Applicable/Applicable – the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
 - (ix) Margin(s): [+/-] [] per cent. per annum
 - (x) Minimum Rate of Interest: [Nor Applicable/[] per cent. per annum]
 - (xi) Maximum Rate of Interest: [Not Applicable/[] per cent. per annum]
 - (xii) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
360/360
Bond Basis
Eurobond Basis
30E/360 (ISDA)
other]
 - (xiii) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes which are Exempt Notes, if different from those set out in the Conditions: []
- 17. Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable for Zero Coupon Notes which are Exempt Notes: []
- (iv) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]
[specify other]

PROVISIONS RELATING TO REDEMPTION

18. Issuer Call [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount: [] per Calculation Amount
- (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: []
 - (b) Higher Redemption Amount: []
- (iv) Notice period: Minimum period: [] days

Maximum period: [] days

(When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

19. Investor Put [Applicable/Not Applicable]

(Not applicable to Subordinated Notes and Additional Tier 1 Notes. If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): []

- (ii) Optional Redemption Amount: [] per Calculation Amount/specify other/see Appendix
- (iii) Notice period: Minimum period: [] days
Maximum period: [] days
- (When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
- 20.** Notice periods for Condition 7(h): [Applicable/Not Applicable]
- (Only applicable to Subordinated Notes and Additional Tier 1 Notes. If not applicable, delete the remainder of this paragraph)*
- Minimum period: [] days
- Maximum period: [] days
- (When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
- 21.** Notice periods for Condition 7(i): [Applicable/Not Applicable]
- (Only applicable to Additional Tier 1 Notes. If not applicable, delete the remainder of this paragraph)*
- Minimum period: [] days
- Maximum period: [] days
- (When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

22. Final Redemption Amount: [] per Calculation Amount/specify other/see Appendix

23. Early Redemption Amount payable on redemption (i) for taxation reasons, (ii) upon the occurrence of a Capital Event, (iii) upon the occurrence of a Tax Event or (iv) on event of default: [[] per Calculation Amount/As set out in the Conditions/specify other/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:

(i) Form: Global Note exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]

(The exchange upon notice option should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "€[100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].")

(ii) New Global Note: [Yes] [No]

25. Additional Financial Centre(s): [Not Applicable/[]]

(Note that this item relates to the date of payment and not interest period end dates to which items 14(viii), 15(xix) and 16(iii) relate)

26. No Interest Cancellation Discretion Following a Capital Event: [Applicable/Not Applicable]

(Only relevant for Additional Tier 1 Notes)

27. Loss Absorption Minimum Amount: [[]/Not Applicable]

(Only relevant for Additional Tier 1 Notes)

28. Trigger Level: [[Bank: []];][Handelsbanken Group: []]/Not Applicable]

(Only relevant for Additional Tier 1 Notes)

29. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

30. Other terms or conditions [Not Applicable/give details]

Signed on behalf of the Bank:

By

Duly authorised

PART B – OTHER INFORMATION

1. LISTING

[Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be listed on [*specify market – note this must not be an EEA regulated market*] with effect from [].]

2. RATINGS

Ratings:

[The Notes to be issued [[have been]/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*].]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

[[Each of][*Insert the legal name of the relevant credit rating agency entity*] is established in the EU and is registered under Regulation (EC) No. 1060/2009 (as amended).]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [managers/dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [managers/dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

4. YIELD (*Fixed Rate Notes and Reset Notes only*)

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. [In the case of Notes where the [First] Reset Date falls less than one year from the Issue Date, the indication of yield specified above will only be applicable until the [First] Reset Date.]

5. OPERATIONAL INFORMATION

(i) ISIN Code: []

(ii) Common Code: []

- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/give *name(s) and number(s)*]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []
- (vi) [Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /
[No. Whilst the designation is specified as “no” at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

DISTRIBUTION

6. (i) Method of Distribution: [Syndicated/Non-Syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/give *names*]
- (iii) Date of Subscription Agreement: []
- (iv) Stabilising Manager(s) (if any): [Not Applicable/give *name*]
7. If non-syndicated, name of relevant Dealer: [Not Applicable/give *name*]
8. U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA]

C/TEFRA not applicable]

[N.B. Notes may only be distributed in accordance with TEFRA C Rules]

9. Additional Selling Restrictions

[Not Applicable/*give details*]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each global Note and which will be endorsed upon each definitive Note. The applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement will be endorsed upon, or attached to, each global Note and definitive Note.

This Note is one of a Series (as defined below) of Notes constituted by a Trust Deed (as modified and/or supplemented and/or restated from time to time, the “Trust Deed”) dated 26th June, 1992 made between Svenska Handelsbanken AB (publ) (the “Bank”) and Deutsche Trustee Company Limited (the “Trustee”, which expression shall wherever the context permits include all other persons or companies for the time being acting as trustee under the Trust Deed). References herein to the “Notes” shall be references to the Notes of this Series and shall mean (i) in relation to any Notes represented by a global Note, units of each Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange for a global Note and (iii) any global Note. The Notes and the Coupons (each as defined below) also have the benefit of an amended and restated Agency Agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the “Agency Agreement”) dated 16th June, 2016, made between the Bank, the Trustee, Deutsche Bank AG, London Branch as issuing and principal paying agent (the “Agent”, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the “Paying Agents”, which expression shall include any additional or successor paying agents).

References herein to “Exempt Notes” are to Notes for which no prospectus is required to be published under the Prospectus Directive. When used in these Terms and Conditions of the Notes, “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

Interest bearing definitive Notes (unless otherwise indicated in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement) have interest coupons (“Coupons”) and, if indicated in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, talons for further Coupons (“Talons”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons.

The final terms of the Notes (or the relevant provisions thereof) are set out in (i) in the case of Notes other than Exempt Notes, Part A of a final terms document (the “Final Terms”) relating to the Notes which completes these Terms and Conditions (the “Conditions”) or (ii) in the case of Exempt Notes, a pricing supplement (the “Pricing Supplement”) which amends, modifies and replaces these Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, amend, modify or replace the Conditions for the purposes of the Exempt Notes.

The Trustee acts for the benefit of the holders of the Notes (the “Noteholders”, which expression shall, in relation to any Notes represented by a global Note, be construed as provided below), the holders of the Coupons (the “Couponholders”, which latter expressions, unless the context otherwise requires, include the holders of the Interest Talons, the “Talonholders”), all in accordance with the provisions of the Trust Deed.

As used herein, “Series” means each original issue of Notes together with any further issues expressed to form a single series with the original issue and which are denominated in the same currency and the terms of which (save for the Issue Date, the Interest Commencement Date and/or the

Issue Price) are otherwise identical (including whether or not the Notes are listed). As used herein, “Tranche” means all Notes of the same Series with the same Issue Date and Interest Commencement Date.

Copies of the Trust Deed and the Agency Agreement (which contains the form of Final Terms and the form of Pricing Supplement) are available for inspection at the specified offices of each of the Trustee, the Agent and each of the other Paying Agents. Copies of the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement are available for viewing at the registered office of the Bank and of the Agent and copies may be obtained from those offices save that, if this Note is an Exempt Note, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Bank and the Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, which are binding on them.

Words and expressions defined in the Trust Deed or the Agency Agreement or used in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated provided that, in the event of inconsistency between the Agency Agreement and the Trust Deed, the Trust Deed shall prevail and, in the event of inconsistency between the Agency Agreement or the Trust Deed and the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, the applicable Final Terms or the applicable Pricing Supplement, as the case may be, shall prevail.

1. Form

The Notes are in bearer form and, in the case of definitive Notes, serially numbered in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note is a Senior Note, a Subordinated Note or an Additional Tier 1 Note, as indicated in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, and the terms “Senior Note”, “Subordinated Note” and “Additional Tier 1 Note” shall be construed accordingly.

If this Note is an Additional Tier 1 Note, the Outstanding Principal Amount of such Note may be written down and reinstated as provided in Condition 8 or as otherwise required by then current legislation and/or regulations applicable to the Bank. Any such adjustment to the Outstanding Principal Amount of such Note will not have any effect on the denomination of such Note.

This Note may be a Fixed Rate Note, a Reset Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

Notes in definitive form are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. Subject as set out below, the Bank, the Trustee and any Paying Agent may deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding two paragraphs.

For so long as Notes are represented by a global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular nominal amount of Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Bank, the Trustee and any Paying Agent as the holder of such nominal amount of Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant global Note shall be treated by the Bank, the Trustee and any Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant global Note and the Trust Deed (and the expressions “Noteholder”, “holder of Notes”, “holder” and related expressions shall be construed accordingly). Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system approved by the Bank, the Trustee and the Agent.

2. Definitions

In these Conditions (unless otherwise provided):

“Accrual Yield” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Additional Business Centre” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Additional Financial Centre” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Additional Tier 1 Capital” means Additional Tier 1 capital (or any equivalent or successor term) for the purposes of the Relevant Rules;

“Adjusted Fixed Rate Notes” means Fixed Rate Notes for which the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement specify the Business Day Convention as “adjusted”;

“Authorised Signatories” has the meaning specified in the Trust Deed;

“Broken Amount(s)” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“BRRD” means Directive 2014/59/EU of the European Parliament and of the Council of 15th May, 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as the same may be amended or replaced from time to time;

“Business Day” means a day which:

- (i) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre;

- (ii) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, is a day on which the TARGET2 System is open; and
- (iii) is either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open;

“Calculation Amount” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement (for the purposes of a Series of Additional Tier 1 Notes, the “Original Calculation Amount”), provided that, in respect of a Series of Additional Tier 1 Notes, if the Outstanding Principal Amount of each Additional Tier 1 Note of such Series is amended (either by write down or reinstatement) in accordance with Condition 8 or as otherwise required by then current legislation and/or regulations applicable to the Bank, the Agent shall (i) adjust the Calculation Amount on a *pro rata* basis to account for such write down or reinstatement, as the case may be, and (ii) notify the Noteholders in accordance with Condition 18 of the details of such adjustment;

“Capital Event” means:

- (i) in the case of a Series of Additional Tier 1 Notes, a decision or determination of the Relevant Regulator that the Additional Tier 1 Notes of such Series will be excluded in full from the Tier 1 Capital of the Bank or the Handelsbanken Group, such decision or determination to be confirmed by the Bank in a certificate signed by two Authorised Signatories of the Bank and delivered to the Trustee; and
- (ii) in the case of a Series of Subordinated Notes, a decision or determination of the Relevant Regulator that the Subordinated Notes of such Series will be excluded in full from the Own Funds of the Bank or the Handelsbanken Group, such decision or determination to be confirmed by the Bank in a certificate signed by two Authorised Signatories of the Bank and delivered to the Trustee;

“Capital Event Date” means, in the case of a Series of Additional Tier 1 Notes, the date on which two Authorised Signatories of the Bank sign a certificate addressed to the Trustee confirming that a relevant Capital Event has occurred;

“CIBOR” means the Copenhagen interbank offered rate;

“Clearstream, Luxembourg” means Clearstream Banking S.A.;

“Code” means the U.S. Internal Revenue Code of 1986;

“Common Equity Tier 1 Capital Ratio” means, as at any Measurement Date and in relation to the Bank or the Handelsbanken Group (as the case may be), the Common Equity Tier 1 capital ratio of the Bank or the Handelsbanken Group (as the case may be) calculated in accordance with the Relevant Rules;

“CRD IV” means the CRD IV Directive, the CRR and any CRD IV Implementing Measures;

“CRD IV Directive” means Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms of the European Parliament and of the Council of 26th June, 2013, as the same may be amended or replaced from time to time;

“CRD IV Implementing Measures” means any regulatory capital rules, regulations or other requirements which are applicable to the Bank and which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Bank to the extent required by the CRD IV Directive or the CRR, including, for the avoidance of doubt, any regulatory technical standards released by the European Banking Authority (or any successor thereto or replacement thereof);

“CRR” means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26th June, 2013 on prudential requirements for credit institutions and investment firms, as the same may be amended or replaced from time to time;

“Day Count Fraction” means:

- (i) in respect of the calculation of an amount of interest in accordance with Condition 6(a) (in the case of Fixed Rate Notes) or Condition 6(b) (in the case of Reset Notes):
 - (A) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement:
 - (b) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement) that would occur in one calendar year; or
 - (c) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement) that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
 - (B) if “30/360” is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of

days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and

- (C) if “Actual/365 (Fixed)” is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365; and
- (ii) in respect of the calculation of an amount of interest in accordance with Condition 6(c) (in the case of Floating Rate Notes):
 - (A) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
 - (B) if “Actual/365 (Fixed)” is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
 - (C) if “Actual/360” is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
 - (D) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (E) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (F) if “30E/360 (ISDA)” is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30; and

- (G) if “Actual/365 (Sterling)” is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, the number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366.

“Designated Maturity” means, in relation to Screen Rate Determination as referred to in Condition 6(c), the period of time designated in the Reference Rate.

“Determination Date” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Determination Period” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

“Distributable Items” shall have the meaning assigned to such term in the Relevant Rules;

“Early Redemption Amount” means:

- (i) in the case of a Note (other than an Additional Tier 1 Note) with a Final Redemption Amount equal to the Issue Price of the first Tranche of the Series, the Final Redemption Amount thereof;
- (ii) in the case of a Note (other than a Zero Coupon Note or an Additional Tier 1 Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price of the first Tranche of the Series or which is payable in a Specified Currency other than that in which the Note is denominated, the amount set out in, or determined in the manner set out in, the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement or, if no such amount or manner is set out in the Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, its nominal amount;
- (iii) in the case of a Zero Coupon Note, at an amount calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

“RP” means the Reference Price;

“AY” means the Accrual Yield expressed as a decimal; and

“y” is the Day Count Fraction specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the

numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365); or

(iv) in the case of an Additional Tier 1 Note, its Outstanding Principal Amount;

“Equal Trigger Loss Absorbing Instrument” means, in respect of a Series of Additional Tier 1 Notes, a Loss Absorbing Instrument that is, or has been, subject to write down or conversion at the same relevant Trigger Level specified for such Series of Additional Tier 1 Notes;

“Equal Trigger Temporary Write Down Instruments” means, in respect of a Series of Additional Tier 1 Notes, an Equal Trigger Loss Absorbing Instrument that is, or has been, subject to write down on a temporary basis and has an outstanding principal amount that is lower than its original principal amount on its issue date;

“EURIBOR” means the Euro-zone interbank offered rate;

“Euroclear” means Euroclear Bank SA/NV;

“Event of Default” has the meaning specified in Condition 13(a) (in respect of Senior Notes and Subordinated Notes) and Condition 13(b) (in respect of Additional Tier 1 Notes), as the case may be;

“Extraordinary Resolution” has the meaning specified in the Trust Deed;

“Final Redemption Amount” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“First Reset Date” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“First Reset Interest Period” means the period from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, the Maturity Date (if any);

“First Reset Margin” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“First Reset Rate of Interest” means, in respect of the First Reset Interest Period and subject to Condition 6(b)(ii), the rate of interest determined by the Agent on the relevant Reset Interest Determination Date as the sum of the relevant Mid-Swap Rate and the First Reset Margin;

“Fixed Coupon Amount(s)” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Handelsbanken Group” means the Bank together with its Subsidiaries and other entities that are consolidated in the Bank’s calculation of its Common Equity Tier 1 Capital Ratio on a consolidated basis in accordance with the Relevant Rules;

“HIBOR” means the Hong Kong interbank offered rate;

“Higher Redemption Amount” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Higher Trigger Loss Absorbing Instrument” means, in respect of a Series of Additional Tier 1 Notes, a Loss Absorbing Instrument that is, or has been, subject to write down or conversion at a Common Equity Tier 1 Capital Ratio that is higher than the relevant Trigger Level specified for such Series of Additional Tier 1 Notes;

“Initial Mid-Swap Rate” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Initial Period” means the period from (and including) the Interest Commencement Date to but (excluding) the First Reset Date;

“Initial Rate of Interest” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Interest Amount” has the meaning specified in Condition 6(c)(iv);

“Interest Commencement Date” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Interest Determination Date” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement or if none is so specified:

- (i) if the Reference Rate is LIBOR (other than Sterling LIBOR or Euro LIBOR), the second London business day prior to the start of each Interest Period;
- (ii) if the Reference Rate is Sterling LIBOR, the first day of each Interest Period;
- (iii) if the Reference Rate is Euro LIBOR or EURIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period;
- (iv) if the Reference Rate is STIBOR, the second Stockholm business day prior to the start of each Interest Period;
- (v) if the Reference Rate is NIBOR, the Second Oslo business day prior to the start of each Interest Period;
- (vi) if the Reference Rate is CIBOR, the first day of each Interest Period or the second Copenhagen business day prior to the start of each Interest Period; or
- (vii) if the Reference Rate is HIBOR, the first day of each Interest Period;

“Interest Payment Date”:

- (i) in the case of Fixed Rate Notes and Reset Notes, has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement; and
- (ii) in the case of Floating Rate Notes, has the meaning specified in Condition 6(c)(i);

“Interest Period” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date;

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes;

“Issue Date” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Issue Price” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Junior Securities” means;

- (i) in respect of a Series of Subordinated Notes, (A) the common shares of the Bank and (B) any securities or other obligations of the Bank ranking, or expressed to rank, junior to the Subordinated Notes, including, for the avoidance of doubt, the Additional Tier 1 Notes; and
- (ii) in respect of a Series of Additional Tier 1 Notes, (A) the common shares of the Bank and (B) any securities or other obligations of the Bank ranking, or expressed to rank, junior to the Additional Tier 1 Notes of such Series;

“LIBOR” means the London interbank offered rate;

“London Business Day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London;

“Long Maturity Note” means a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note;

“Loss Absorbing Instrument” means, in respect of a Series of Additional Tier 1 Notes, at any time any instrument (other than the Additional Tier 1 Notes of such Series) issued directly or indirectly by the Bank or, as applicable, any other member of the Handelsbanken Group (i) which at such time qualifies as Additional Tier 1 Capital of either the Bank or the Handelsbanken Group (as the case may be) and (ii) which is subject to write down or conversion (as applicable) of the outstanding principal amount thereof (in accordance with its terms or otherwise) on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of either the Bank or the Handelsbanken Group (as the case may be) falling below a specified level;

“Loss Absorption Minimum Amount” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Maturity Date” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Maximum Distributable Amount” means any maximum distributable amount relating to the Bank required to be calculated in accordance with Article 141 of the CRD IV Directive (as it may be amended or replaced from time to time) or any provisions of the Relevant Rules implementing the CRD IV Directive;

“Maximum Rate of Interest” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Maximum Reinstatement Amount” means, in respect of any Reinstatement of a Series of Additional Tier 1 Notes, the lower of:

- (i) if and to the extent Net Profit of the Handelsbanken Group is permitted to be used for the relevant Reinstatement under the Relevant Rules, the Net Profit of the Handelsbanken Group multiplied by the sum of the aggregate Original Principal Amount of the Additional Tier 1 Notes of such Series and the aggregate initial principal amount of all Written Down Loss Absorbing Instruments of the Handelsbanken Group and divided by the total Tier 1 Capital of the Handelsbanken Group as at the date of the relevant Reinstatement; and
- (ii) the Net Profit of the Bank multiplied by the sum of the aggregate Original Principal Amount of the Additional Tier 1 Notes of such Series and the aggregate initial principal amount of all Written Down Loss Absorbing Instruments of the Bank, and divided by the total Tier 1 Capital of the Bank as at the date of the relevant Reinstatement,

or any higher amount permissible pursuant to Relevant Rules;

“Measurement Date” means (i) 31st March, 30th June, 30th September and 31st December of each calendar year, (ii) each date when the Common Equity Tier 1 Capital Ratio is required to be calculated according to the Relevant Rules and (iii) each other date when the Common Equity Tier 1 Capital Ratio is calculated, as determined by the Bank;

“Mid-Market Swap Rate” means for any Reset Interest Period the mean of the bid and offered rates for the fixed leg of a fixed-for-floating interest rate swap transaction in the Specified Currency with a payment frequency equivalent to the Original Mid-Swap Rate Payment Basis (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Agent), expressed as a percentage rate per annum having been converted (if Mid-Swap Rate Conversion is specified as applicable in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement) from the Original Mid-Swap Rate Payment Basis to a basis which matches the per annum frequency of Interest Payment Dates in respect of the Notes, which transaction (i) has a term equal to the relevant Reset Interest Period and commencing on the relevant Reset Date, (ii) has a notional amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Agent);

“Mid-Market Swap Rate Quotation” means a quotation (expressed as a percentage rate per annum having been converted (if Mid-Swap Rate Conversion is specified as applicable in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement) from the Original Mid-Swap Rate Payment Basis to a basis which matches the per annum frequency of Interest Payment Dates in respect of the Notes) for the relevant Mid-Market Swap Rate;

“Mid-Swap Floating Leg Benchmark Rate” means EURIBOR (if the Specified Currency is euro), LIBOR (if the Specified Currency is U.S. dollars or pounds sterling), CIBOR (if the Specified Currency is Danish Kroner), NIBOR (if the Specified Currency is Norwegian Kroner), STIBOR (if the Specified Currency is Swedish Kronor), HIBOR (if the Specified Currency is Hong Kong dollars) or (in the case of any other Specified Currency) the benchmark rate most closely connected with such Specified Currency and selected by the Agent in its discretion after consultation with the Bank;

“Mid-Swap Rate” means, in relation to a Reset Interest Determination Date and subject to Condition 6(b)(ii), either:

- (i) if Single Mid-Swap Rate is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, the rate for swaps in the Specified Currency (expressed as a percentage rate per annum having been converted (if Mid-Swap Rate Conversion is specified as applicable in the applicable Final Terms or, in the case of Exempt

Notes, the applicable Pricing Supplement) from the Original Mid-Swap Rate Payment Basis to a basis which matches the per annum frequency of Interest Payment Dates in respect of the Notes):

(A) with a term equal to the relevant Reset Interest Period; and

(B) commencing on the relevant Reset Date;

which appears on the Relevant Screen Page; or

- (ii) if Mean Mid-Swap Rate is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, the arithmetic mean (rounded, if necessary, to the fifth decimal place, with 0.0005 per cent. being rounded upwards) of the bid and offered swap rate quotations for swaps in the Specified Currency (expressed as a percentage rate per annum having been converted (if Mid-Swap Rate Conversion is specified as applicable in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement) from the Original Mid-Swap Rate Payment Basis to a basis which matches the per annum frequency of Interest Payment Dates in respect of the Notes):

(A) with a term equal to the relevant Reset Interest Period; and

(B) commencing on the relevant Reset Date,

which appears on the Relevant Screen Page,

in either case, as at approximately the Relevant Time on such Reset Interest Determination Date, all as determined by the Agent;

“Mid-Swap Maturity” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Minimum Rate of Interest” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Minimum Redemption Amount” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Net Profit” means (i) in respect of a financial year of the Bank, the unconsolidated net profit of the Bank and (ii) in respect of a financial year of the Handelsbanken Group, the consolidated net profit (excluding minority interests) of the Handelsbanken Group, in each case, as calculated and set out in the audited annual accounts of the Bank and the Handelsbanken Group for such financial year as adopted by the Bank’s shareholders’ general meeting;

“NIBOR” means the Norwegian interbank offered rate;

“Optional Redemption Amount” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Optional Redemption Date” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Original Calculation Amount” has the meaning specified in the definition of Calculation Amount;

“Original Mid-Swap Rate Payment Basis” means annual, semi-annual, quarterly or monthly, as specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, or, in the case of Exempt Notes, such other payment basis as shall be specified in the applicable Pricing Supplement;

“Original Principal Amount” means, as the context requires:

- (i) in respect of a Note, the principal amount of such Note on its Issue Date; and
- (ii) in respect of a Series of Notes, the principal amount of the Notes of such Series on their Issue Date or Issue Dates;

“Outstanding Principal Amount” means, as the context requires:

- (i) in respect of a Note which forms part of a Series of Senior Notes or Subordinated Notes, the Original Principal Amount of such Note as may be reduced from time to time upon a partial redemption pursuant to Conditions 7(c), 7(d) or 7(e);
- (ii) in respect of a Note which forms part of a Series of Additional Tier 1 Notes, the Original Principal Amount of such Note as written down or reinstated from time to time pursuant to Condition 8 or as otherwise required by then current legislation and/or regulations applicable to the Bank and/or as reduced upon a partial redemption pursuant to Conditions 7(c) or 7(e); and
- (iii) in respect of a Series of Additional Tier 1 Notes, the Original Principal Amount of such Series as written down or reinstated from time to time pursuant to Condition 8 or as otherwise required by then current legislation and/or regulations applicable to the Bank and/or as reduced upon a partial redemption pursuant to Conditions 7(c) or 7(e);

“Own Funds” means:

- (i) in respect of the Bank, its Tier 1 Capital and Tier 2 Capital; and
- (ii) in respect of the Handelsbanken Group, its Tier 1 Capital and Tier 2 Capital;

“Parity Securities” means;

- (i) in respect of a Series of Subordinated Notes, (A) any subordinated debt instruments or securities of the Bank which are recognised as Tier 2 Capital of the Bank from time to time by the Relevant Regulator and (B) any securities or other obligations of the Bank which rank, or are expressed to rank, on a voluntary or involuntary liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Bank *pari passu* with the Subordinated Notes of such Series; and
- (ii) in respect of a Series of Additional Tier 1 Notes, (A) any subordinated and undated debt instruments or securities of the Bank which are recognised as Additional Tier 1 Capital of the Bank from time to time by the Relevant Regulator and (B) any securities or other obligations of the Bank which rank, or are expressed to rank, on a voluntary or involuntary liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Bank *pari passu* with the Additional Tier 1 Notes of such Series; and

“Payment Day”, unless otherwise specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, means any day which (subject to Condition 17):

- (i) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) in the case of Notes in definitive form only, the relevant place of presentation; and
 - (B) each Additional Financial Centre specified (other than the TARGET2 System) in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;
- (ii) if “TARGET2 System” is specified as an Additional Financial Centre in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, is a day on which the TARGET2 System is open; and
- (iii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open;

“Qualifying Additional Tier 1 Securities” means, in respect of a Series of Additional Tier 1 Notes, at any time, any securities, whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by the Bank that:

- (i) have terms not materially less favourable to Noteholders (as reasonably determined by the Bank) than the terms of the Additional Tier 1 Notes of such Series prior to substitution or variation, as the case may be, provided that the Bank shall have provided a certification to such effect of two Authorised Signatories of the Bank to the Trustee prior to:
 - (A) in the case of a substitution of the Additional Tier 1 Notes of such Series, the issue of the relevant securities; or
 - (B) in the case of a variation of the terms of the Additional Tier 1 Notes of such Series, such variation, as the case may be,

save that the requirements in this paragraph (i) shall not apply to the extent that, following the occurrence of a Capital Event and only in circumstances where No Interest Cancellation Discretion is specified as applicable in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, any substitution or variation has the effect of removing, suspending or reducing the Bank’s loss of discretion under Condition 6(e)(iv) to cancel its obligation to make interest payments and/or removing, suspending or reducing the circumstances in which default in the payment of any principal or interest shall be an Event of Default (such circumstances being in the proviso to the second paragraph of Condition 13(b));

- (ii) include a ranking in right of payment at least equal to that of the Additional Tier 1 Notes of such Series prior to such substitution or variation, as the case may be;
- (iii) have the same interest rate and Interest Payment Dates as those from time to time applying to the Additional Tier 1 Notes of such Series prior to such substitution or variation, as the case may be;

- (iv) (save as described in paragraph (i) above) have the same redemption rights as the Additional Tier 1 Notes of such Series prior to such substitution or variation, as the case may be;
- (v) comply with the then current requirements of the Relevant Regulator in relation to Additional Tier 1 Capital; and
- (vi) are listed on a recognised stock exchange if the Additional Tier 1 Notes of such Series were so listed immediately prior to such substitution or variation;

“Rate of Interest” means the rate or rates (expressed as a percentage rate per annum) of interest payable in respect of the Notes specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement and shall include, *inter alia*, the Initial Rate of Interest, the First Reset Rate of Interest and the Subsequent Reset Rate of Interest, as applicable;

“Reference Banks” means, in the case of Condition 6(c)(ii)(B)(1), those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and, in the case of Condition 6(c)(ii)(B)(2), those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared;

“Reference Price” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Reference Rate” means (i) LIBOR; (ii) EURIBOR; (iii) STIBOR; (iv) NIBOR; (v) CIBOR; or (vi) HIBOR, in each case for the relevant period, as specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, or, in the case of Exempt Notes, such other Reference Rate as shall be specified in the applicable Pricing Supplement;

“Reinstatement” has the meaning specified in Condition 8(d);

“Reinstatement Amount” means, in respect of a Reinstatement of a Series of Additional Tier 1 Notes, the relevant amount, subject to the Maximum Reinstatement Amount, by which the Outstanding Principal Amount of each Additional Tier 1 Note of such Series in effect prior to such Reinstatement is to be reinstated on the relevant Reinstatement Effective Date and written up on the balance sheet of the Bank, as specified in the relevant Reinstatement Notice;

“Reinstatement Effective Date” means, in respect of a Reinstatement of a Series of Additional Tier 1 Notes, the date on which the Outstanding Principal Amount of the Additional Tier 1 Notes of such Series is (in whole or in part) reinstated and written up on the balance sheet of the Bank, as specified in the relevant Reinstatement Notice;

“Reinstatement Notice” means, in respect of a Reinstatement of a Series of Additional Tier 1 Notes, the notice to be delivered by the Bank to the Noteholders as provided in Condition 8(e) specifying the relevant Reinstatement Amount in respect of such Series of Additional Tier 1 Notes and the relevant Reinstatement Effective Date in respect of such Series of Additional Tier 1 Notes;

“Reinstatement Procedure” means, in respect of a Reinstatement of a Series of Additional Tier 1 Notes, the procedure relating to Reinstatement set out in Condition 8(e);

“Relevant Date” means, in the case of a payment under the Notes:

- (i) the date on which such payment first becomes due; or

- (ii) if the full amount of the moneys payable has not been received by the Agent or the Trustee on or prior to such due date, the date on which, the full amount of such moneys having been so received, notice to that effect shall have been given to the Noteholders in accordance with Condition 18;

“Relevant Financial Centre” means (i) London, in the case of a determination of LIBOR; (ii) Brussels, in the case of a determination of EURIBOR; (iii) Stockholm, in the case of a determination of STIBOR; (iv) Oslo, in the case of a determination of NIBOR; (v) Copenhagen, in the case of a determination of CIBOR; or (vi) Hong Kong, in the case of a determination of HIBOR, as specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, or, in the case of Exempt Notes, such other Relevant Financial Centre as shall be specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Relevant Regulator” means the Swedish Financial Supervisory Authority and any successor thereto or replacement thereof or other authority having primary responsibility for the prudential oversight and supervision of the Bank;

“Relevant Reset Margin” means, in respect of a Reset Interest Period, whichever of the First Reset Margin or the Subsequent Reset Margin is applicable for the purpose of determining the Rate of Interest in respect of such Reset Interest Period;

“Relevant Rules” means the laws, regulations, requirements, guidelines and policies relating to capital adequacy in effect at the relevant time in Sweden including, without limitation, the BRRD (as implemented through the Swedish Resolutions Act (*Sw. lag (2015:1016) om resolution*)) and any subsequent regulation transposing or implementing the BRRD), the CRR and the CRD IV Implementing Measures and those regulations, requirements, guidelines and policies relating to capital adequacy adopted by the Relevant Regulator and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Bank), as well as any order implementing any of them;

“Relevant Screen Page” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Relevant Time” means (i) in the case of LIBOR, 11.00 a.m.; (ii) in the case of EURIBOR, 11.00 a.m.; (iii) in the case of STIBOR, 11.00 a.m.; (iv) in the case of NIBOR, 12.00 noon; (v) in the case of CIBOR, 11.00 a.m.; (vi) in the case of HIBOR, 11.00 a.m., in each case in the Relevant Financial Centre or (vii) in the case of Reset Notes and in all other cases, such other time as shall be specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Reset Date” means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

“Reset Interest Determination Date” means, in respect of a Reset Interest Period, the date specified as such in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Reset Interest Period” means the First Reset Interest Period or a Subsequent Reset Interest Period, as the case may be;

“Reset Notes Interest Amount” has the meaning specified in Condition 6(b);

“Reset Reference Banks” means the principal office in the principal financial centre of the Specified Currency of five major banks in the swap market most closely connected with the relevant Mid-Swap Rate as selected by the Agent in its discretion after consultation with the Bank;

“Second Reset Date” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Specified Currency” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Specified Denomination” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“STIBOR” means the Stockholm interbank offered rate;

“Subordinated Indebtedness” means any obligation of the Bank, whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event of liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Bank to the claims of depositors and all other unsubordinated creditors of the Bank;

“Subsequent Reset Date” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Subsequent Reset Interest Period” means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date or the Maturity Date (if any), as the case may be;

“Subsequent Reset Margin” has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

“Subsequent Reset Rate of Interest” means, in respect of any Subsequent Reset Interest Period and, subject to Condition 6(b)(ii), the rate of interest determined by the Agent on the relevant Reset Interest Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Subsequent Reset Margin;

“Subsidiary” has the meaning provided in the Swedish Companies Act (*Aktiebolagslagen (ABL) 2005:551*);

“sub-unit” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent;

“TARGET2 System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (or any successor thereto);

“Tax Event” means the receipt by the Bank and the Trustee of an opinion of counsel in the Kingdom of Sweden (experienced in such matters) to the effect that, as a result of (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws or treaties (or any regulations thereunder) of the Kingdom of Sweden or any political subdivision or taxing authority thereof or therein affecting taxation, (ii) any governmental action or (iii) any amendment to, clarification of, or change in the official position or the interpretation of such governmental action or any interpretation or pronouncement that provides for a position with respect to such governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such action, amendment, clarification or change is made known, which action, amendment, clarification, or change is effective or such pronouncement or decision is announced on or after the Issue Date of the Notes or, if the Notes comprise more than one Tranche, the Issue Date of the last Tranche, there is

more than an insubstantial risk that (a) the Bank is, or will be, subject to additional taxes, duties or other governmental charges or civil liabilities with respect to the Notes which were not applicable at the relevant Issue Date or (b) the treatment of any of the Bank's items of income or expense with respect to the Notes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Bank will not be respected by a taxing authority and that subjects the Bank to additional taxes, duties or other governmental charges or civil liabilities which were not applicable at the relevant Issue Date, which additional taxes, duties or other governmental charges or civil liabilities are determined by the Bank to be material in the context of the Notes or the tax treatment thereof or in connection therewith;

"Tier 1 Capital" means the Tier 1 capital of either the Bank or the Handelsbanken Group (as the case may be), for the purposes and within the meaning of the Relevant Rules;

"Tier 2 Capital" means the Tier 2 capital of either the Bank or the Handelsbanken Group (as the case may be), for the purposes and within the meaning of the Relevant Rules;

"Trigger Event", in respect of a Series of Additional Tier 1 Notes, shall occur where the Common Equity Tier 1 Capital Ratio of the Bank or the Handelsbanken Group, as the case may be, as at any Measurement Date is less than the relevant Trigger Level in respect of such Series of Additional Tier 1 Notes;

"Trigger Level" means, in respect of a Series of Additional Tier 1 Notes, the relevant percentage specified for the Bank and/or the Handelsbanken Group, as applicable, in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;

"Write Down" means, in respect of a Series of Additional Tier 1 Notes, a write down of the Outstanding Principal Amount of the Additional Tier 1 Notes of such Series (in whole or in part, as applicable) in accordance with the Write Down Procedure;

"Write Down Amount" means, in respect of a Write Down of a Series of Additional Tier 1 Notes, the amount by which, on the relevant Write Down Effective Date, the Outstanding Principal Amount of each Additional Tier 1 Note of such Series is to be written down *pro rata* to the aggregate Outstanding Principal Amount of all the Additional Tier 1 Notes of such Series then outstanding, which shall be:

- (i) the amount (together with (A) the prior write down or conversion, to the extent possible, of any Higher Trigger Loss Absorbing Instruments and (B) the *pro rata* write down or conversion, to the extent possible, of any other Equal Trigger Loss Absorbing Instruments) that would be sufficient to restore the Common Equity Tier 1 Capital Ratio of the Bank and/or the Handelsbanken Group (as applicable) to at least the relevant Trigger Level in respect of such Series of Additional Tier 1 Notes (but without taking into account for these purposes any further write down or conversion of any Equal Trigger Loss Absorbing Instruments in accordance with their terms by any amount greater than the *pro rata* amount necessary to so restore the Common Equity Tier 1 Capital Ratio of the Bank and/or the Handelsbanken Group (as applicable) to the relevant Trigger Level); or
- (ii) if that Write Down (together with (A) the prior write down or conversion, to the extent possible, of any Higher Trigger Loss Absorbing Instruments and (B) the *pro rata* write down or conversion, to the extent possible, of any other Equal Trigger Loss Absorbing Instruments) would be insufficient to restore the Common Equity Tier 1 Capital Ratio of the Bank and/or the Handelsbanken Group (as applicable) to the relevant Trigger Level in respect of such Series of Additional Tier 1 Notes, or the Common Equity Tier 1 Capital Ratio of the Bank and/or the Handelsbanken Group (as applicable) is not capable of being so restored, the

amount necessary to reduce the Outstanding Principal Amount of each of the Additional Tier 1 Notes of such Series to the Loss Absorption Minimum Amount,

any such amount being considered to be a conditional capital contribution (*Sw. villkorat kapitaltillskott*).

“Write Down Effective Date” means, in respect of a Write Down of a Series of Additional Tier 1 Notes, the date on which such Write Down shall take place, or has taken place, as applicable;

“Write Down Notice” means, in respect of a Write Down of a Series of Additional Tier 1 Notes, the notice to be delivered by the Bank to the Noteholders in accordance with Condition 8(b) specifying (i) that a Trigger Event has or had been deemed to have occurred, (ii) the relevant Write Down Effective Date or expected Write Down Effective Date and (iii) if practicable, the relevant Write Down Amount;

“Write Down Procedure” means, in respect of a Series of Additional Tier 1 Notes, the write down procedure set out in Condition 8(c); and

“Written Down Loss Absorbing Instruments” means, in respect of a Series of Additional Tier 1 Notes, at any time, any Loss Absorbing Instrument which, immediately prior to the relevant Reinstatement, has an outstanding principal amount lower than the principal amount that it was issued with due to such principal amount having been written down (but not as a result of a conversion).

3. Status of Senior Notes

This Condition applies only to Senior Notes and references to “Notes” and “Coupons” in this Condition shall be construed accordingly.

The Notes and the relative Coupons (if any) constitute unconditional and unsecured obligations of the Bank and rank *pari passu* without any preference among Notes of the same Series and *pari passu* in right of payment with all other unsecured obligations (other than subordinated obligations and indebtedness entitled to preference under Swedish law) of the Bank, including deposits.

4. Status and Subordination of Subordinated Notes

This Condition 4 applies only to Subordinated Notes and references to “Notes” and “Coupons” in this Condition 4 shall be construed accordingly.

The Notes and the relative Coupons constitute unsecured, subordinated obligations of the Bank.

In the event of the voluntary or involuntary liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Bank, the rights of the holders of the Notes to payments of the then Outstanding Principal Amount of the Notes and any other amounts payable in respect of the Notes (including any accrued interest or damages awarded for breach of any obligations under the Conditions), will rank:

- (i) *pari passu* without any preference among Notes of the same Series;
- (ii) at least *pari passu* in right of payment with payments to holders of present or future outstanding Parity Securities;
- (iii) in priority in right of payment to payments to holders of present or future outstanding Junior Securities; and

- (iv) junior in right of payment to the payment of any present or future claims of (a) creditors of the Bank entitled to preference under Swedish law, (b) depositors of the Bank, (c) other unsubordinated creditors of the Bank and (d) subordinated creditors of the Bank whose right of payment ranks, or is expressed to rank, in priority to the right of payment of the holders of the Notes.

5. Status and Subordination of Additional Tier 1 Notes

This Condition 5 applies only to Additional Tier 1 Notes and references to “Notes” and “Coupons” in this Condition 5 shall be construed accordingly.

The Notes and the relative Coupons constitute unsecured, subordinated obligations of the Bank.

In the event of the voluntary or involuntary liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Bank, the rights of the holders of the Notes to payments of the then Outstanding Principal Amount of the Notes (which shall be reduced by any relevant Write Down in respect of which a Trigger Event has occurred but in respect of which the relevant Write Down Effective Date has not yet occurred) and any other amounts payable in respect of the Notes (including, if applicable, any accrued and uncanceled interest or damages awarded for breach of any obligations under the Conditions), will rank:

- (i) *pari passu* without any preference among Notes of the same Series;
- (ii) at least *pari passu* in right of payment with payments to holders of present or future outstanding Parity Securities;
- (iii) in priority in right of payment to payments to holders of present or future outstanding Junior Securities; and
- (iv) junior in right of payment to the payment of any present or future claims of (a) creditors of the Bank entitled to preference under Swedish law, (b) depositors of the Bank, (c) other unsubordinated creditors of the Bank and (d) creditors of the Bank in respect of Subordinated Indebtedness (other than Parity Securities and Junior Securities).

6. Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its Outstanding Principal Amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date (if any).

If the Notes are in definitive form, except:

- (i) as provided in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement; or
- (ii) in the case of Additional Tier 1 Notes where the Calculation Amount has been adjusted as described in the definition thereof,

the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Save in the case of Additional Tier 1 Notes where the Calculation Amount has been adjusted as described in the definition thereof, payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, amount to the Broken Amount(s) so specified.

If a Business Day Convention is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month on which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is: —

- (1) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (2) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (3) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

Unless the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement specify that the Business Day Convention is “adjusted”, any such adjustment to an Interest Payment Date shall not affect the amount of interest payable in respect of a Fixed Rate Note and, for the purposes of the determination of any amount in respect of interest and the applicable Day Count Fraction, the number of days in the relevant period shall be calculated on the basis that no adjustment has been made to the relevant Interest Payment Date.

Except in the case of:

- (A) Senior Notes or Subordinated Notes in definitive form; and
- (B) Additional Tier 1 Notes in definitive form where the Calculation Amount has not been adjusted as described in the definition thereof,

in either case, where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (ii) in the case of Fixed Rate Notes which are represented by a global Note, the aggregate Outstanding Principal Amount of the Fixed Rate Notes represented by such global Note; or
- (iii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Except in the case of Additional Tier 1 Notes in definitive form, where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the

amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In the case of Additional Tier 1 Notes in definitive form, where the Specified Denomination of a Fixed Rate Note is a multiple of the Original Calculation Amount, the amount of interest payable in respect of such Note in definitive form shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Original Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In the case of a Series of Additional Tier 1 Notes, if, at any time pursuant to Condition 8 or as otherwise required by then current legislation and/or regulations applicable to the Bank, the Outstanding Principal Amount of the Additional Tier 1 Notes of such Series are written down and/or reinstated, as applicable, during an Interest Period, the Calculation Amount will be adjusted by the Agent as of the date of such write down or reinstatement to reflect the resulting Outstanding Principal Amount so that the relevant amount of interest is determined by reference to such Calculation Amount as adjusted from time to time, all as determined by the Agent.

(b) ***Interest on Reset Notes***

(i) *Accrual of Interest*

Each Reset Note bears interest on its Outstanding Principal Amount:

- (a) from (and including) the Initial Period, at the Initial Rate of Interest;
- (b) for the First Reset Interest Period, at the First Reset Rate of Interest; and
- (c) for each subsequent Reset Interest Period thereafter (if any) to (but excluding) the Maturity Date (if any), at the relevant Subsequent Reset Rate of Interest.

Interest will be payable, in each case, in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date (if any).

If the Notes are in definitive form, except:

- (i) as provided in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement; or
- (ii) in the case of Additional Tier 1 Notes where the Calculation Amount has been adjusted as described in the definition thereof,

the amount of interest payable on each Interest Payment Date in respect of each Interest Period falling in the Initial Period will amount to the Fixed Coupon Amount. Save in the case of Additional Tier 1 Notes where the Calculation Amount has been adjusted as described in the definition thereof, payments of interest on the first Interest Payment Date will, if so specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, amount to the Broken Amount(s) so specified.

If a Business Day Convention is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month on which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is: —

- (1) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (2) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (3) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

Unless the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement specify that the Business Day Convention is “adjusted”, any such adjustment to an Interest Payment Date shall not affect the amount of interest payable in respect of a Reset Note and, for the purposes of the determination of any amount in respect of interest and the applicable Day Count Fraction, the number of days in the relevant period shall be calculated on the basis that no adjustment has been made to the relevant Interest Payment Date.

The Agent will at or as soon as practicable after each time at which a Rate of Interest in respect of a Reset Interest Period is to be determined, determine the relevant Rate of Interest for such Reset Interest Period.

Except in the case of:

- (A) Senior Notes or Subordinated Notes in definitive form; and
- (B) Additional Tier 1 Notes in definitive form where the Calculation Amount has not been adjusted as described in the definition thereof,

in either case where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, the Agent will calculate the amount of interest (the “Reset Notes Interest Amount”) payable on the Reset Notes for the relevant Interest Period by applying the relevant Rate of Interest to:

- (i) in the case of Reset Notes which are represented by a global Note, the aggregate Outstanding Principal Amount of the Reset Notes represented by such global Note; or
- (ii) in the case of Reset Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Except in the case of Additional Tier 1 Notes in definitive form, where the Specified Denomination of a Reset Note in definitive form is a multiple of the Calculation Amount, the Reset Notes Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In the case of Additional Tier 1 Notes in definitive form, where the Specified Denomination of a Reset Note is a multiple of the Original Calculation Amount, the amount of interest payable in respect of such Note in definitive form shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Original Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In the case of a Series of Additional Tier 1 Notes, if, at any time pursuant to Condition 8 or as otherwise required by then current legislation and/or regulations applicable to the Bank, the Outstanding Principal Amount of the Additional Tier 1 Notes of such Series are written down and/or reinstated, as applicable, during an Interest Period, the Calculation Amount will be adjusted by the Agent as of the date of such write down or reinstatement to reflect the resulting Outstanding Principal Amount so that the relevant Reset Note Interest Amount is determined by reference to such Calculation Amount as adjusted from time to time, all as determined by the Agent.

(ii) *Fallbacks*

If on any Reset Interest Determination Date, the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page as of the Relevant Time on such Reset Interest Determination Date, the Rate of Interest applicable to the Notes in respect of each Interest Period falling in the relevant Reset Interest Period will be determined by the Agent on the following basis:

- (a) the Agent shall request each of the Reset Reference Banks to provide the Agent with its Mid-Market Swap Rate Quotation as at approximately the Relevant Time on the Reset Interest Determination Date in question;
- (b) if at least three of the Reset Reference Banks provide the Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Interest Period will be equal to the sum of (A) the arithmetic mean (rounded, if necessary, to the fifth decimal place, with 0.0005 per cent. being rounded upwards) of the relevant quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest (or, in the event of equality, one of the lowest) and (B) the Relevant Reset Margin, all as determined by the Agent;
- (c) if only two relevant quotations are provided, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Interest Period will be equal to the sum of (A) the arithmetic mean (rounded as aforesaid) of the relevant quotations provided and (B) the Relevant Reset Margin, all as determined by the Agent;
- (d) if only one relevant quotation is provided, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Interest Period will be equal to the sum of (A) the relevant quotation provided and (B) the Relevant Reset Margin, all as determined by the Agent; and
- (e) if none of the Reset Reference Banks provides the Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) will be either:
 - (1) equal to the sum of (A) the Mid-Swap Rate determined on the last preceding Reset Interest Determination Date and (B) the Relevant Reset Margin or, in the case of the first Reset Interest Determination Date, the First Reset Rate of Interest will be equal to the sum of (A) the Initial Mid-Swap Rate and (B) the Relevant Reset Margin, all as determined by the Agent taking into consideration all available information that it in good faith deems relevant; or
 - (2) determined by the Agent taking into consideration all available information that it in good faith deems relevant,

as specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

(iii) Notification of Rate of Interest and Reset Notes Interest Amounts

In respect of each Reset Interest Period, the Agent will cause the Rate of Interest in respect of such Reset Interest Period and each Reset Notes Interest Amount for each Interest Period falling in such Reset Interest Period to be notified to the Bank, the Trustee and any stock exchange or listing authority on which the relevant Reset Notes are for the time being listed and notice thereof to be published in accordance with Condition 18 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Reset Notes Interest Amount so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice (A) in the event of an extension or shortening of the Interest Period or (B) in the case of a Reset Notes Interest Amount for a Series of Additional Tier 1 Notes, if, pursuant to Condition 8 or as otherwise required by then current legislation and/or regulations applicable to the Bank, the Outstanding Principal Amount of the Additional Tier 1 Notes of such Series are written down and/or reinstated, as applicable, during an Interest Period. Any such amendment will be promptly notified to each stock exchange or listing authority on which the relevant Reset Notes are for the time being listed, to the Trustee and, in accordance with Condition 18, to the Noteholders.

(iv) Determination or calculation by Trustee

If for any reason the Agent does not at any time determine the Rate of Interest in respect of a Reset Interest Period or calculate any Reset Notes Interest Amount in accordance with this Condition 6(b), the Trustee shall determine the relevant Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 6), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the relevant Rate of Interest or calculate any Reset Notes Interest Amount in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent.

(v) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(b), whether by the Agent or the Trustee, shall (in the absence of manifest error) be binding on the Bank, the Trustee, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Bank, the Noteholders or the Couponholders shall attach to the Agent or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions pursuant to such provisions.

(c) Interest on Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note bears interest on its Outstanding Principal Amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either: —

- (A) the Specified Interest Payment Date(s) (each an “Interest Payment Date”) in each year specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement; or

- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an “Interest Payment Date”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period.

If a Business Day Convention is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month on which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is: —

- (1) in any case where Specified Periods are specified in accordance with Condition 6(c)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (A), “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were

acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:—

- (1) the Floating Rate Option is as specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement;
- (2) the Designated Maturity is a period specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement; and
- (3) the relevant Reset Date is the day specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, the Minimum Rate of Interest shall be deemed to be zero.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:—

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Relevant Time in the Relevant Financial Centre on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement provides that if the Relevant Screen Page is not available or if in the case of Condition 6(c)(ii)(B)(1) above, no such offered quotation appears or, in the case of Condition 6(c)(ii)(B)(2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph:

- (i) the Issuer shall request; or
- (ii) the Issuer shall provide the Agent with the relevant contact details for each of the Reference Banks and the Agent, using such details, shall request,

each of the Reference Banks to provide the Issuer or the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the

Relevant Time in the Relevant Financial Centre on the Interest Determination Date in question. If two or more of the Reference Banks provide the Issuer or the Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Issuer or the Agent.

The Agency Agreement provides that if on any Interest Determination Date one only or none of the Reference Banks provides the Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time in the Relevant Financial Centre on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Time in the Relevant Financial Centre on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Bank suitable for such purpose) informs the Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

Unless otherwise stated in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, the Minimum Rate of Interest shall be deemed to be zero.

(iii) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (iv) below is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (iv) below is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the “Interest Amount”) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are represented by a global Note, the aggregate Outstanding Principal Amount of the Floating Rate Notes represented by such global Note; or
- (ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Except in the case of Additional Tier 1 Notes in definitive form, where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In the case of Additional Tier 1 Notes in definitive form, where the Specified Denomination of a Floating Rate Note is a multiple of the Original Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Original Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In the case of a Series of Additional Tier 1 Notes, if, at any time pursuant to Condition 8 or as otherwise required by then current legislation and/or regulations applicable to the Bank, the Outstanding Principal Amount of the Additional Tier 1 Notes of such Series are written down and/or reinstated, as applicable, during an Interest Period, the Calculation Amount will be adjusted by the Agent as of the date of such write down or reinstatement to reflect the resulting Outstanding Principal Amount from time to time so that the relevant Interest Amount is determined by reference to such Calculation Amount as adjusted from time to time, all as determined by the Agent.

(v) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

(vi) *Notification of Rate of Interest and Interest Amounts*

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Bank, the Trustee and any stock exchange or listing authority on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 18 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice (A) in the event of an extension or shortening of the Interest Period or (B) in the case of an Interest Amount for a Series of Additional Tier 1 Notes, if, pursuant to Condition 8 or as otherwise required by then current legislation and/or regulations applicable to the Bank, the Outstanding Principal Amount of the Additional Tier 1 Notes of such Series are written down and/or reinstated, as applicable, during an Interest Period. Any such amendment will be promptly notified to each stock exchange or listing authority on which the relevant Floating Rate Notes are for the time being listed, to the Trustee and, in accordance with Condition 18, to the Noteholders.

(vii) *Determination or calculation by Trustee*

If for any reason the Agent does not at any time determine the Rate of Interest or calculate any Interest Amount in accordance with this Condition 6(c), the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 6 but subject always to any minimum or maximum Rate of Interest specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent.

(viii) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(c), whether by the Agent or the Trustee, shall (in the absence of manifest error) be binding on the Bank, the Agent, the Trustee, the other Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Bank, the Noteholders or the Couponholders shall attach to the Agent or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions pursuant to such provisions.

(d) *Accrual of Interest*

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for its redemption (if any) unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed. In the case of a Series of Additional Tier 1 Notes, the Notes shall not bear interest to the extent the interest in respect of the relevant period is cancelled pursuant to Condition 6(e).

(e) *Cancellation of, and Restrictions on Payments on, Interest*

This Condition 6(e) applies only to Additional Tier 1 Notes and references to “Notes” in this Condition 6(e) shall be construed accordingly.

(i) *Cancellation of Interest*

Interest on the Notes will be due and payable only at the sole and absolute discretion of the Bank and, accordingly, the Bank shall have sole and absolute discretion at all times to cancel (in whole or in part) any interest payment that would otherwise be due and payable on any Interest Payment Date or other relevant date. If the Bank does not make an interest payment on the relevant Interest Payment Date or other relevant date (or if the Bank elects to make a payment of a portion, but not all, of such interest payment), such non-payment shall evidence the Bank's exercise of its discretion to cancel such interest payment (or the portion of such interest payment not paid) and, accordingly, such interest payment (or the portion thereof not paid) shall not be due and payable.

If the Bank provides notice of its intention to cancel a portion, but not all, of an interest payment and the Bank subsequently does not make a payment of the remaining portion of such interest payment on the relevant Interest Payment Date or other relevant date, such non-payment shall evidence the Bank's exercise of its discretion to cancel such remaining portion of the interest payment and, accordingly, such remaining portion of the interest payment shall also not be due and payable.

(ii) *Effect of Interest Cancellation*

Interest will only be due and payable on an Interest Payment Date to the extent the obligation to pay it is not cancelled in accordance with the provisions set out above. Any interest payment obligation so cancelled (in whole or in part) shall not be due and shall not accrue or be payable at any time thereafter nor shall any cancellation thereof constitute an Event of Default (as set out in Condition 13(b)) and, accordingly, Noteholders shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation or deemed cancellation.

The Bank may use amounts relating to any such cancelled payments without restriction to meet its other obligations as they fall due.

(iii) *Notice of Interest Cancellation*

If practicable, the Bank shall provide notice, in accordance with Condition 18, of any cancellation of its obligation to pay interest (in whole or in part) to the Noteholders on or prior to the relevant Interest Payment Date. If practicable, the Bank shall endeavour to provide such notice at least five Business Days prior to the relevant Interest Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation or deemed cancellation, or give Noteholders any rights as a result of such failure.

(iv) *No interest cancellation following a Capital Event*

If (a) a Capital Event has occurred and (b) No Interest Cancellation Discretion Following a Capital Event is specified as applicable in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, then, beginning on the relevant Capital Event Date, the Bank shall cease to have discretion to cancel its obligation to make interest payments and shall pay amounts of interest accruing on the Notes from and including such Capital Event Date in arrear on each subsequent Interest Payment Date.

(v) *Restriction on Payment of Interest*

(A) *Restriction*

Payments of interest in respect of the Notes in any financial year of the Bank shall be made only out of Distributable Items of the Bank. The Bank shall not pay interest on the Notes on any Interest Payment Date (and the obligation to make such interest payment shall therefore be deemed to have been cancelled and thus such interest payment shall not be due and payable on such Interest Payment Date) to the extent that the Bank has an amount of

Distributable Items on such Interest Payment Date that is insufficient to pay the sum of (a) all interest payments or distributions on all other own funds instruments of the Bank (determined by the Bank for the purposes of the Relevant Rules) paid and/or required and/or scheduled to be paid out of or limited to Distributable Items in the then current financial year and (b) all interest scheduled for payment on the Notes in the then current financial year, but excluding from (a) and (b) above any such payments or distributions (or portion thereof) which have already been deducted in calculating the Distributable Items of the Bank.

The Bank may, in its sole and absolute discretion, elect to make a partial interest payment on the Notes on any Interest Payment Date, but only to the extent that such partial interest payment may be made without breaching the restriction set out in the immediately preceding paragraph.

In circumstances where Article 141 of the CRD IV Directive (or, as the case may be, any provision of Swedish law transposing or implementing such Article) applies, no payments will be made on the Notes (whether by way of principal, interest, Reinstatement Amount or otherwise) if and to the extent that such payment would cause the Maximum Distributable Amount (if any), determined in accordance with the Relevant Rules to be exceeded and, accordingly, in the case of interest, the obligation to make the relevant interest payment or any part thereof shall be deemed to be cancelled.

(B) **Notice of Restriction**

If practicable, the Bank shall provide to Noteholders notice, in accordance with Condition 18, of any applicable restriction on its ability to pay interest as set out in Condition 6(v)(A) above on or prior to the relevant Interest Payment Date. If practicable, the Bank shall endeavour to provide such notice at least five Business Days prior to the relevant Interest Payment Date. Failure to provide such notice will not have any impact on, or otherwise invalidate, any such restriction on the Bank's ability to pay interest, or give Noteholders any rights as a result of such failure.

7. Redemption and Purchase

(a) ***At Maturity***

Unless previously redeemed or purchased and cancelled as specified below, each Senior Note and each Subordinated Note will be redeemed by the Bank at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date. Additional Tier 1 Notes have no final maturity and are only redeemable or repayable in accordance with the following relevant provisions of this Condition and the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

(b) ***Redemption for Withholding Tax Reasons***

Subject as provided in Condition 7(j), if the Bank at any time delivers to the Trustee immediately prior to the giving of the notice referred to below evidence that, as a result of any actual or proposed change in or amendment to the laws of the Kingdom of Sweden or the regulations of any taxing authority therein or thereof, or in or to the application of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the Notes or, if the Notes comprise more than one Tranche, the Issue Date of (in the case of Senior Notes) the first Tranche or (in the case of Subordinated Notes or Additional Tier 1 Notes) the last Tranche, the Bank would, on the occasion of the next payment due in respect of the Notes, be required to pay additional amounts as provided in Condition 12, the Bank may, at its option, having given not less than 30 days' and not

more than 60 days' notice to the Trustee, the Agent and in accordance with Condition 18, the holders of the Notes, at any time or, if the Notes are Floating Rate Notes, on any Interest Payment Date redeem all, but not some only, of the Notes each at its Early Redemption Amount, together, if appropriate, with (in the case of Notes other than Additional Tier 1 Notes) interest accrued to (but excluding) the date of redemption or (in the case of Additional Tier 1 Notes) interest accrued to (but excluding) the date of redemption if the Bank's obligation to pay interest has not been cancelled or deemed to be cancelled. Upon the expiry of such notice, the Bank shall, subject (in the case of Additional Tier 1 Notes) to Condition 7(l), be bound to redeem the Notes accordingly.

(c) *Redemption at the Option of the Bank (Issuer Call)*

Subject as provided in Condition 7(j), if Issuer Call is specified as being applicable in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, the Bank may, having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement to the Trustee, the Agent and, in accordance with Condition 18, the holders of the Notes (which notice shall, subject (in the case of Additional Tier 1 Notes) to Condition 7(l), be irrevocable), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement together, if appropriate, with (in the case of Notes other than Additional Tier 1 Notes) interest accrued to (but excluding) the date of redemption or (in the case of Additional Tier 1 Notes) interest accrued to (but excluding) the date of redemption if the Bank's obligation to pay interest has not been cancelled or deemed to be cancelled. In the event of a redemption of some only of the Notes, such redemption must be of a nominal amount being not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount, in each case as indicated in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement. In the case of a partial redemption of definitive Notes, the Notes to be repaid will be selected individually by lot not more than 60 days prior to the date fixed for redemption and a list of the Notes called for redemption will be published in accordance with Condition 18 not less than 30 days prior to such date. In the case of a partial redemption of Notes which are represented by a global Note, the relevant Notes will be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion).

(d) *Redemption at the Option of the Noteholders (Investor Put)*

This Condition 7(d) is not applicable to Subordinated Notes and Additional Tier 1 Notes and references to "Notes" in this Condition 7(d) shall be construed accordingly.

If Investor Put is specified as being applicable in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, upon the holder of any Note giving to the Bank in accordance with Condition 18 not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement (which notice shall be irrevocable) the Bank will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the date of redemption.

(e) *Purchases*

Subject as provided in Condition 7(j), the Bank or any of its Subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons appertaining thereto are surrendered therewith) in the open market or otherwise at any price.

(f) ***Cancellation***

All Notes redeemed or purchased as aforesaid, other than Notes purchased by the Bank or any of its Subsidiaries which it determines to hold for possible subsequent dealing and Notes purchased by the Bank or any Subsidiary of the Bank in the ordinary course of business carried on by it as a dealer in securities or otherwise than as beneficial owner, will be cancelled forthwith, together with all unmatured Coupons attached thereto or surrendered or purchased therewith, and may not be resold or reissued.

(g) ***Late payment on Zero Coupon Notes***

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to this Condition 7 or upon its becoming due and repayable as provided in Condition 13 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the relevant Early Redemption Amount as though the references therein to the date fixed for redemption or the date upon which the Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

- (1) the date on which all amounts due in respect of the Zero Coupon Note have been paid; and
- (2) the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 18.

(h) ***Redemption upon Capital Event or Tax Event: Subordinated Notes and Additional Tier 1 Notes***

This Condition 7(h) applies only to Subordinated Notes and Additional Tier 1 Notes and references to “Notes” in this Condition 7(h) shall be construed accordingly.

Upon the occurrence of a Capital Event or a Tax Event in respect of a Series of Subordinated Notes or Additional Tier 1 Notes but subject to Condition 7(j), the Bank may, at its option, having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement to the Trustee, the Agent and, in accordance with Condition 18, the Noteholders (which notice shall, subject (in the case of Additional Tier 1 Notes) to Condition 7(l), be irrevocable), at any time or, if the Notes of such Series are Floating Rate Notes, on any Interest Payment Date redeem all, but not some only, of the Notes of such Series each at its Early Redemption Amount together, if appropriate, with (in the case of Subordinated Notes) interest accrued to (but excluding) the date of redemption or (in the case of Additional Tier 1 Notes) interest accrued to (but excluding) the date of redemption if the Bank’s obligation to pay interest has not been cancelled or deemed to be cancelled. Upon the expiry of such notice, the Bank shall, subject (in the case of Additional Tier 1 Notes) to Condition 7(l), be bound to redeem the Notes accordingly.

(i) ***Variation or Substitution instead of Redemption***

This Condition 7(i) applies only to Additional Tier 1 Notes and references to “Notes” in this Condition 7(i) shall be construed accordingly.

If at any time a Capital Event or a Tax Event occurs in respect of a Series of Additional Tier 1 Notes, the Bank may, instead of giving notice to redeem as aforesaid, and subject to Condition 7(j), without any requirement for the consent or approval of the Noteholders or Couponholders, and having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement to the Trustee, the Agent and, in accordance with the Conditions, the holders of the Notes (which notice shall, subject to Condition 7(l), be irrevocable), at any time either substitute Qualifying Additional Tier 1 Securities for all (but not some only) of the Notes of such Series, or vary the terms of the Notes of such Series provided that they become or, as appropriate, remain Qualifying Additional Tier 1 Securities.

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Noteholders can inspect or obtain copies of the new terms and conditions of the Notes of such Series or substituted securities. Such substitution or variation will be effected without any cost or charge to the Noteholders.

The Trustee shall (subject to the following provisions of this paragraph) agree to such substitution or variation and shall (at the expense of the Bank) use its reasonable endeavours to participate in or assist the Bank with the substitution of the Notes of such Series for, or the variation of the terms of the Notes of such Series, provided that they become or, as appropriate, remain Qualifying Additional Tier 1 Securities, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed Qualifying Additional Tier 1 Securities or the participation in or assistance with such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or reduce its protections. If, notwithstanding the above, the Trustee does not participate or assist as provided above, the Bank may, subject as provided herein, redeem the Notes of such Series as provided above.

(j) *Consent of the Relevant Regulator*

In the case Subordinated Notes, any early redemption or purchase pursuant to Conditions 7(b), (c), (e) and (h), as applicable, is subject to the prior written consent of the Relevant Regulator.

In the case Additional Tier 1 Notes, any redemption, variation or substitution or purchase pursuant to Conditions 7(b), (c), (e), (h) and (i), as applicable, is subject to the prior written consent of the Relevant Regulator.

(k) *No other redemption, variation or substitution: Subordinated Notes and Additional Tier 1 Notes*

Without prejudice to Condition 15, the Bank shall not be entitled to redeem, purchase, vary or substitute the Additional Tier 1 Notes except as provided in Conditions 7(b), (c), (e), (h) and (i) above. Without prejudice to Condition 15, the Bank shall not be entitled to redeem the Subordinated Notes except as provided in Conditions 7(b), (c), (e) and (h).

(l) *Trigger Event Post Notice of Redemption, Variation or Substitution*

This Condition 7(l) applies only to Additional Tier 1 Notes and references to "Notes" in this Condition 7(l) shall be construed accordingly.

If the Bank has elected to redeem a Series of Additional Tier 1 Notes in accordance with Conditions 7(b), (c), or (h) or, as the case may be, to substitute or vary the terms of the Notes of such Series in accordance with Condition 7(i), but prior to the payment of the redemption amount with respect to such redemption or, as applicable, prior to the substitution or variation becoming effective, a Trigger Event occurs, the relevant redemption notice or, as applicable, relevant notice of substitution

or variation, shall be automatically rescinded and shall be of no force and effect, no payment of the redemption amount shall be due and payable or, if applicable, no substitution or variation shall be effected, and a Write Down shall take place pursuant to Condition 8.

8. Loss Absorption and Reinstatement

This Condition 8 applies only to Additional Tier 1 Notes and references to “Notes” in this Condition 8 shall be construed accordingly.

(a) Write Down

If, in respect of a Series of Additional Tier 1 Notes, the Bank determines that a Trigger Event has occurred as at any Measurement Date, then the Bank shall Write Down the Outstanding Principal Amount of each Note of such Series (in whole or in part, as applicable) on the relevant Write Down Effective Date. Any Write Down Amount shall only be reinstated as set out under Condition 8(d). The relevant Write Down shall occur without delay (and in any event within one month or such shorter period as the Relevant Regulator may require) following the occurrence of a Trigger Event.

Upon the occurrence of a Trigger Event, the Bank shall immediately inform the Relevant Regulator and shall deliver a notice to the Noteholders in accordance with Condition 18 specifying (i) that a Trigger Event has occurred and (ii) if the Notes of such Series will be subject to a Write Down, the relevant Write Down Effective Date or expected Write Down Effective Date.

Except as set out under Condition 8(d), following a Write Down, no Noteholder will have any rights against the Bank with respect to the repayment of any principal amount to the extent so written down or the payment of interest on any principal amount that has been so written down (including any interest which may have accrued on such principal amount prior to such Write Down) or any other amount on or in respect of any principal amount that has been so written down. Furthermore, the Bank’s obligation to pay any interest on any principal amount that is to be written down on the relevant Write Down Effective Date, in respect of an Interest Period ending on any Interest Payment Date falling between the date of a Trigger Event and the relevant Write Down Effective Date shall automatically be deemed to have been cancelled upon the occurrence of such Trigger Event and such interest shall, accordingly, not be due and payable.

The Bank may determine that a Trigger Event has occurred on more than one occasion and, accordingly, the Outstanding Principal Amount of each Note may be written down on more than one occasion provided that the Outstanding Principal Amount of each Note may never be reduced to below the Loss Absorption Minimum Amount.

The Write Down shall not constitute an Event of Default or a breach of the Bank’s obligations or duties or a failure to perform by the Bank in any manner whatsoever and shall not, of itself, entitle Noteholders to present any petition for the insolvency or dissolution of the Bank or otherwise.

(b) Write Down Notice

If, in respect of a Series of Additional Tier 1 Notes, the Bank determines that a Trigger Event has or has been deemed to have occurred, it shall publish a Write Down Notice in accordance with Condition 18 as soon as practicable after such determination. The Write Down Notice shall be sufficient evidence of the occurrence of such Trigger Event and will be conclusive and binding on Noteholders. Any delay in delivery or failure to publish a Write Down Notice shall not affect the validity of any Write Down or the timing of any Write Down Effective Date.

(c) Write Down Procedure

On the relevant Write Down Effective Date of a Series of Additional Tier 1 Notes, the Bank shall write down the Outstanding Principal Amount of each Note of such Series by the relevant Write Down Amount of such Series.

To the extent the prior write down or conversion of any Higher Trigger Loss Absorbing Instrument or Equal Trigger Loss Absorbing Instrument for the purposes of the definition of Write Down Amount is not possible for any reason, this shall not in any way affect any Write Down of the Additional Tier 1 Notes of the relevant Series. The only consequence shall be that the Additional Tier 1 Notes of such Series will be written down and the Write Down Amount in relation to such Additional Tier 1 Notes shall be determined as provided in the definition of Write Down Amount, without taking into account any such write down or conversion of such Higher Trigger Loss Absorbing Instrument or Equal Trigger Absorbing Instrument.

(d) ***Reinstatement***

If the Bank records a positive Net Profit or, to the extent permitted by the Relevant Rules, the Handelsbanken Group records a positive Net Profit at any time while the Outstanding Principal Amount of the Notes of a Series of Additional Tier 1 Notes is less than its Original Principal Amount, the Bank may, at its sole and absolute discretion and subject to the Maximum Distributable Amount (when the amount of the relevant Reinstatement (as defined below) is aggregated together with other distributions of the Bank or the Handelsbanken Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive (or, if different, any provision of the Relevant Rules implementing Article 141(2) of the CRD IV Directive)) not being exceeded thereby, reinstate all or any part of any Write Down Amount, such that the Outstanding Principal Amount of each Note of such Series shall be increased by such amount in accordance with the Reinstatement Procedure (a “Reinstatement”) up to a maximum of the Original Principal Amount of the Notes of such Series, on a *pro rata* basis with the other Notes of such Series and with any Written Down Loss Absorbing Instruments of the Bank and, in the case of any increase in the Outstanding Principal Amount of the Notes of such Series by reference to the Net Profit of the Handelsbanken Group, any Written Down Loss Absorbing Instruments of the Handelsbanken Group, that, in each case, have terms permitting a principal write up or reinstatement to occur on a basis similar to that set out in this Condition 8(d) in the circumstances existing on the date of the relevant Reinstatement, provided that the sum of:

- (i) the aggregate amount of the relevant Reinstatement on all the Notes of such Series;
- (ii) the aggregate amount of any payments of interest in respect of the Notes of such Series that were paid on the basis of an Outstanding Principal Amount (of the Notes of such Series) lower than the Original Principal Amount (of the Notes of such Series) at any time after the end of the previous financial year;
- (iii) the aggregate amount of the increase in principal amount of each such Written Down Loss Absorbing Instrument at the time of the relevant Reinstatement; and
- (iv) the aggregate amount of any interest payments or distributions in respect of each such Written Down Loss Absorbing Instrument that were calculated or paid on the basis of an outstanding principal amount that is lower than the principal amount it was issued with at any time after the end of the previous financial year,

does not exceed the Maximum Reinstatement Amount.

A Reinstatement may occur on more than one occasion (and any exercise by the Bank of its discretion to effect a Reinstatement shall not preclude the Bank from effecting or not effecting any Reinstatement on any other occasion) provided that the Outstanding Principal Amount of a Note may never exceed its Original Principal Amount.

No Reinstatement may take place if (i) a Trigger Event has occurred in respect of which the Notes of such Series are to be subject to Write Down, but such Write Down has not occurred, (ii) a Trigger Event has occurred in respect of which the relevant Write Down has occurred but the Common Equity Tier 1 Capital Ratios of both the Bank and the Handelsbanken Group have not been restored to, or above, the relevant Trigger Level or (iii) the relevant Reinstatement (either alone or

together with all simultaneous reinstatements of other Equal Trigger Temporary Write Down Instruments) would cause a Trigger Event to occur.

The Bank shall not reinstate any of the outstanding principal amounts of any Equal Trigger Temporary Write Down Instruments unless it does so on a *pro rata* basis with a Reinstatement of the Outstanding Principal Amount of each Note of the relevant Series.

(e) ***Reinstatement Procedure***

If, in respect of a Series of Additional Tier 1 Notes, the Bank exercises such discretion to effect a Reinstatement it shall so notify the Trustee, the Agent and the Noteholders in accordance with Condition 18.

Any Reinstatement Amount shall be set by the Bank at its discretion, and shall be specified in the relevant Reinstatement Notice save that it shall not exceed the Maximum Reinstatement Amount for such financial year.

On the relevant Reinstatement Effective Date and subject to the prior consent of the Relevant Regulator (to the extent such consent is required by the Relevant Rules), the Bank shall (x) cause the Outstanding Principal Amount of each Note of such Series to be reinstated and written up by an amount equal to the relevant Reinstatement Amount on a *pro rata* basis with each Note of such Series and (y) procure that the outstanding principal amount of each security forming part of a series of Equal Trigger Temporary Write Down Instruments is, or has been, reinstated and written up on a *pro rata* basis with the Outstanding Principal Amount of each Note of such Series.

9. Payments

(a) ***Method of Payment***

Subject as provided below: —

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 12, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

(b) ***Presentation of definitive Notes, Coupons and Talons***

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above against surrender of definitive Notes and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid against

surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States.

Fixed Rate Notes in definitive form (other than Adjusted Fixed Rate Notes or Long Maturity Notes) should be presented for payment together with all unmatured Coupons (if any) appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons) failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the aggregate amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 17) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter. Upon any Fixed Rate Note in definitive form (other than an Adjusted Fixed Rate Note in definitive form) becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon any Floating Rate Note, Reset Note, Adjusted Fixed Rate Note or Long Maturity Note in definitive form becoming due and repayable prior to its stated maturity date, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from and including the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant global Note, where applicable, against presentation or surrender, as the case may be, of such global Note at the specified office of the Agent. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such global Note either by the Agent or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

The holder of the relevant global Note (or, as provided in the Trust Deed, the Trustee) shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Bank will be discharged by payment to, or to the order of, the holder of such global Note (or the Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of Notes must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Bank to, or to the order of, the holder of the relevant global Note (or the Trustee, as the case may be). No person other than the holder of the relevant global Note (or, as provided in the Trust Deed, the Trustee) shall have any claim against the Bank in respect of any payments due on that global Note.

Notwithstanding the foregoing, payments of interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)) if: —

- (i) the Bank has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to

make payment at such specified offices outside the United States of the full amount of interest on the Notes in the manner provided above when due;

- (ii) payment of the full amount of such interest at such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Bank, adverse tax consequences to the Bank.

(c) ***Payment Day***

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

(d) ***Interpretation of Principal and Interest***

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable: —

- (i) any additional amounts which may be payable under Condition 12 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes; and
- (v) any premium and any other amounts (other than interest) which may be payable under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable under Condition 12 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

10. Agent and Paying Agents

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Bank is entitled (with the prior written approval of the Trustee) to vary or terminate the appointment of any Paying Agent and/or appoint additional or other paying agents and/or approve any change in the specified office through which any Paying Agent acts, provided that: —

- (i) so long as the Notes are listed on any stock exchange and until the Notes are redeemed, there will at all times be a Paying Agent with a specified office in each location required by the rules and regulations of the relevant stock exchange or any other relevant authority;
- (ii) there will at all times be a Paying Agent with a specified office in a city approved by the Trustee in continental Europe outside Sweden; and

- (iii) there will at all times be an Agent.

In addition, the Bank shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 9(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Trustee and the Noteholders in accordance with Condition 18.

11. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to, and including, the final date for the payment of interest or penultimate payment of principal, as the case may be, due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 17. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

12. Taxation

All payments of principal and interest (if any) by the Bank will be made without withholding or deduction for, or on account of, any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Kingdom of Sweden or any authority thereof or therein having power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, the Bank will pay such additional amounts as may be necessary in order that the net amounts receivable by the Noteholders or the Couponholders, as the case may be, after such withholding or deduction shall equal the respective amounts of principal or interest which would have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amount shall be payable with respect to any Note or Coupon:—

- (i) presented for payment by or on behalf of a Noteholder or Couponholder who is liable to such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the Kingdom of Sweden other than the mere holding of such Note or Coupon; or
- (ii) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on or before such thirtieth day; or
- (iii) presented for payment by or on behalf of a Noteholder or Couponholder who would not be subject to such withholding or deduction if he were to comply with any certification, identification or other reporting requirements concerning nationality or residence or any connection with the Kingdom of Sweden; or
- (iv) presented for payment in the Kingdom of Sweden.

Notwithstanding anything to the contrary in the preceding paragraph, neither the Bank nor any paying agent or any other person shall be required to pay any additional amounts with respect to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

13. Events of Default

(a) *Relating to Senior Notes and Subordinated Notes*

Save as provided below in relation to Subordinated Notes, this Condition 13(a) applies only to Senior Notes and Subordinated Notes and references to “Notes” in this Condition 13(a) shall be construed accordingly.

The Trustee, at its discretion, may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Notes outstanding or if so directed by an Extraordinary Resolution of the holders of the Notes shall, subject in each case to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction, (but in the case of the happening of any of the events mentioned in paragraph (b) below only if the Trustee has certified that the happening of such event is, in its opinion, materially prejudicial to the interests of the holders of the Notes) give notice to the Bank that the Notes are, and they shall accordingly immediately become, due and repayable at their Early Redemption Amount together, if appropriate, with accrued interest (if any) to the due date for repayment and otherwise as provided in the Trust Deed if any of the following events (each an “Event of Default”) occurs, namely:—

- (a) the Bank defaults in the payment of any principal or interest for a period of seven days (in the case of principal) or 30 days (in the case of interest) in respect of any of the Notes when and as the same ought to be paid; or
- (b) default is made by the Bank in the performance or observance of any obligation, condition or provision binding on it under the Notes or the Trust Deed (other than any obligation for the payment of any principal or interest in respect of the Notes) and, except where such default is, in the opinion of the Trustee, not capable of remedy, such default continues for 30 days after written notice thereof has been given by the Trustee to the Bank requiring the same to be remedied; or
- (c) an agency or supervisory authority of the Kingdom of Sweden having jurisdiction in respect of the same institutes a proceeding, or a court in the Kingdom of Sweden enters a decree or order, for the appointment of a receiver or liquidator in any insolvency, bankruptcy, rehabilitation, readjustment of debt, marshalling of assets and liabilities or similar arrangements involving the Bank or all or substantially all of its property, or for the winding up of or liquidation of its affairs, and such proceeding, decree or order is not vacated or remains in force undischarged or unstayed for a period of 60 days; or
- (d) the Bank files a petition to take advantage of any insolvency statute or voluntarily suspends payment of its obligations; or
- (e) the Bank ceases or threatens to cease or carry on the whole or substantially the whole of its business (except for the purposes of, or following, a reconstruction, merger or amalgamation previously approved by the Trustee),

provided that only the events described in paragraphs (a), (c) or (d) above shall constitute Events of Default in relation to Subordinated Notes and provided further that upon a Subordinated Note becoming due and repayable under this Condition 13(a) the following restrictions shall apply: —

- (i) the Trustee (or, subject as provided below, the holder of such Subordinated Note) may at its discretion and without further notice take such steps, including the obtaining of a judgment against the Bank for any amount due in respect of such Subordinated Note, as it thinks desirable with a view to having the Bank declared

bankrupt (*Sw. konkurs*) or put into liquidation (*Sw. likvidation*) but not otherwise and consequently if any Subordinated Note has become due and repayable under this Condition 13(a) the Bank shall, except with the prior consent of the Relevant Regulator, only be required to make such payment after it has been declared bankrupt (*Sw. konkurs*) or put into liquidation (*Sw. likvidation*);

- (ii) the Trustee (or, subject as provided below, the holder of such Subordinated Note) may at its discretion and without further notice institute such proceedings against the Bank as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Bank under such Subordinated Note (other than, without prejudice to paragraph (i) above, any obligation for the payment of any principal or interest in respect of such Subordinated Note) provided that the Bank shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it; and
- (iii) no remedy shall be available to the Trustee, the holder of the relevant Subordinated Note or the holder of any relevant Coupon against the Bank other than as provided in paragraphs (i) or (ii) above or proving or claiming in the bankruptcy (*Sw. konkurs*) or liquidation (*Sw. likvidation*) of the Bank in the Kingdom of Sweden or elsewhere, whether for the recovery of amounts owing in respect of the relevant Subordinated Note or in respect of any breach by the Bank of any of its obligations or undertakings under the Subordinated Notes or the Trust Deed.

The Trustee shall not be bound to take any of the actions referred to in provisos (i), (ii) and (iii) of this Condition 13(a) to enforce the terms of the Trust Deed and/or the Subordinated Notes or to take any other action under or pursuant to the Trust Deed unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by holders of Subordinated Notes holding at least one-fifth in nominal amount of the Subordinated Notes outstanding, and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder or Couponholder may proceed directly against the Bank unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing, in which case the Noteholder or Couponholder shall have only such rights against the Bank as those which the Trustee is entitled to exercise.

(b) *Relating to Additional Tier 1 Notes*

This Condition 13(b) applies only to Additional Tier 1 Notes and references to “Notes” in this Condition 13(b) shall be construed accordingly.

The Trustee, at its discretion, may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Notes outstanding or if so directed by an Extraordinary Resolution of the holders of the Notes shall, subject in each case to the Trustee being indemnified and/or secured to its satisfaction, give notice to the Bank that the Notes are, and they shall accordingly immediately become, due and repayable at their Early Redemption Amount together, if appropriate, with accrued interest (if any) to the due date for repayment and otherwise as provided in the Trust Deed if one of the following events (each, an “Event of Default”) occurs.

- (a) an agency or supervisory authority of the Kingdom of Sweden having jurisdiction in respect of the same institutes a proceeding, or a court in the Kingdom of Sweden enters a decree or order for the appointment of a receiver or liquidator in any insolvency, bankruptcy rehabilitation, readjustment of debt, marshalling of assets and liabilities or similar arrangements involving the Bank or all or substantially all of its property, or for the winding up of or liquidation of its affairs, and such proceeding,

decree or order is not vacated or remains in force, undischarged or unstayed for a period of 60 days; or

- (b) the Bank files a petition to take advantage of any insolvency statute or voluntarily suspends payment of its obligations,

provided that, if (A) a Capital Event has occurred and (B) No Interest Cancellation Discretion Following a Capital Event is specified as applicable in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, then from and including the relevant Capital Event Date, a default in the payment of any principal for a period of seven days or interest for a period of 30 days in respect of the Notes after the same has become due and payable shall also be an Event of Default.

Upon a Note becoming due and repayable under this Condition 13(b) the following restrictions shall apply:

- (i) the Trustee (or, subject as provided below, the holder of such Note) may at its discretion and without further notice take such steps, including the obtaining of a judgment against the Bank in respect of such Note, as it thinks desirable with a view to having the Bank declared bankrupt (*Sw. konkurs*) or put into liquidation (*Sw. likvidation*) but not otherwise and consequently if any Note has become due and repayable under this Condition 13(b) the Bank shall, except with the prior consent of the Relevant Regulator, only be required to make such payment after it has been declared bankrupt (*Sw. konkurs*) or put into liquidation (*Sw. likvidation*);
- (ii) the Trustee (or, subject as provided below, the holder of such Note) may at its discretion and without further notice institute such proceedings against the Bank as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Bank under such Note (other than, without prejudice to paragraph (i) above, any obligation for the payment of any principal or interest in respect of such Note) provided that the Bank shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it; and
- (iii) no remedy shall be available to the Trustee or the holder of the relevant Note or the holder of any relevant Coupon against the Bank other than as provided in paragraphs (i) or (ii) above or proving or claiming in the bankruptcy (*Sw. konkurs*) or liquidation (*Sw. likvidation*) of the Bank in the Kingdom of Sweden or elsewhere, whether for the recovery of amounts owing in respect of the relevant Note or in respect of any breach by the Bank of any of its obligations or undertakings under the Note or the Trust Deed.

The Trustee shall not be bound to take any of the actions referred to in paragraphs (i), (ii) and (iii) of this Condition 13(b) to enforce the terms of the Trust Deed and/or the Notes or to take any other action under or pursuant to the Trust Deed unless (x) it shall have been so directed by an Extraordinary Resolution or so requested in writing by holders of Notes holding at least one-fifth in nominal amount of the Notes outstanding and (y) it shall have been indemnified and/or secured to its satisfaction. No Noteholder or Couponholder may proceed directly against the Bank unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing, in which case the Noteholder or Couponholder shall have only such rights against the Bank as those which the Trustee is entitled to exercise.

14. Enforcement and Indemnification of Trustee

- (a) ***Enforcement of Rights in relation to Senior Notes***

At any time after the Senior Notes have become due and repayable and have not been repaid the Trustee may, at its discretion and without further notice, institute such proceedings against the Bank as it may think fit to enforce repayment thereof together with accrued interest but shall not be bound to do so or be bound to take any other action under or pursuant to the Trust Deed unless: —

- (i) it has been so directed by an Extraordinary Resolution or in writing by the holders of at least one-fifth in nominal amount of the Senior Notes outstanding; and
- (ii) it has been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder or Couponholder shall be entitled to institute proceedings directly against the Bank unless the Trustee, having become bound to proceed as aforesaid, fails to do so within a reasonable time and such failure is continuing.

(b) ***Indemnification of Trustee***

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from any obligation to take proceedings to enforce repayment or to take any other action under or pursuant to the Trust Deed unless indemnified and/or secured to its satisfaction. The Trustee is entitled to enter into business transactions with the Bank or any of its Subsidiaries without accounting for any profit resulting therefrom and to act as trustee for the holders of any other securities issued by the Bank or any of its Subsidiaries.

15. Meetings of Noteholders; Modification; Waiver; Substitution

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions, the Trust Deed, the Notes or the Coupons. An Extraordinary Resolution is defined in the Trust Deed to mean a resolution passed by a majority of not less than 75 per cent. of the votes cast at a meeting or adjourned meeting of the Noteholders convened to consider the relevant Extraordinary Resolution. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing a clear majority of the nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present being or representing Noteholders whatever the nominal amount of the Notes held or represented by them, except that at any meeting, the business of which includes, *inter alia*, reduction of the amount, or variation of the currency of or postponement of the date for payment of, principal or interest in respect of the Notes, or (in the case of Additional Tier 1 Notes) the relevant Trigger Level, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the nominal amount of the Notes for the time being outstanding.

Any resolution passed at any meeting of the Noteholders will be binding on all the Noteholders, whether or not they are present at the meeting, and on all the holders of the Coupons relating to the Notes.

The Trust Deed also (i) provides for a resolution in writing signed by or on behalf of all the Noteholders to be as effective and binding as if it were an Extraordinary Resolution duly passed at a meeting of the holders of the Notes and (ii) contains provisions for convening a meeting of the holders of a single Series of Notes and the holders of notes of other Series in certain circumstances where the Trustee so decides.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification (subject to certain exceptions) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, the Notes or

the Coupons or determine that any event which would or might otherwise be an Event of Default shall not be treated as such if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby or to any modification which is of a formal, minor or technical nature or which is made to correct a manifest error. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and Couponholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 18.

The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Bank to the substitution in place of the Bank (or of any previous substitute under this Condition) as the principal debtor under the Notes and the Coupons and the Trust Deed of any Successor in Business (as defined in the Trust Deed) or any Subsidiary of the Bank or any holding company of the Bank or any Subsidiary of any such holding company, subject to: —

- (i) the Notes being unconditionally and irrevocably guaranteed by the Bank, such guarantee being, in the case of Subordinated Notes and Additional Tier 1 Notes, subordinated on a basis considered by the Trustee to be equivalent to that referred to in Condition 3 or Condition 4, as applicable, in respect of the Bank's obligations in respect of Subordinated Notes and Additional Tier 1 Notes, as applicable;
- (ii) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and
- (iii) certain other conditions set out in the Trust Deed being complied with.

The Trustee shall, in connection with the exercise by it of the powers, trusts, authorities and discretions (including but not limited to those in relation to any proposed modification, waiver, authorisation, determination, replacement, transfer or substitution) vested in it by the Trust Deed or these Conditions, have regard to the interests of the Noteholders as a class and in particular, but without prejudice to the generality of the foregoing, shall not have regard to the consequences of such exercise for individual Noteholders and Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and shall have absolute and uncontrolled discretion as to the exercise thereof and it shall be in no way responsible to the Noteholders, the Couponholders or the Bank for any loss, costs, damage, expenses or inconvenience which may result from the exercise or non-exercise thereof.

16. Replacement of Notes, Coupons and Talons

Should any Note, Coupon or Talon be mutilated, defaced or destroyed or be lost or stolen, it may be replaced at the specified office of the Agent in London (or such other place as may be notified to the Noteholders), in accordance with all applicable laws and regulations, upon payment by the claimant of the expenses incurred by the Bank and the Agent in connection therewith and on such terms as to evidence, indemnity, security or otherwise as the Bank and the Agent may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

17. Prescription

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date relating thereto. Any moneys paid by the Bank to the Agent for the payment of principal or interest in respect of the Notes and remaining unclaimed for two years after the date on which such principal or interest shall have become due shall (at the Bank's request) be repaid by the

Agent to the Bank, and the holders of the relevant Notes or Coupons shall thereafter only look to the Bank for any payment which such holders may be entitled to collect.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 17 or Condition 9(b) or any Talon which would be void pursuant to Condition 9(b).

18. Notices

All notices regarding the Notes shall be published in one leading English language daily newspaper with circulation in London or, if this is not practicable, one other English language daily newspaper with general circulation in Europe as the Trustee may approve. It is expected that publication of notices will normally be made in the Financial Times in London. The Bank shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Notes are for the time being admitted to trading. Any such notice shall be deemed to have been given on the date of the first publication or, if required to be published in more than one newspaper, on the date of the first publication in all the required newspapers.

Until such time as any definitive Notes are issued, there may, so long as the global Note(s) is or are held in its or their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such publication in such newspaper the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a global Note, such notice may be given by any holder of a Note to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

19. Further Issues

The Bank shall be at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further Notes ranking *pari passu* and having the same terms and conditions in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single Series with the outstanding Notes of such Series.

20. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

21. Governing Law; Submission to Jurisdiction

The Trust Deed, the Agency Agreement, the Notes, the Coupons and any non-contractual obligations arising out of or in connection therewith shall be governed by, and shall be construed in accordance with, English law, except that the provisions contained in Conditions 4 and 5 are governed by, and shall be construed in accordance with, Swedish law.

The Bank has in the Trust Deed submitted to the jurisdiction of the courts of England for all purposes in connection with the Trust Deed, the Notes and the Coupons. The address in England for

service of process is the London office of the Bank (being Central Head Office, 3 Thomas More Square, London E1W 1WY).

USE OF PROCEEDS

The net proceeds from each issue of Notes will be used by the Bank for general corporate purposes.

SVENSKA HANDELSBANKEN AB (PUBL)

Svenska Handelsbanken AB (publ) was founded in Stockholm on 5th June, 1871 and its commercial name is “Handelsbanken”. The Bank is a public limited liability banking company incorporated under the banking laws of Sweden and is registered with the Municipality of Stockholm under the registration number 502007-7862. The registered office of the Bank is SE-106 70 Stockholm, Sweden (telephone number: +46 8 701 10 00). The Group is a leading Swedish full-service banking group, meaning that it provides various investment and other financial services, in addition to its wide range of traditional banking services, both domestically and internationally, for private and corporate customers. These services include deposit-taking, lending, property mortgages, payment facilities, investment banking, factoring, leasing and life insurance. The Group has a significant presence in the Nordic Countries. The Group considers the Nordic Countries, Great Britain and the Netherlands as its domestic markets and any operations conducted in these areas are considered local operations. As of 31st March, 2016, the Group had 463 branches in Sweden, 50 branches in Norway, 46 branches in Finland, 57 branches in Denmark, 200 branches in Great Britain and 23 branches in the Netherlands. The Group also has limited operations elsewhere in Europe, as well as in Asia and the United States. In 2015, the Group’s average number of employees worldwide was 11,819 worldwide.

The business of the Group is highly decentralised, with each branch office having individual responsibility for coordinating services for its customers worldwide, in collaboration with regional and central specialists, as necessary. As such, the Group’s branches, rather than its central units, are responsible for product areas and market segments. However, this decentralised approach is supported by centralised risk management.

The Group’s goal is the development of a profitable full-service banking business in its domestic markets building on the Group’s existing position as a large commercial banking group. Outside its domestic markets, the Bank’s operations are concentrated principally on servicing Nordic, British and Dutch customers with operations abroad or local customers with a connection to one of the domestic markets. As of 31st March, 2016, the Group had a total of 13 branches outside its domestic markets, mostly in Europe, and ten representative offices.

The Group’s overall strategic goal is to achieve a higher level of profitability, measured as return on equity on an after-tax basis, based on standard notional tax, than the weighted average of the other peer banks in its home markets and, as a result, to provide shareholders with higher dividend growth than the average for those banks. In order to realise this objective, the Group focuses on providing quality services to its customers through its branch network, maintaining a quality loan portfolio and being cost efficient. As part of this strategy, the Group places a higher priority on credit quality than loan volume.

Principal Shareholders

As of 31st December, 2015, the Bank had more than 100,000 shareholders. The majority of shareholders are private individuals who owned only a small number of shares. 2,568 shareholders owned more than 20,001 shares, including a number of asset managers who represent foreign private individuals and legal entities. As of 31st December, 2015, approximately 48 per cent. of the Bank’s shares were owned by investors outside Sweden whereas approximately 37 per cent. of the shares were owned by the 15 largest Swedish shareholders (comprised of large Swedish institutional investors including insurance companies, investment companies and equity funds mainly representing a large number of private individuals). The Bank is not aware of any shareholder or group of connected shareholders who directly or indirectly control the Bank.

As of 31st December, 2015, the major shareholders (being shareholders controlling 4 per cent. or more of voting rights) were as follows:

	% of votes
The Oktogonen Foundation	10.43
AB Industrivärden	10.34

The Group has implemented a profit-sharing system for its employees and, with the exception of 1992 and 2008, the Group has allocated a percentage of its profit to this profit-sharing system every year since 1973. Due to the announced changes in capital regulations, no provision for the Oktogonen Foundation (the “Oktogonen”) will be made for 2016. All employees receive an equal percentage of the allocation amount. The funds allocated under this profit-sharing system are managed by the Oktogonen and a significant portion of these funds have been invested in shares of the Bank, leaving Oktogonen as one of the Bank’s largest shareholders. The main condition for an allocation to be made is that the Group has higher return on equity after standard notional tax than other peer banks in its home markets. The profit-sharing system is based on the idea that the Bank’s employees should receive a portion of the extra earnings in which they have played such a large part.

Place of listing of the Bank’s shares

The Bank’s shares are listed on NASDAQ OMX Stockholm AB (“NASDAQ OMX Stockholm”).

Organisation and Management

The Bank is currently organised into a central head office in Stockholm (the “Central Head Office”) and 15 regional banks, of which six cover the Bank’s operations in different parts of Sweden, three cover other Nordic countries, five cover Great Britain and one covers the Netherlands.

The regional banks enjoy a high degree of independence with regards to market policy, lending and administration. Each regional bank offers a full range of banking services through its branches.

Handelsbanken Sweden is responsible for the branch operations in Sweden and the six Swedish regional banks while Handelsbanken UK is responsible for the branch operations in the UK and the five British regional banks. The four regional banks located in each of Denmark, Norway, Finland and the Netherlands are responsible for the branch operations in Denmark, Norway, Finland and the Netherlands, respectively.

Handelsbanken Capital Markets consists of Markets & Asset Management, Pension & Life, Handelsbanken International and Business Support.

Markets & Asset Management offers a full range of products and services linked to risk management, securities, derivatives, mutual funds and research, debt capital markets, corporate finance as well as co-ordinating the Bank’s offering in the savings area.

Handelsbanken International encompasses the Bank’s branches and representative offices in 19 countries outside the Bank’s home markets, as well as the Financial Institutions (global banking collaborations) and Transaction Banking (cash management, trade finance and export finance) units.

Pension & Life comprises the subsidiary Handelsbanken Liv and offers pension solutions and other insurance solutions for private and corporate customers.

The Central Head Office consists of the Central Executive Office, the management and Stockholm operations of Handelsbanken Capital Markets, the Central Treasury Department and a number of administrative and service departments.

The Bank is an underwriter, broker and dealer in securities in Sweden and is a member of NASDAQ OMX Stockholm and the Nordic Growth Market. The Bank is also a member of the stock exchanges in Copenhagen, Helsinki, Oslo, London and Reykjavik, respectively, and is also a trading participant at various Multilateral Trading Facilities such as Nordic MTF, First North, Aktietorget and BATS Chi-X Europe.

Overall responsibility for the administration of the Bank is vested in the Board. The Banking and Financing Activities Act (*Sw. Lag (2004: 297) om bank-och finansieringsrörelse*) requires a bank to have a board of directors consisting of no fewer than three members. Pursuant to the provisions of the Articles of Association of the Bank, the shareholders may elect no fewer than eight and not more than 15 full members of the Board at the Annual General Meeting. Pursuant to special legislation, affecting Swedish companies of a certain size, the employees of the Bank have the right to appoint two additional members of the Board but have not formally exercised this right (except in 1998 due to regulatory requirements). By tradition, the Oktogonen, which is managed by the Group's employees and is one of the Bank's largest shareholders, has nominated two members for election to the Board at the Annual General Meeting.

The Board currently consists of 11 Directors. The Board normally meets at least nine times during a calendar year and on other occasions, if required, to consider major policy matters and developments, large lending proposals and other relevant business.

The President, as the Group Chief Executive Officer of the Bank, is responsible for carrying out the policies of the Board, for the current management of the Bank's operations and for co-ordination of the Bank's central divisions and regional banks.

The Board has its registered office in the municipality of Stockholm. The members of the Board, whose business addresses, in their capacity as members of the Board of the Bank, are SE-106 70, Stockholm, are as follows:

<i>Name</i>	<i>Responsibilities in the bank</i>	<i>Principal outside activities</i>
Pär Boman	Chairman	Chairman of Svenska Cellulosa AB SCA, Vice Chairman of AB Industrivärden and Director of Skanska AB.
Fredrik Lundberg	Vice Chairman	Chairman of Fastighets AB L E Lundberg, Industrivärden, Holmen AB, Hufvudstaden AB and Indutrade AB, Director of L E Lundbergföretagen AB and Skanska AB.
Karin Aelman	Board Member	Director of Bliwa Livförsäkring, Ömsesidigt, Swedavia AB.
Jon Fredrik Baksaas	Board Member	Chairman of GSM Association.
Tommy Bylund	Board Member	Chairman of the Oktogonen Foundation, Director of Ljusdals kommuns näringspolitiska stiftelse, Närljus.
Kerstin Hessius	Board Member	Director of Öresundsbro Konsortiet, Hemsö

<i>Name</i>	<i>Responsibilities in the bank</i>	<i>Principal outside activities</i>
		Fastigheter AB, Vasakronan AB.
Ole Johansson	Board Member	Chairman of Aker Arctic Technology Inc. and Hartwell Capital Oy Ab; Vice Chairman of Konecranes Oyj Abp.
Lise Kaae	Board Member	Director of Normal A/S, Whiteway A/S and various companies within the Bestseller group.
Bente Rathe	Board Member	Chair of Ecohz AS and Cenium AS (both subsidiaries to Home Invest AS) Director of Polaris Media ASA, SalMar ASA, Home Invest AS and its subsidiary Nordic Choice Hospitality Group AS.
Charlotte Skog	Board Member	Board Member of the Financial Sector Union Club and the Oktogonen Foundation, Finansliv Sverige AB.
Frank Vang-Jensen	President and Group Chief Executive	None

The members of the Senior Management of the Group, whose business addresses, in their capacity as members of the Senior Management of the Group, are SE-106 70, Stockholm, are as follows:

Group Functions Executives

<i>Name</i>	<i>Title</i>
Per Beckman	Head of Credit Department
Yonnie Bergqvist	Central Head Office
Katarina Berner Frösdal	Head of Sustainability
Klas Bornälv	Head of Infrastructure
Maria Hedin	Head of Independent Risk Control
Johan Lagerström	Head of Corporate Communications
Agneta Lilja	Head of Information Technology
Stefan Nilsson	Central Head Office
Juha Rantamaa	Head of IT Operation & Development
Ulf Riese	Chief Financial Officer, Head of Group Finance, Investor Relations
Frank Vang-Jensen	President and Group Chief Executive

Martin Wasteson Chief Legal Counsel

Anders Öhman HR

Compliance

<i>Name</i>	<i>Title</i>
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Rolf Marquardt	Head of Central Compliance
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Group Business Executives

<i>Name</i>	<i>Title</i>
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Nina Arkilahti	CEO Handelsbanken Finland
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Anders Bouvin	CEO Handelsbanken UK
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Michael Broom	Head of Handelsbanken South West Great Britain
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Per Elcar	Head of Markets and Asset Management, Capital Markets
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Magnus Ericson	Head of Handelsbanken Northern Sweden
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Michael Green	CEO Handelsbanken Sweden
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John Hodson	Head of Handelsbanken Southern Great Britain
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Joakim Jansson	Head of Business Support, Capital Markets
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Katarina Ljungqvist	Head of Handelsbanken Western Sweden
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Simon Lodge	Head of Handelsbanken North East Great Britain
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Nick Lowe	Head of Handelsbanken Central Great Britain
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Lars Moesgaard	CEO Handelsbanken Denmark
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John Parker	Head of Handelsbanken Northern Great Britain
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Louise Sander	Head of Pensions & Life, Capital Markets and CEO Handelsbanken Liv
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Göran Stille	Head of Handelsbanken Southern Sweden and Eastern Sweden
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Mikael Sørensen	CEO Handelsbanken Netherlands
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Ulrica Stolt Kirkegaard	Chief Executive of Stadshypotek
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Dag Tjernsmo	CEO Handelsbanken Norway
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Pontus Åhlund

Head of Handelsbanken Central Sweden

Carina Åkerström

Head of Handelsbanken Stockholm

The Bank is not aware of any potential conflicts of interest between the duties to the Group of each of the members of the Board and each of the members of the Senior Management of the Group listed above and his/her private interests or other duties.

Regulatory Environment

For more than a century, banking in Sweden has been subject to close government inspection and control. The SFSA is the supervisory authority for Swedish credit institutions. The SFSA's supervisory responsibility encompasses, among other things, banks and other credit institutions, as well as insurance companies, securities businesses, fund managers and NASDAQ OMX Stockholm. This supervisory responsibility also extends to the international branches of Swedish banks. The SFSA's overall objective is to contribute to the stability and efficiency of the financial system as well as to promote consumer protection.

The SFSA's supervision is conducted through analysis of reports regarding, among other things, capital adequacy, large exposures and financial statements and through on-site inspections to ensure that each bank's operations comply with Swedish banking laws and regulations.

The SFSA has regulatory powers conferred by law, including the power to issue accounting regulations, to require banks to submit monthly financial statements and a variety of risk reports and to carry out periodic reviews to ensure that each bank's operations comply with the laws regulating banking operations as well as such bank's Articles of Association. The SFSA has the power to appoint one or more auditors who, together with auditors elected by the shareholders at the annual general meeting of each bank, examine the financial statements and the administration of such bank. The SFSA has not appointed an auditor since the fiscal year 2006.

The Bank's corporate existence is of unlimited duration.

Capital Adequacy

On 27th June, 2013, a revised European capital adequacy and liquidity framework based on the Basel III accord was officially published. The new framework includes one directive, 2013/36/EU (CRD IV), which was transposed into Swedish law, on 2 August 2014, through two new acts (the Swedish Capital Buffers Act (2014:966) and the Swedish Special Supervision of Credit Institutions and Investment Firms Act (2014: 968), and one regulation, (EU) No 575/2013 ("CRR"), which is directly applicable in all member states. The changes to the capital adequacy framework include stricter minimum capital requirements for the components in the own funds with the highest quality, i.e. CET1 capital and Tier 1 capital. In addition to the minimum capital requirements, new buffer requirements are also introduced: (i) a capital conservation buffer, to be built up during good times to prevent banks from breaching capital requirements during difficult periods and (ii) a countercyclical buffer that will vary in size over the business cycle in order to counteract excessive credit growth. The framework also includes buffer requirements for systemically important institutions and a possibility to impose additional buffer requirements nationally for systemic risks. Breach of the combined buffer requirement will result in restrictions on certain capital distributions from the bank; for example, dividend and coupon payments on CET1 and Tier 1 capital instruments.

According to the new capital adequacy framework the Group must have common equity tier 1 capital of at least 4.5 per cent., tier 1 capital of at least 6 per cent., and total own funds that correspond

to at least 8 per cent. of the total riskweighted exposure amount for credit risks, market risks and operational risks.

In addition to maintaining capital to meet the minimum capital requirements, the Group must also maintain common equity tier 1 capital to comply with the combined buffer requirement, which in Sweden comprises the sum of a capital conservation buffer of 2.5 per cent. a countercyclical buffer of up to 2.5 per cent. and a systemic risk buffer of 3 per cent.

As of 13th September, 2015, a countercyclical buffer of 1.0 per cent. is applied in Sweden. In Norway, the buffer is 1.0 per cent. from the end of the second quarter of 2015. The authorities in the respective country have decided to raise the countercyclical capital buffer in Sweden to 1.5 per cent. from 27th June, 2016 and in Norway also to 1.5 per cent. from 30th June, 2016. Furthermore, on 15th March, 2016 the SFSA announced its decision to increase the countercyclical buffer requirement to 2.0 per cent. from 19th March, 2017. As to countercyclical buffer requirements for exposures outside of Sweden the SFSA will recognise buffer levels of up to 2.5 per cent. decided by a competent authority in another country in respect of exposures in such country.

In addition to the above-mentioned requirements, the Group must hold capital for requirements under Pillar 2 of the regulations. These requirements are specific to each institution and are decided by the supervisory authority. Various factors are assessed within Pillar 2, such as concentration risks, pension risk, interest rate risk in other operations, additional systemic risk needs, etc. The SFSA also calculates the need to hold a capital planning buffer. The capital planning buffer does not result in any further capital requirements for the Bank as long as it is not larger than the capital conservation buffer.

Within the framework of Pillar 2, there is a buffer requirement for systemic risk of 2 per cent. and a risk weight floor for Swedish mortgage loans of 25 per cent. The mortgage floor will also be applied to exposures to Norwegian mortgage loans. For 2015, this means a capital requirement in Pillar 2 of approximately SEK 27.8 billion, based on the Group's mortgage loan volume at year-end. Since the introduction of Basel II in 2007, in its internal capital adequacy assessment process, the Group has kept considerably more capital for mortgage loans than is formally required under Pillar 1.

The Group must also perform an internal capital assessment. The Group's capital policy – most recently adopted in 2016 – states the guidelines for the internal capital adequacy assessment. The Group must also comply with a capital requirement at the financial conglomerate level in accordance with the Swedish Financial Conglomerates (Special Supervision) Act (2006:531).

All surcharges within the framework of Pillar 2 are made in the overall capital assessment, i.e. the SFSA's individual assessment of the Bank's capital requirements. The assessment is in addition to the minimum requirements set out in Pillar 1 and normally the SFSA will not formally decide on the Pillar 2 requirements. In the absence of a formal decision, the SFSA's overall capital assessment will not affect the level when automatic restrictions on dividends, etc. come into force.

In February 2016, the SFSA informed Handelsbanken that they assess that the Group's requirement for common equity tier 1 capital at the end of Q4 2015 corresponded to a common equity tier 1 ratio of 18.6 per cent. In 2015, the Group met the statutory minimum and buffer levels by a comfortable margin.

On 1st March, 2016, the SFSA published two consultation memorandums regarding suggested increased capital requirements primarily for exposures to corporates applicable to banks that use the internal ratings based approach. The suggested amendments include a new method for calculating the probability of default and the introduction of a maturity floor. On 24th May, 2016, the SFSA formally adopted the methods it will use in its supervision of the internal models and for the maturity floor which is introduced for the banks' corporate exposures. In brief, these methods entail,

firstly, that the banks' estimates of probability of default should anticipate more frequent economic downturns, with higher default rates. More specifically, every fifth year should be considered a "downturn year". Secondly, a maturity floor of 2.5 years is implemented under Pillar 2 for banks that have authorisation to use the advanced IRB approach. Certain exemptions are permitted. These new methods are likely to result in an increased capital requirement for the Group.

The following table sets forth an analysis of the Group's capital adequacy as of 31st March, 2016:

Common equity tier 1 ratio, CRD IV	22.7%
Tier 1 ratio, CRD IV	25.3%
Total capital ratio, CRD IV	28.8%
Risk exposure amount CRD IV, SEK millions	456,104
Own funds in relation to capital requirement according to Basel I floor ..	139%

Subsidiaries

Significant subsidiaries within the Group include the following:

Stadshypotek AB provides mortgage loans for single family houses, second homes, apartments in housing co-operatives, agricultural/forestry properties, multi-family dwellings, commercial properties and office buildings. Stadshypotek AB's activities are concentrated in Sweden, but in recent years branches have been established in each of Norway, Denmark and Finland. Stadshypotek's operations are fully integrated with the Bank's branch operations in these countries.

Handelsbanken Fonder Group manages and administers the Group's mutual funds and administers funds for corporate customers and has operations in Sweden, Norway, Denmark and Finland. It also sells mutual funds in Norway, Finland and Luxembourg.

Handelsbanken Finans Group offers leasing, conditional sales, financing of vehicle fleets, debt collection and sales finance to consumers not only through the Bank's branches, but also in collaboration with vendors and retailers. Handelsbanken Finans offers a full range of products and services through the Bank's branch office network in Sweden, Norway, Denmark and Finland, while its operations in Great Britain, Poland and China are primarily limited to leasing, as well as hire and purchase operations.

The Group's wholly-owned subsidiary Handelsbanken Liv offers a complete range of life insurance products, such as individual pension insurance, occupational pensions, group life insurance, unit-linked insurance and health and accident insurance, as well as endowment insurance. Handelsbanken Liv has operations in Sweden, Norway and Finland, and its products are marketed and sold through the Group's branch network in these countries.

TAXATION

Swedish Taxation

The following summary outlines certain Swedish tax consequences relating to holders of Notes. The summary is based on the laws of Sweden as currently in effect and is intended to provide general information only. The summary does not address, inter alia, situations where Notes are held in an investment savings account (Sw. investeringssparkonto), the tax consequences in connection with the resolution authority's exercise of a bail-in tool, tax consequences in connection with a Write Down of Additional Tier 1 Notes, tax consequences following variation or substitution (instead of redemption) of Additional Tier 1 Notes, tax consequences following a conversion of any Notes to equity or the rules regarding reporting obligations for, among others, payers of interest. Investors should consult their professional tax advisers regarding the Swedish tax and other tax consequences (including the applicability and effect of tax treaties for the avoidance of double taxation) of acquiring, owning and disposing of Notes in their particular circumstances.

Holders not tax resident in Sweden

Payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to the holder of any Notes should not be subject to Swedish income tax, provided that such a holder (i) is not resident in Sweden for Swedish tax purposes and (ii) does not have a permanent establishment in Sweden to which the Notes are effectively connected.

However, broadly speaking, provided that the value of or the return on the Notes relates to securities taxed as shares, private individuals who have been residents of Sweden for tax purposes due to a habitual abode in Sweden or a stay in Sweden for six consecutive months at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption, are liable for capital gains taxation in Sweden upon disposal or redemption of such Notes. In a number of cases though, the applicability of this rule is limited by the applicable tax treaty for the avoidance of double taxation.

Swedish withholding tax, or Swedish tax deduction, is not imposed on payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes, except for certain payments of interest (and other returns on Notes) to a private individual (or an estate of a deceased individual) who is resident in Sweden for Swedish tax purposes (see “Holders tax resident in Sweden” below).

Holders tax resident in Sweden

In general, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (for example, income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable. Specific tax consequences may be applicable to certain categories of corporations, for example life insurance companies. Moreover, specific tax consequences may be applicable if, and to the extent that, a holder of Notes realises a capital loss on the Notes and to any currency exchange gains or losses.

If amounts that are deemed as interest for Swedish tax purposes are paid by a legal entity domiciled in Sweden, including a Swedish branch, to a private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by the legal entity on such payments. Swedish preliminary taxes should normally also be withheld on other returns on Notes (but not capital gains), if the return is paid out together with such a payment of interest referred to above.

Foreign Account Tax Compliance Act

With respect to Notes issued after the date that is six months after the date on which final U.S. Treasury regulations defining the term “foreign passthru payment” are filed with the U.S. Federal Register (such applicable date the “Grandfathering Date”) (and any Notes which are treated as equity for U.S. federal tax purposes, whenever issued), the Issuer may, under certain circumstances, be required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (“FATCA”) to withhold U.S. tax at a rate of 30 per cent. on all or a portion of payments of principal and interest which are treated as “foreign passthru payments” made on or after 1st January, 2019 to an investor or any other non U.S. financial institution through which payment on the Notes is made that is not in compliance with FATCA. As of the date of this Offering Circular, final U.S. Treasury regulations defining the term “foreign passthru payments” have not been filed with the U.S. Federal Register. If the Issuer issues further Notes after the Grandfathering Date pursuant to Condition 19 in the Terms and Conditions of a Series of Notes that was originally issued on or before the Grandfathering Date, payments on such further Notes may be subject to withholding under FATCA and, should the originally issued Notes of that Series and the further Notes be indistinguishable (as would likely be the case in such a “tap” issue), such payments on the originally issued Notes may also become subject to withholding under FATCA, unless such further Notes are issued pursuant to a “qualified reopening” for U.S. federal income tax purposes. If, after the Grandfathering Date, a Successor in Business or any subsidiary of the Issuer or any holding company of the Issuer or any subsidiary of any such holding company is substituted as the Issuer of Notes created and issued on or before the Grandfathering Date, and if such substitution results in a deemed exchange of the Notes for U.S. federal income tax purposes, then such Notes, as applicable, would not be treated as issued on or before the Grandfathering Date.

The United States has concluded several intergovernmental agreements (“IGAs”) with other jurisdictions in respect of FATCA. On 8th August, 2014, the governments of Sweden and the United States signed an Agreement to Improve International Tax Compliance and to Implement FATCA (the “Swedish IGA”). Under the Swedish IGA, an entity classified as a non-U.S. financial institution (an “FFI”) that is treated as resident in Sweden is expected to provide the Swedish tax authorities with certain information on certain U.S. holders of its securities. Information on U.S. holders will be automatically exchanged with the IRS. The Issuer is classified as an FFI and provided it complies with the requirements of the Swedish IGA and the Swedish legislation implementing the Swedish IGA, it should not be subject to FATCA withholding on any payments it receives and it is not currently required to withhold tax on any “foreign passthru payments” that it makes. Although the Issuer may not be required to withhold FATCA taxes in respect of any foreign passthru payments it makes under the Swedish IGA, FATCA withholding may apply in respect of any payments made on the Notes by any paying agent.

The application of FATCA to interest, principal or other amounts paid on or with respect to the Notes is not currently clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of a holder’s failure to comply with FATCA, none of the Issuer, any Paying Agent or any other person would pursuant to the Terms and Conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding of such tax.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and the Swedish IGA, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

The proposed Financial Transaction Tax (“FTT”)

On 14th February, 2013, the European Commission published a proposal (the “Commission’s Proposal”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have in an amended and restated Programme Agreement (such Programme Agreement as further amended and restated and/or supplemented from time to time, the “Programme Agreement”) dated 16th June, 2016 agreed with the Bank a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes” above. In the Programme Agreement, the Bank has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations thereunder.

The applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement will identify whether TEFRA C rules apply or whether TEFRA is not applicable.

Each Dealer has agreed and each further Dealer appointed under the Programme and each other Purchaser will be required to represent and agree that it will not offer, sell or deliver any Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of such Notes, as determined and certified by the relevant Dealer or Purchaser, or, in the case of an issue of Notes on a syndicated basis, the relevant Lead Manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of U.S. persons. Each Dealer has further agreed and each further Dealer appointed under the Programme and each other Purchaser will be required to agree, that it will send to each dealer or any other purchaser to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (as defined below) (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme and each other Purchaser will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the

Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of such Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU).

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme and each other Purchaser will be required to represent and agree, that:-

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Sweden

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme and each other Purchaser will be required to represent and agree, that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy or sell any Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale in Sweden except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act (*Sw. Lag (1991:980) om handel med finansiella instrument*).

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended, the “FIEA”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme and each other Purchaser will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Taiwan

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme and each other Purchaser will be required to represent, warrant and undertake that it will not offer, sell or deliver, at any time, directly or indirectly, any Notes acquired by it as part of the offering in the Republic of China (the “ROC”) or to, or for the account or benefit of, any resident of the ROC, unless otherwise permitted by the laws and regulations of the ROC.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme and each other Purchaser will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and neither the Bank nor any other Dealer shall have any responsibility therefor.

GENERAL INFORMATION

Listing of Notes

This Offering Circular has been approved by the Central Bank as a base prospectus. Application has been made to the Irish Stock Exchange for the Notes issued under the Programme (other than Exempt Notes) within the period of 12 months from the date of this Offering Circular to be admitted to the Official List and trading on the Main Securities Market. The Main Securities Market is a regulated market for the purposes of MiFID.

However, Notes may be issued pursuant to the Programme which will not be admitted to listing on the Official List and admitted to trading and/or quotation by the regulated market of the Irish Stock Exchange or any other listing authority, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such listing authority, stock exchange and/or quotation system as the Bank and the relevant Dealer(s) may agree.

Authorisation

The Programme and the issue of Notes thereunder have been duly authorised by a resolution of the Board of the Bank passed on 16 March, 2016. No consents, approvals, authorisations or other orders of regulatory authorities are required to be obtained by the Bank under the laws of Sweden, unless otherwise set out herein, in connection with the issue of Notes or to enable the Bank to undertake and perform its obligations under the Programme Agreement, the Trust Deed, the Agency Agreement and the Notes.

Euroclear and Clearstream, Luxembourg

The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The appropriate codes for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be contained in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction.

The address of Euroclear is 3 Boulevard du Roi Albert III, B.1210 Brussels, Belgium. The address of Clearstream, Luxembourg is 42 Avenue J. F. Kennedy, L-1855 Luxembourg.

Significant/Material Adverse Change

There has been no significant change in the financial or trading position of the Bank or the Group since 31st March, 2016 and there has been no material adverse change in the financial position or prospects of the Bank or the Group since 31st December, 2015.

Litigation

Neither the Bank nor any of its subsidiaries is or has been party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware), which may have, or have had during the twelve months prior to the date hereof, significant effects on the financial position or profitability of the Bank and/or the Group.

Statutory Auditors

The auditors of the Bank and the Group named in the following two paragraphs have audited the accounts of the Bank and the Group in accordance with auditing standards generally accepted for banking companies in the Kingdom of Sweden and without qualification for each of the financial years ended 31st December, 2014 and 31st December, 2015 respectively.

The auditors of the Bank and the Group for the fiscal years ended 31st December, 2014 and 2015 were KPMG AB with Stefan Holmström and Anders Bäckström, respectively, as auditor in charge, Box 16106, SE-103 23 Stockholm and Ernst & Young AB with Erik Åström and Jesper Nilsson, respectively, as auditor in charge, Box 7850 SE-103 99 Stockholm.

The auditors are Authorised Public Accountants and are members of FAR, the Swedish Institute of Authorised Public Accountants. None of the auditors named above has a material interest in the Issuer.

Documents Available for Inspection

For so long as Notes are admitted to trading on the Irish Stock Exchange, physical copies in English of the following documents will, when published, be available from the registered office of the Bank in Stockholm and from the specified office of each of the Paying Agents:-

- (i) an English translation of the Articles of Association of the Bank;
- (ii) the annual report of the Bank and the annual audited consolidated accounts of the Group (in English) in respect of the financial years ended 31st December, 2015 and 2014, respectively, and the interim unaudited consolidated financial statements of the Group (in English) for the three-month period ended 31st March, 2016;
- (iii) the Programme Agreement, the Trust Deed, (which contains the forms of the global Notes, the definitive Notes, the Coupons and the Talons) and the Agency Agreement;
- (iv) this Offering Circular;
- (v) any future prospectuses, offering circulars, information memoranda, supplementary offering circulars including the Final Terms to this Offering Circular and any other documents incorporated herein or therein by reference; however, a Pricing Supplement relating to a Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Agent as to its holding of Notes and identity); and
- (vi) in the case of each issue of Notes admitted to trading on the Main Securities Market, the syndication agreement (or equivalent document).

Dealers transacting with the Bank

Some of the Dealers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates and such Dealers may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of its business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Language of this Offering Circular

The language of this Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Irish Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Bank in connection with the Programme and is not itself seeking admission of the Notes issued under the Programme to the Official List or trading on the Main Securities Market for the purposes of the Prospectus Directive.

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