

BASE PROSPECTUS



Swedbank Mortgage AB (publ)

(Incorporated with limited liability in the Kingdom of Sweden)

€25,000,000,000 Programme for the Issuance of Debt Instruments and S.O. Bonds guaranteed by Swedbank AB (publ)

Under the €25,000,000,000 Programme (the "Programme") for the Issuance of Debt Instruments and S.O. Bonds described in this base prospectus (the "Base Prospectus"), Swedbank Mortgage AB (publ) ("Swedbank Mortgage" or the "Company"), subject to all applicable legal and regulatory requirements, may from time to time issue debt instruments in bearer or registered form (respectively, "Bearer Instruments" and "Registered Instruments" and together, the "Instruments") and covered bonds in accordance with the Swedish Act (2003:1223) on Issuance of Covered Bonds (Sw: *Lagen (2003:1223) om utgivning av säkerställda obligationer*) (the "S.O. Act") in bearer or registered form (respectively, "Bearer S.O. Bonds" and "Registered S.O. Bonds" and together, the "S.O. Bonds"). The aggregate principal amount of Instruments and S.O. Bonds outstanding at any one time will not exceed €25,000,000,000 or the equivalent in other currencies.

Instruments and S.O. Bonds may be issued on a continuing basis to one or more of the dealers specified under "Overview of the Programme" and any additional dealer(s) appointed under the Programme from time to time by the Company (each a "Dealer" and together the "Dealers"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "relevant Dealer" shall, in the case of an issue of Instruments or S.O. Bonds being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Instruments or S.O. Bonds.

On 17 December 2009, the Company's parent bank, Swedbank AB (publ) ("Swedbank" or the "Guarantor"), issued a general, unconditional and irrevocable guarantee (the "Guarantee") in respect of all presently outstanding and future unsubordinated debt instruments issued by the Company, including Instruments and S.O. Bonds issued under the Programme, until further notice. A copy of the Guarantee is set out under "Copy of Guarantee" below and is available for inspection on the website of the Company at www.swedbank.com and at the specified office of the Fiscal Agent (as defined below) in London.

This Base Prospectus has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive (as defined below). The Central Bank of Ireland only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union ("EU") law pursuant to the Prospectus Directive. Such approval relates only to the Instruments and S.O. Bonds 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. Application has been made to the Irish Stock Exchange for Instruments and S.O. Bonds issued under the Programme (other than Exempt Instruments and Exempt S.O. Bonds (each as defined below)) to be admitted to the official list of the Irish Stock Exchange (the "Official List") and to trading on its regulated market (the "Main Securities Market"). The Main Securities Market is a regulated market for the purposes of MiFID. In addition, application has been made to register the Programme on the SIX Swiss Exchange Ltd. Upon specific request, Instruments or S.O. Bonds issued under the Programme may then be listed on the SIX Swiss Exchange Ltd. References in this Base Prospectus to Instruments or S.O. Bonds being "listed" (and all related references) shall mean that such Instruments or S.O. Bonds have been (i) admitted to the Official List and to trading on the Main Securities Market or (ii) admitted to trading on the standard for bonds of the SIX Swiss Exchange Ltd, as the case may be.

The Programme also provides that Instruments and S.O. Bonds may be listed or admitted to trading, as the case may be, on such other or further stock exchanges, markets or quotation systems as may be agreed between the Company and the relevant Dealer. The Company may also issue unlisted Instruments or S.O. Bonds and/or Instruments or S.O. Bonds not admitted to trading on any market.

The requirement to publish a prospectus under the Prospectus Directive only applies to Instruments or S.O. Bonds which are to be admitted to trading on a regulated market in the European Economic Area and/or offered to the public in the European Economic Area 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 Base Prospectus to "Exempt Instruments" and "Exempt S.O. Bonds" are to Instruments or S.O. Bonds, as the case may be, for which no prospectus is required to be published under the Prospectus Directive. The Central Bank of Ireland has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Instruments and Exempt S.O. Bonds.

THERE ARE CERTAIN RISKS RELATED TO ANY ISSUE OF INSTRUMENTS OR S.O. BONDS UNDER THE PROGRAMME, WHICH INVESTORS SHOULD ENSURE THEY FULLY UNDERSTAND (SEE "RISK FACTORS" ON PAGE 15 OF THIS BASE PROSPECTUS).

The Company has been assigned ratings of A-1 (short term) and A+ (outlook negative) (long term) from Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's") and P-1 (short term) and A2 (outlook stable) (long term) from Moody's Investors Service Ltd. ("Moody's"). The Guarantor has been assigned ratings of A-1 (short term) and A+ (outlook negative) (long term) from Standard & Poor's; P-1 (short term) and A2 (outlook stable) (long term) from Moody's; and F1 (short term) and A+ (outlook stable) (long term) from Fitch Ratings Ltd. ("Fitch"). S.O. Bonds to be issued under the Programme are expected to be assigned a "AAA" rating by Standard & Poor's and a "Aaa" rating by Moody's. Instruments to be issued under the Programme are expected to be rated A+ (long term) and A-1 (short term) by Standard & Poor's and (P)A2 (long term) and (P)P-1 (short term) by Moody's. Each of Standard & Poor's, Moody's and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"). S.O. Bonds and Instruments issued under the Programme may be rated or unrated. Where a Tranche (as defined below) of S.O. Bonds or Instruments is rated, such rating will be specified in the applicable Final Terms (as defined below) and will not necessarily be the same as the ratings assigned to the Programme. A credit 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.

Arranger

Barclays

Dealers

Barclays

BofA Merrill Lynch

Credit Suisse

Deutsche Bank

HSBC

Landesbank Baden-Württemberg

Norddeutsche Landesbank Girozentrale

The Royal Bank of Scotland

BNP PARIBAS

Citigroup

Daiwa Capital Markets Europe

Goldman Sachs International

J.P. Morgan

Morgan Stanley

Swedbank

UBS Investment Bank

UniCredit Bank

15 May 2013

IMPORTANT NOTICE

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU (the "2010 PD Amending Directive")) to the extent such amendments have been implemented in a relevant Member State of the European Economic Area) (the "Prospectus Directive").

The Company and the Guarantor accept responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Instruments or S.O. Bonds issued under the Programme. To the best of the knowledge of the Company and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Company has confirmed to the Dealers that this Base Prospectus is true and accurate in all material respects and not misleading; that there are no other facts in relation to the information contained or incorporated by reference herein the omission of which would, in the context of the Programme and the issue of the Instruments or the S.O. Bonds, make any statement herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing. The Company has further confirmed to the Dealers that this Base Prospectus (together with, in relation to any Tranche of Instruments or S.O. Bonds, the applicable Final Terms contains all information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Company and its subsidiaries (together, the "Company Group"), the Guarantor and its subsidiaries (the "Swedbank Group" or the "Group") and of the rights attaching to the relevant Instruments and S.O. Bonds.

In relation to any Tranche, the aggregate nominal amount of the Instruments or S.O. Bonds of such Tranche, the interest (if any) payable in respect of the Instruments or S.O. Bonds of such Tranche, the issue price and certain other information which is relevant to such Tranche will be set out in a final terms document ("Final Terms") or, in the case of Exempt Instruments and Exempt S.O. Bonds, a pricing supplement ("Pricing Supplement"). In the case of Exempt Instruments and Exempt S.O. Bonds, any reference in this Base Prospectus to the "Final Terms" shall be deemed to be a reference to the Pricing Supplement, so far as the context requires.

In relation to Instruments or S.O. Bonds to be listed on the Irish Stock Exchange, the Final Terms will be filed with the Central Bank of Ireland on or before the date of issue of the Instruments or S.O. Bonds of such Tranche. Copies of Final Terms relating to Instruments or S.O. Bonds listed on the Irish Stock Exchange will be published on the website of the Central Bank of Ireland at <http://www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx> and on the website of the Irish Stock Exchange at www.ise.ie.

This Base Prospectus contains information sourced from third parties – including Statistics Sweden, Euroclear Sweden AB, the Estonian Central Bank, the Association of Commercial Banks of Latvia, the Financial and Capital Market Commission (Latvia) and the Association of Lithuanian Banks – where indicated with references to third party sources herein. Each of the Company and the Guarantor 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 such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus is to be read in conjunction with any amendment or supplement hereto, all information which is deemed to be incorporated herein by reference (see "Information Incorporated by Reference") and, in relation to any Tranche, the applicable Final Terms. This Base Prospectus

shall be read and construed on the basis that such information is incorporated and forms part of this Base Prospectus.

The Company has not authorised the making or provision of any representation or information regarding the Company, the Guarantor, the Instruments or the S.O. Bonds other than as contained or incorporated by reference in this Base Prospectus, in the Dealership Agreement (as defined under “Subscription and Sale”), in any other document prepared in connection with the Programme or any Final Terms or as approved for such purpose by the Company. Any such representation or information should not be relied upon as having been authorised by the Company or any of the Dealers.

None of this Base Prospectus, any financial statements and any other information supplied in connection with the Programme, any Instruments or any S.O. Bonds (i) is intended to provide the sole basis of any credit or other evaluation of the Company or the Guarantor, (ii) constitutes an offer or an invitation to subscribe for or purchase any Instruments or S.O. Bonds or (iii) should be considered as a recommendation by the Company, the Guarantor, the Dealers or any of them that any recipient of this Base Prospectus, any financial statements or any other information supplied in connection with the Programme, any Instruments or any S.O. Bonds should subscribe for or purchase any Instruments or S.O. Bonds. Each recipient of this Base Prospectus, any financial statements or any other information supplied in connection with the Programme, any Instruments or any S.O. Bonds shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Company and the Guarantor.

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility, as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Company in connection with the Programme. Neither the delivery of this Base Prospectus or any part thereof or any Final Terms nor the offering, sale or delivery of any Instrument or S.O. Bond shall in any circumstances create any implication that there has been no adverse change in the financial situation of the Company or the Guarantor since the date of this Base Prospectus or, as the case may be, the date upon which this Base Prospectus has been most recently amended or supplemented.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Instruments and S.O. Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Company and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Instruments and S.O. Bonds and on distribution of this Base Prospectus or any Final Terms and other offering material relating to the Instruments and S.O. Bonds, see “Subscription and Sale”. In particular, Instruments and S.O. Bonds have not been and will not be registered under the United States Securities Act of 1933 (as amended) and may include Instruments or S.O. Bonds in bearer form which are subject to U.S. tax law requirements. Subject to certain exceptions, Instruments and S.O. Bonds may not be offered, sold or delivered within the United States or to U.S. persons. Neither this Base Prospectus nor any Final Terms may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

The Instruments or S.O. Bonds may not be a suitable investment for all investors. Each potential investor in the Instruments or S.O. Bonds must determine the suitability of an investment in the Instruments or the S.O. Bonds in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Instruments or S.O. Bonds, the merits and risks of investing in the relevant Instruments or S.O. Bonds and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Instruments or S.O. Bonds and the impact such investment will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Instruments or S.O. Bonds, including Instruments or S.O. Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which such investor's financial activities are principally denominated;
- (iv) understands thoroughly the terms of the relevant Instruments or S.O. Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- (v) 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.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal 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 (i) Instruments and S.O. Bonds are legal investments for it, (ii) Instruments and S.O. Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Instruments and S.O. Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Instruments and S.O. Bonds under any applicable risk-based capital or similar rules.

In this Base Prospectus, 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 Base Prospectus.

All references in this Base Prospectus to "U.S. dollars", "U.S.\$", "USD" and "\$" refer to United States dollars, references to "CHF" refer to Swiss Francs, references to "SEK" or "Krona" refer to Swedish Krona and references to "EUR", "Euro" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

INFORMATION INCORPORATED BY REFERENCE

The following information which has previously been published or is published simultaneously with this Base Prospectus and has been filed with the Central Bank of Ireland shall be incorporated in, and form part of, this Base Prospectus:

- (1) the audited consolidated financial statements of the Company as at 31 December 2012 and 2011 (including the auditors' reports thereon) contained in the annual reports of the Company for the years ended 31 December 2012 and 2011 which can be viewed online at <http://www.swedbank.com/investor-relations/financial-information-and-publications/annual-reports/index.htm>;
- (2) the audited consolidated financial statements of the Guarantor as at 31 December 2012 and 2011 (including the auditors' reports thereon) contained in the annual reports of the Guarantor for the years ended 31 December 2012 and 2011 which can be viewed online at <http://www.swedbank.com/investor-relations/financial-information-and-publications/annual-reports/index.htm>;
- (3) the unaudited financial information in the published unaudited interim report of the Guarantor as at 31 March 2013 which can be viewed online at <http://www.swedbank.com/investor-relations/financial-information-and-publications/index.htm>;
- (4) the following sections from previous prospectuses and information memoranda relating to the Programme which can be viewed online at <http://www.swedbank.com/investor-relations/debt-investor/funding/funding-programmes-and-prospectuses/index.htm>: (i) the sections "Terms and Conditions of the Instruments" (pages 28-56 inclusive) and "Terms and Conditions of the S.O. Bonds" (pages 57-80 inclusive) set out in the Prospectus dated 15 May 2012; (ii) the sections "Terms and Conditions of the Instruments" (pages 25-54 inclusive) and "Terms and Conditions of the S.O. Bonds" (pages 55-80 inclusive) set out in the Prospectus dated 19 May 2011; (iii) the sections "Terms and Conditions of the Instruments" (pages 25-55 inclusive) and "Terms and Conditions of the S.O. Bonds" (pages 56-79 inclusive) set out in the Prospectus dated 20 May 2010; (iv) the sections "Terms and Conditions of the Instruments" (pages 23-53 inclusive) and "Terms and Conditions of the S.O. Bonds" (pages 54-77 inclusive) set out in the Prospectus dated 20 May 2009; (v) the section "Terms and Conditions of the Instruments" (pages 22-51 inclusive) and "Terms and Conditions of the S.O. Bonds" (pages 52-74 inclusive) set out in the Prospectus dated 21 May 2008; (vi) the section "Terms and Conditions of the Instruments" (pages 21-50 inclusive) and "Terms and Conditions of the S.O. Bonds" (pages 51-72 inclusive) set out in the Prospectus dated 22 May 2007; (vii) the section "Terms and Conditions of the Instruments" (pages 2-29 inclusive) and "Terms and Conditions of the S.O. Bonds" (pages 30-50 inclusive) set out in the Supplementary Prospectus dated 19 March 2007; (viii) the section "Terms and Conditions of the Instruments" (pages 19-45 inclusive) and "Terms and Conditions of the S.O. Bonds" (pages 46-65 inclusive) set out in the Prospectus dated 22 May 2006; (ix) the section "Terms and Conditions of the Instruments" (pages 12-31 inclusive) and "Terms and Conditions of the S.O. Bonds" (pages 32-46 inclusive) set out in the Prospectus dated 1 July 2005; (x) the section "Terms and Conditions of the Instruments" (pages 11-30 inclusive) and "Terms and Conditions of the S.O. Bonds" (pages 31-45 inclusive) set out in the Prospectus dated 12 May 2005; (xi) the section "Terms and Conditions of the Instruments" (pages 8-27 inclusive) and "Terms and Conditions of the S.O. Bonds" (pages 28-42 inclusive) set out in the Information Memorandum dated 10 May 2004; (xii) the section "Terms and Conditions of the Instruments" (pages 8-27 inclusive) set out in the Information Memorandum dated 8 May 2003; (xiii) the section "Terms and Conditions of the Instruments" (pages 7-26 inclusive) set out in the Information Memorandum dated 29 May 2002; and (xiv) the section "Terms and Conditions of the Instruments" (pages 7-26 inclusive) set out in the Information Memorandum dated 31 May 2001.

Following the publication of this Base Prospectus, a supplement may be prepared by the Company and approved by the Central Bank of Ireland in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any information incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained, upon request and free of charge, from the registered office of the Company and from the specified office of the Fiscal Agent in London.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Any non-incorporated parts of a document referred to herein are either not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

The Company will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Instruments or S.O. Bonds, prepare a supplement to this Base Prospectus or publish a new prospectus for use in connection with any subsequent issue of Instruments or S.O. Bonds. The Company has undertaken to the Dealers in the Dealership Agreement that it will comply with Article 16 of the Prospectus Directive.

The table below sets out the relevant page references for the consolidated financial statements, the notes and the auditor's reports in the Company's financial statements for 2012 and 2011 as set out in the respective annual reports:

2012 Financial Statements		Page reference
1.	Consolidated Financial Statements and Notes	p.13-36
2.	Auditor's Report	p.38-39

2011 Financial Statements		
1.	Consolidated Financial Statements and Notes	p.13-35
2.	Auditor's Report	p.38-39

The table below sets out the relevant page references for the consolidated financial statements, the notes and the auditor's reports in the Guarantor's financial statements for 2012 and 2011 as set out in the respective annual reports:

2012 Financial Statements		Page reference
1.	Consolidated Financial Statements and Notes	p.73-177
2.	Auditor's Report	p.179

2011 Financial Statements		
1.	Consolidated Financial Statements and Notes	p.71-173
2.	Auditor's Report	p.175

The table below sets out the relevant page references for the unaudited financial information of the Guarantor in the interim report for the period 1 January 2013 to 31 March 2013:

1.	Condensed Consolidated Financial Statements	p.25-29
2.	Notes to Condensed Consolidated Financial Statements	p.29-51

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IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF INSTRUMENTS OR S.O. BONDS, 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 MAY OVER-ALLOT INSTRUMENTS OR S.O. BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE INSTRUMENTS OR S.O. BONDS 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 MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF INSTRUMENTS OR S.O. BONDS 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 INSTRUMENTS OR S.O. BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF INSTRUMENTS OR S.O. BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE REGULATIONS.

1. Overview of the Programme

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

Words and expressions defined in “Terms and Conditions of the Instruments” and “Terms and Conditions of the S.O. Bonds” or elsewhere in this Base Prospectus shall have the same meanings in this overview.

Company:	Swedbank Mortgage AB (publ)
Guarantee:	<p>Swedbank AB (publ) has issued the Guarantee in respect of all presently outstanding and future unsubordinated debt instruments issued by the Company, including Instruments and S.O. Bonds issued under the Programme.</p> <p>A copy of the Guarantee is set out under “Copy of Guarantee” below.</p>
Guarantor:	Swedbank AB (publ)
Arranger:	Barclays Bank PLC
Dealers:	Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Daiwa Capital Markets Europe Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, The Hongkong and Shanghai Banking Corporation Limited, HSBC Bank plc, J.P. Morgan Securities plc, Landesbank Baden-Württemberg, Merrill Lynch International, Morgan Stanley & Co. International plc, Norddeutsche Landesbank Girozentrale, Swedbank AB (publ), The Royal Bank of Scotland plc, UBS AG, UBS Limited, UniCredit Bank AG and any other Dealer appointed from time to time by the Company.
Programme Amount:	€25,000,000,000 (or its approximate equivalent in other currencies), subject to any duly authorised increase.
Form of Instruments:	<p>Instruments may be issued in bearer form or in registered form.</p> <p>Each Tranche of Instruments in bearer form (other than Swiss Domestic Instruments) will initially be represented by a temporary global instrument in bearer form (a “Temporary Global Instrument”) which will (i) if the Temporary Global Instrument is intended to be issued in new global instrument (“NGI”) form, as specified in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, société anonyme</p>

("Clearstream, Luxembourg") and (ii) if the Temporary Global Instrument is not intended to be issued in NGI form, be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg. In respect of each Tranche of Swiss Domestic Instruments, unless otherwise specified in the applicable Final Terms, the Company will deliver a Permanent Global Instrument which will be deposited on or prior to the original issue date of the Tranche with SIXSIS Ltd, the Swiss Securities Services Corporation located in Olten, Switzerland ("SIS") or with any other intermediary in Switzerland recognised for such purposes by SIX Swiss Exchange Ltd (SIS or any such other intermediary, the "Intermediary").

Each Tranche of Instruments in registered form sold to non-U.S. persons in reliance on Regulation S under the Securities Act will be represented by beneficial interests in an unrestricted global instrument in registered form, without interest coupons (an "Unrestricted Registered Global Instrument"), which will be deposited either (i) with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("DTC") for the accounts of Euroclear and Clearstream, Luxembourg for the accounts of their respective participants or (ii) with a common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg and registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms. Each Tranche of Instruments in registered form sold within the United States in reliance on Rule 144A under the Securities Act will be represented by beneficial interests in a restricted global instrument in registered form, without interest coupons (a "Restricted Registered Global Instrument" and, together with an Unrestricted Registered Global Instrument, the "Registered Global Instruments"), deposited with a custodian for, and registered in the name of a nominee of, DTC.

Form of S.O. Bonds:

S.O. Bonds may be issued in bearer form or in registered form.

Each Tranche of S.O. Bonds in bearer form (other than Swiss Domestic S.O. Bonds) will initially be represented by a temporary global S.O. Bond in bearer form (a "Temporary Global S.O. Bond") which will (i) if the Temporary Global S.O. Bond is intended to be issued in new global S.O. Bond ("NGB") form, as specified in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear and Clearstream, Luxembourg and (ii) if the Temporary Global S.O. Bond is not intended to be issued in NGB form, be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg. In respect of each Tranche of Swiss Domestic S.O. Bonds, unless otherwise specified in the applicable Final Terms, the Company will deliver a Permanent Global S.O. Bond which will be deposited on or prior to the original issue date of the Tranche with SIS or with any other Intermediary.

Each Tranche of S.O. Bonds in registered form sold to non-U.S. persons in reliance on Regulation S under the Securities Act will be represented by beneficial interests in an unrestricted global S.O. Bond in registered form, without interest coupons (an “Unrestricted Registered Global S.O. Bond”), which will be deposited either (i) with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream, Luxembourg for the accounts of their respective participants or (ii) with a common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg and registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms. Each Tranche of S.O. Bonds in registered form sold within the United States in reliance on Rule 144A under the Securities Act will be represented by beneficial interests in a restricted global S.O. Bond in registered form, without interest coupons (a “Restricted Registered Global S.O. Bond” and, together with an Unrestricted Registered Global Instrument, the “Registered Global S.O. Bonds”), deposited with a custodian for, and registered in the name of a nominee of, DTC.

Status of Instruments:

The Instruments of each Tranche constitute unsubordinated and unsecured obligations of the Company and rank *pari passu* without any preference among themselves and at least *pari passu* with all other outstanding unsubordinated and unsecured obligations of the Company, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors rights.

Status of S.O. Bonds:

The S.O. Bonds are issued on an unsubordinated basis and in accordance with the Swedish Act (2003:1223) on Issuance of Covered Bonds (Sw: *Lagen (2003:1223) om utgivning av säkerställda obligationer*) (the “S.O. Act”). As such they have the benefit of priority to a matched pool of assets upon bankruptcy of the Company.

Offering and Sale:

Subject to compliance with all applicable legal and regulatory requirements, the Instruments and the S.O. Bonds may be distributed by way of private or public placement and in, each case, on a syndicated or non-syndicated basis.

Currencies:

Instruments and S.O. Bonds may be denominated in any currency or combination of currencies (including, without limitation, Euro, Japanese Yen, Pounds Sterling, Swiss Francs and United States dollars) subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Issuance in Series:

Instruments and S.O. Bonds will be issued in series (each a “Series”). Each Series may comprise either Instruments or S.O. Bonds. Each Series may comprise one or more tranches (“Tranches” and each, a “Tranche”) issued on different issue dates. The Instruments or S.O. Bonds of each Series will all be subject to identical terms, whether as to currency, interest or maturity or

otherwise, save that Issue Dates, Interest Commencement Dates and Issue Prices may be different in respect of different Tranches. The Instruments or S.O. Bonds of each Tranche will all be subject to identical terms in all respects (save that a Tranche may comprise Instruments or S.O. Bonds in more than one denomination). Further Tranches of Instruments and/or S.O. Bonds may be issued as part of an existing Series.

Issue Price: Instruments and S.O. Bonds will be issued on a fully paid basis and may be issued at any price, as specified in the relevant Final Terms.

Maturities: Instruments or S.O. Bonds may have any maturity of not less than one month, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements. No provision is made for the issue of perpetual Instruments or S.O. Bonds.

Where Instruments or S.O. Bonds have a maturity of less than one year and either (a) the issue proceeds are received by the Company in the United Kingdom or (b) the activity of issuing the Instruments or S.O. Bonds is carried on from an establishment maintained by the Company in the United Kingdom, such Instruments or S.O. Bonds must: (i) have a minimum denomination value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Company.

Redemption: Instruments and S.O. Bonds may be redeemable at par or at such other higher redemption amount as may be specified in the relevant Final Terms, as determined between the Company and the relevant Dealer.

Interest: Instruments and S.O. Bonds may be interest-bearing or non-interest bearing.

Denominations: The Instruments and S.O. Bonds will be issued in such denominations as may be agreed between the Company and the relevant Dealer subject to compliance with all applicable legal and/or regulatory and/or central bank (or equivalent body) requirements, provided however, that (i) the minimum denomination of each Instrument or S.O. Bond admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Instruments or S.O. Bonds are denominated in a currency other than Euro, the equivalent amount in such currency as at the date of issue of the relevant Instruments or S.O. Bonds) and (ii) Instruments or S.O. Bonds sold in reliance on

Rule 144A under the Securities Act shall be issued in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

Early Redemption:

Early redemption of Instruments will be permitted for taxation reasons as described in “Terms and Conditions of the Instruments – Early Redemption for Taxation Reasons”, but will otherwise be permitted only to the extent specified in the relevant Final Terms and subject to applicable laws and regulations. Early redemption of S.O. Bonds will only be permitted to the extent specified in the relevant Final Terms and subject to applicable laws and regulations.

Taxation:

Payments in respect of Instruments or S.O. Bonds will be made without withholding or deduction in respect of any taxes, duties, assessments or governmental charges imposed or levied by or on behalf of Sweden unless such withholding or deduction of such taxes is required by law. In such circumstances, in respect of Instruments only, the Company will, save as mentioned in “Terms and Conditions of the Instruments – Taxation”, be required to pay additional amounts to cover the amounts so deducted or, in respect of S.O. Bonds only, such withholding or deduction will be made.

Governing Law:

The Instruments and the S.O. Bonds, all related contractual documentation 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 Condition 3 of the Terms and Conditions of the S.O. Bonds will be governed by, and construed in accordance with, Swedish law. The Guarantee is governed by, and shall be construed in accordance with, Swedish law.

Listing:

Application has been made to the Irish Stock Exchange for certain Instruments and S.O. Bonds issued under the Programme to be admitted to the Official List and to trading on the Main Securities Market.

In addition, application has been made to register the Programme on the SIX Swiss Exchange Ltd. Upon specific request, Instruments or S.O. Bonds issued under the Programme may then be listed on the SIX Swiss Exchange Ltd.

Instruments and S.O. Bonds may be listed or admitted to trading, as the case may be, on other or further stock exchanges, markets or quotation systems agreed between the Company and the relevant Dealer in relation to the Series. Instruments and S.O. Bonds which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Instruments or S.O. Bonds are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets and/or quotation systems.

Terms and Conditions:	The Terms and Conditions applicable to each Tranche of Instruments or S.O. Bonds will be as agreed between the Company and the relevant Dealer at or prior to the time of issuance of such Tranche, and will be specified in the relevant Final Terms. The Terms and Conditions applicable to each Tranche of Instruments will be those set out on pages 33-60 hereof as completed and/or (in the case of Exempt Instruments only) amended, modified or replaced by the relevant Final Terms. The Terms and Conditions applicable to each Tranche of S.O. Bonds will be those set out on pages 61-83 hereof as completed and/or (in the case of Exempt S.O. Bonds only) amended, modified or replaced by the relevant Final Terms. See also “Exempt Instruments and Exempt S.O. Bonds” below.
Exempt Instruments and Exempt S.O. Bonds:	The Company may agree with any Dealer that Exempt Instruments or Exempt S.O. Bonds may be issued in a form not contemplated by the Terms and Conditions of the Instruments herein or the Terms and Conditions of the S.O. Bonds herein, as the case may be, in which event the relevant provisions will be included in the relevant Pricing Supplement (as defined herein). In the case of Exempt Instruments and Exempt S.O. Bonds, any reference in this Base Prospectus to the “Final Terms” shall be deemed to be a reference to the Pricing Supplement, so far as the context requires.
Enforcement of Instruments and S.O. Bonds in Global Form:	In the case of Instruments and S.O. Bonds in global form, investors have the benefit of a Deed of Covenant (the “Deed of Covenant”) dated 15 May 2013, and available for inspection at the specified office of the Fiscal Agent and, in relation to a Tranche of Registered Instruments or Registered S.O. Bonds, the Registrar and by their arrangements with Euroclear and/or Clearstream, Luxembourg and/or SIS.
Clearing Systems:	Euroclear, Clearstream, Luxembourg, DTC and/or SIS and/or, in relation to any Tranche of Instruments or S.O. Bonds, any other clearing system as may be specified in the relevant Final Terms.
Events of Default in respect of Instruments:	As more fully described in Condition 6 of the Instruments.
Events of Default in respect of S.O. Bonds:	None.

2. Risk Factors

Investing in the Instruments or S.O. Bonds involves certain risks. Each of Swedbank Mortgage and Swedbank believes that the factors described below represent the principal risks inherent in investing in Instruments and S.O. Bonds issued under the Programme, but Swedbank Mortgage and Swedbank may be unable to pay interest, principal or other amounts on or in connection with any Instrument or S.O. Bond for other reasons which may not be considered significant risks by Swedbank Mortgage or Swedbank based on information currently available to them or which they may not currently be able to anticipate, and Swedbank Mortgage and Swedbank do not represent that the statements below regarding the risks of holding any Instruments and S.O. Bonds are exhaustive. As Swedbank Mortgage is part of the Swedbank Group, risks relating to Swedbank may also, directly or indirectly, impact on Swedbank Mortgage. Some of these risk factors are described below in the section "Risks Relating to Swedbank, as Guarantor" but not all of those risk factors are relevant for Swedbank Mortgage.

Words and expressions defined in "Terms and Conditions of the Instruments" and "Terms and Conditions of the S.O. Bonds" below or elsewhere in this Base Prospectus have the same meanings in this section.

2.1 Risks Relating to Swedbank Mortgage

2.1.1 Credit risk.

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in Swedbank Mortgage's business. In particular, Swedbank Mortgage's exposures to corporate customers could be subject to adverse changes in credit quality in the event of a deterioration of the economic environment in Swedbank Mortgage's markets in Sweden. Actual credit impairments vary over the business cycle, and additional credit impairments may occur at a rate higher than experienced in the past due to the prevailing market conditions. In addition, actual credit impairments may exceed Swedbank Mortgage's allowances for anticipated credit impairment, thereby resulting in further unanticipated losses.

Adverse changes in the credit quality of Swedbank Mortgage's borrowers and counterparties are likely to affect the recoverability and value of Swedbank Mortgage's assets and require an increase in Swedbank Mortgage's provisions for anticipated credit impairments, which in turn would adversely affect Swedbank Mortgage's financial performance. Additionally, a significant increase in the size of Swedbank Mortgage's allowance for credit impairments and credit impairments not covered by allowances would have a material adverse effect on Swedbank Mortgage's business, financial condition and results of operations.

2.1.2 Market risk.

Swedbank Mortgage's interest rate risks arise when interest on assets and liabilities do not coincide. Swedbank Mortgage has both floating-rate and fixed-rate assets which are actively managed and hedged to reduce interest rate risk, either through matched funding or through interest rate swap contracts. Swedbank Mortgage conducts lending in Swedish krona, but funds loans in other currencies, in particular U.S. dollars, which are then swapped into Swedish krona. While Swedbank Mortgage aims to mitigate interest rate and foreign exchange risk arising from this mismatch between lending and funding currencies, there can be no assurance that such hedging will be effective in eliminating all or substantially all interest rate and foreign exchange risk. Should arrangements to mitigate market risk in Swedbank Mortgage fail, failure by its counterparty to perform its obligations or make payments or otherwise, or changes in interest rates or currency rates could have a material adverse effect on Swedbank Mortgage's business, financial condition and results of operations.

2.1.3 Liquidity risk.

Swedbank Mortgage's funding capacity and ability to raise funding can deteriorate due to a number of different causes, such as a lowered credit rating, large financial losses, rumours or market price changes that affect the size of liquidity reserves. Some of those causes can also increase Swedbank Mortgage's funding needs as Swedbank Mortgage's counterparties demand a higher amount of collateral to perform transactions with Swedbank Mortgage. In addition, the volume of Swedbank Mortgage's funding sources, in particular long-term funding, may be constrained during periods of liquidity stress.

Loans granted by Swedbank Mortgage usually have a legal maturity beyond the maturity of the corresponding funding, which makes Swedbank Mortgage dependent on its ability to continuously refinance its maturing debt with new funding. The inability of Swedbank Mortgage to anticipate and provide for unforeseen decreases or changes in funding sources could have consequences on its ability to meet its obligations when they fall due.

2.1.4 Operational risk.

Swedbank Mortgage's business is dependent on the ability to process a very large number of transactions efficiently and accurately. Operational risk and losses can result from fraud or other external or internal crime, failure of IT systems, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and with business rules, equipment failures, natural disasters or the failure of internal or external systems. Although Swedbank Mortgage has implemented risk controls and loss mitigation actions, it is not possible to implement procedures which are completely effective in controlling each operational risk at all times. Furthermore, internal issues like high turnover of employees or organisational changes may result in an inadequate number of personnel to handle operational risks, especially as regards IT complexity.

2.1.5 Reliance on Swedbank.

Swedbank Mortgage relies on Swedbank for effectively all of its financial, funding, technical, operational, commercial and other support. These functions have been outsourced to Swedbank, which has integrated the operations of Swedbank Mortgage into its own operations. If Swedbank should materially reduce its support to or otherwise fail in its commitments towards Swedbank Mortgage, this could have a material adverse effect on Swedbank Mortgage's business, financial condition and results of operations and its ability to fulfil its obligations under the Instruments and S.O. Bonds.

2.2 Risks Relating to Swedbank, as Guarantor

2.2.1 Worsening economic conditions in the countries where the Group operates adversely impact the Group and are likely to continue to do so if those conditions persist or recur.

The Group's performance is significantly influenced by the general economic conditions in the countries in which it operates, in particular its primary markets of Sweden, Estonia, Latvia and Lithuania, and, to a lesser degree, Norway. The economic situation in all of the countries in which the Group operates has in recent years in various ways been adversely affected by weakening economic conditions and the turmoil in the global financial markets. These countries have in the past few years experienced periods of declining economic growth or recessions, increasing rates of unemployment, and, in the case of the Baltic countries, decreasing lending volumes as well as decreasing asset values. Sweden's economy has also worsened in recent months with a stronger krona, increasing bankruptcy rates and a higher unemployment rate. These macroeconomic factors led to higher default rates and higher credit impairments on the Group's loan portfolios, and also, in certain regions where the Group operates, declining asset values, declining customer activity and flat or

decreasing loan portfolio levels. Adverse economic developments of the kind described above have impacted and may continue to impact the Group's business in a number of ways. As a result, any or all of the conditions described above could continue to have a material adverse effect on the Group's business, financial condition and results of operations.

2.2.2 *The Group's business, financial condition and results of operations have been and may continue to be adversely affected by the recent conditions in the global financial markets and the Eurozone debt crisis.*

The global capital and credit markets have been characterised by extreme volatility and disruption in recent years, causing severe liquidity constraints and other problems at many of the world's largest commercial banks, investment banks and insurance companies, a number of which are the Group's counterparties or customers in the ordinary course of its business. These conditions also resulted in a material reduction in the availability of financing, both for the Group as well as other financial institutions and their customers, compelling many financial institutions, including the Group, to rely on central banks and governments to provide liquidity and, in some cases, additional capital.

Global markets and economic conditions have also been negatively impacted since 2010 by market perceptions regarding the ability of certain EU member states to service their sovereign debt obligations. The default, or a significant decline in the credit rating, of one or more sovereigns or financial institutions could cause severe stress in the financial system generally and could adversely affect the markets in which the Group operates and the businesses and economic condition and prospects of the Group's counterparties, customers, suppliers or creditors, directly or indirectly, in ways which it is difficult to predict. Additionally, the Group is financially exposed to Greece, Ireland, Italy, Portugal and Spain, as well as European banks that may be negatively affected by adverse events in these countries. Further developments adversely affecting these countries or other similar developments to other Eurozone countries could have a material effect on the Group's financial position, results of operations and business.

There are no assurances that these conditions will not occur, or recur or that similar events will not occur that have 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.

2.2.3 *Recent economic and market conditions have caused substantial credit impairments.*

The Group is exposed to credit risk, or the risk that its borrowers may not repay their loans according to their contractual terms and that the collateral securing the payment of these loans may be insufficient. Furthermore the Group is exposed to concentration risk, which means credit risk relating to large individual exposures or affiliated borrowers as well as significant exposures to groups of counterparties whose probability of default is driven by common underlying factors, such as sector, economy, geographical location, or type of instrument. The impact of the concentration risk could have a material adverse effect on the Group's business, financial condition and results of operations. Swedbank Mortgage's credit risks arise primarily in its lending to the public (including private individuals, the forestry and agriculture industries and companies).

Further credit impairments could have a material adverse impact on the Group's business, financial condition and results of operations. A devaluation or depreciation of any of the currencies in Latvia or Lithuania would likely lead to further credit impairments: see *"The Group is exposed to foreign exchange risk, and a devaluation or depreciation of any of the currencies in Latvia or Lithuania could have an adverse effect on the Group's assets, including its loan portfolio, and its results of*

operations" below. Any of the foregoing risks could have a material adverse effect on the Group's business, financial condition and results of operations.

2.2.4 *For loans outside of Sweden, the Group may be unable to successfully foreclose on the collateral securing its customer loans in default, and even if it is successful in its foreclosure efforts, it may be unable to successfully repossess the underlying assets, which may adversely affect its ability to recover the value of the collateral.*

If a borrower defaults under one of the Group's loans, the Group may foreclose on the loan and/or acquire title to the assets pledged as collateral (only applicable for loans outside of Sweden since foreclosure is not permissible under Swedish law). If the borrower seeks bankruptcy protection against the Group's exercise of enforcement, certain regulatory measures may preclude the Group from enforcing foreclosure or other remedies against the borrower. In certain countries where the Group operates, including the Baltic countries, the judicial process with respect to foreclosure and acquiring title to underlying assets, including real property, is not as developed as in Western Europe and North America and may further inhibit the Group's ability to protect its rights and may increase the uncertainty as regards to whether the Group will be able to protect such rights. Foreclosure-related costs, high loan-to-value ratios or reductions in the value of the assets may prevent the Group from realising an amount equal to its loans upon foreclosure. Even if the Group were able to successfully foreclose on the collateral securing its loan advances, the Group may own title to assets that it is unable to efficiently repossess, if at all, which would adversely affect the Group's ability to recover the value of the collateral securing its advance. Furthermore, the Group may as part of its foreclosure on business assets end up acquiring collateral that is not core to the Group's business and in respect of which it lacks required operational or management expertise or experience or may be prohibited from owning under applicable regulations. If the Group does not successfully manage its foreclosed assets, the value of those assets could deteriorate. All of the above may adversely affect the Group's financial condition and results of operations.

2.2.5 *The Group's guidelines and policies for risk management may prove to be inadequate with respect to unidentified and unforeseen risks.*

The management of business, regulatory and legal risks requires, among other things, guidelines and policies for the accurate registration and control of a large number of transactions and events. Such guidelines and policies may not always be adequate. Some methods used by the Group to estimate, measure and manage risk are based on perceived historic market behaviour and may therefore prove to be inadequate for predicting future risk exposure. Other methods for risk management are based on evaluation of information regarding markets, customers or other information that is publicly known or otherwise available to the Group. Such information has not been and may not always be correct, probability of default or correctly evaluated and may therefore be inadequate for the purpose of risk management, which may in turn have a material adverse effect on the Group's financial condition and results of operations.

2.2.6 *Any further impairment of goodwill and other intangible assets would have a negative effect on the Group's results of operations.*

Swedbank performs impairment tests on goodwill and other intangible assets at least once a year or whenever there are indications for a decrease in value of goodwill or other intangible assets. The outcome of any impairment test model depends, among other things, on key input data on macroeconomic factors and long-term growth assumptions. Should the economic conditions worsen, either in any of the Group's home markets or in general, an impairment charge may need to be recognised, which may have a material adverse effect on the Group's financial position and results of operations.

2.2.7 The Group is exposed to foreign exchange risk, and the risk of a devaluation or depreciation of any of the currencies in Latvia or Lithuania.

The Group is exposed to foreign exchange rate risk, as loans to customers outside of Sweden are not typically denominated in SEK. A large part of lending in Latvia and Lithuania is denominated in EUR when customers in these countries typically receive their main income in local currencies, which leaves them exposed to currency risk. A significant devaluation or depreciation of the relevant local currency against the EUR would make it more difficult for these customers to repay their loans, increasing the credit risk associated with these customers and potentially increasing their default rates. Further, a devaluation or depreciation of any of the national currencies in Latvia or Lithuania may result in the recognition of future impairment losses or an impairment of goodwill as it would have a direct impact on the fair value of the assets resulting from the ability of the individuals to repay the loans for the reason described above and on the estimated future cash flows from the business.

2.2.8 The Group's strategic holdings in foreign operations and subsidiaries are generally funded in each entity's national currency or in a currency that is linked to the country's currency.

Exchange rate movements between SEK, EUR, USD and local currencies in the Baltic countries, could have a significant adverse effect on the Group's balance sheet positions, as a substantial portion of the Group's assets and liabilities are denominated in these currencies and, in the long-term, the income statement which is stated in SEK. Changes in exchange rates affect both the balance sheet directly through strategic positions and the income statement as foreign currency cash flows from lending margins could affect the net interest income.

2.2.9 The Group's business is sensitive to volatility in interest rates and to changes in the competitive environment affecting spreads on its lending and deposits.

The Group is subject to the risks typical of banking activities, including interest rate fluctuations. Changes in interest rate levels, yield curves and spreads may affect the Group's lending and deposit spreads. The Group is exposed to changes in the spread between the interest rates payable by it on deposits or its wholesale funding costs, and the interest rates that it charges on loans to customers and other banks. While both the interest rates payable by the Group on deposits, as well as the interest rates that it charges on loans to customers and credit institutions, are in each case mainly floating rates or swapped into floating rates, there is a risk that the Group will not be able to re-price its floating rate assets and liabilities at the same time, giving rise to re-pricing gaps in the short or medium term. The Group is also subject to intense competition for customer deposits and the current low interest rate environment puts pressure on the Group's deposit spreads. The Group may not be able to lower its funding costs, whether relating to deposits or wholesale funding, in line with decreases in interest rates on its interest-bearing assets.

Interest rates are sensitive to several factors that are out of the Group's control, including fiscal and monetary policies of governments and central banks, as well as domestic and international political conditions. An increase in interest rates could reduce the demand for credit, as well as contribute to an increase in defaults by the Group's customers. Conversely, a reduction in the level of interest rates may adversely affect the Group through, among other things, a decrease in demand for deposits and an increase in competition in deposit-taking and lending to customers. As a result of these factors, significant changes or volatility in the interest rates could have a material adverse impact on the business, financial condition or results of operations of the Group.

The Group has implemented risk management methods aimed at mitigating these and other market risks, and exposures are constantly measured and monitored. However, it is difficult to predict changes in economic or market conditions and to anticipate the effects that such changes could have on the Group's financial performance and results of operations. While the Group undertakes

hedging operations in order to reduce its exposure to interest rate risk, it does not hedge all its risk exposure and cannot assure its hedging strategies will be successful. If the Group is unable to adjust the interest rate payable on deposits in line with the changes in market interest rates receivable by it on loans, or if the Group's monitoring procedures are unable to manage adequately the interest rate risk, its interest income could rise less or decline more than its interest expense, in which case the Group's results of operations and financial condition or prospects could be negatively affected.

2.2.10 *The Group is subject to the risk that liquidity may not always be readily available.*

The Group's liquidity could be impaired by an inability to access debt markets, an inability to sell assets or redeem its investments, outflows of deposits or collateral deterioration. Even a perception among market participants that a financial institution is experiencing greater liquidity risk can cause significant damage to the institution and consequently its ability to access liquidity. The Group's ability to sell assets at a commercially desirable price or at all may be impaired if other market participants are seeking to sell similar assets at the same time or are not in the position to finance themselves, or when the market value of assets, including financial instruments underlying derivative transactions to which the Group is a party, is difficult to ascertain, as has occurred during the recent crisis. In addition, financial institutions with which the Group interacts may exercise set-off rights or the right to require additional collateral, which could further impair the Group's access to liquidity.

The Group's internal sources of liquidity may prove to be insufficient, and in such case, the Group may not be able to successfully obtain additional financing on favourable terms or at all, which would have a material adverse effect on the Group's business and results of operations.

2.2.11 *The Group's funding costs and its access to the debt capital markets depend significantly on its credit ratings.*

Any downgrade of Swedbank's credit ratings, or the credit ratings of its significant subsidiaries such as Swedbank Mortgage, could increase its borrowing costs, adversely affect the liquidity position of the Group, limit its access to the capital markets, undermine confidence in and competitive position of the Group, or trigger obligations under certain bilateral terms in some of its trading and collateralised financing contracts, including requiring the provision of additional collateral as well as limiting the range of counterparties willing to enter into transactions with the Group. Any of the events above could have a material adverse effect on the Group's business and results of operations.

2.2.12 *The Group is exposed to systemic risk.*

Given the high level of interdependence between financial institutions, the Group is and will continue to be subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of other financial institutions. Within the financial services industry, the default of any one institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-wide liquidity problems and losses or defaults by the Group or by other institutions. Systemic risk could have a material adverse effect on the Group's ability to raise new funding and on its business, financial condition, results of operations, liquidity and/or prospects.

2.2.13 *Swedbank or its financial institution subsidiaries may need additional capital in the future to maintain capital adequacy ratios or for other reasons, which may be difficult to obtain.*

The Group, on a consolidated basis, and Swedbank and its financial institution subsidiaries, on an individual basis, are required to maintain minimum capital adequacy ratios and solvency levels prescribed by law in each of the jurisdictions in which the Group operates. If the capital of the Group

is not sufficient to cover future losses or if the applicable minimum capital requirements increase, the Group may need to obtain additional capital in the future and may not be able to obtain new equity capital or debt financing qualifying as regulatory capital on attractive terms, or at all. Moreover, developments in the regulatory framework such as changes in the risk weighting of assets may cause reductions in the Group's capital adequacy ratios and solvency levels or cause the applicable minimum capital requirements to increase.

Supervisory authorities in Sweden and at the European level have made note of the major differences among the average risk weights institutions use to calculate credit risks under the internal rating-based (IRB) approach. The Swedish FSA published a memorandum in November 2012 introducing a risk-weight floor of 15 per cent on the Swedish mortgage portfolio, expected to be introduced as part of the FSA's overall capital assessment under the supervisory measures in Pillar 2. The risk-weight floor means that institutions must hold more capital insofar as they themselves do not already set aside capital exceeding the floor level for Swedish mortgages.

In July 2011, the EU Commission published a new proposal on capital requirements in addition to previously published Basel 3. EU negotiations on the future regulatory framework were scheduled to be completed in 2012, but were delayed and finalised during the first quarter of 2013. Consequently, the new rules are expected to become effective 1 January 2014. Swedbank estimates that the introduction of Basel 3 will affect Swedbank's Common Equity Tier 1 ("CET 1") capital ratio negatively by 1.3 percentage points, calculated as of 31 December 2012.

Swedish authorities have announced that the government will propose higher capital adequacy requirements for systemically important banks in order to strengthen the stability of the Swedish banking system and reduce the vulnerability of the Swedish economy. The proposal means that such banks must have CET 1 capital corresponding to at least 10 per cent of their risk-weighted assets by the end of 2013 and 12 per cent of risk-weighted assets by 2015. Introduction of such levels is, however, subject to the EU's implementation of the Basel 3 rules.

The new capital adequacy rules have not been finalised. Further, the conditions of Swedbank's business as well as external conditions are constantly changing. Hence, it may become desirable to increase or decrease the capital base or change the composition of CET 1 capital and other capital.

Furthermore, unexpected bank stress tests that are conducted on a local (national or regional) or on a pan-European level or other actions by banking industry authorities may result in significant changes in capital requirements, resulting in capital shortfalls for Swedbank. As a consequence of such changes in the regulatory framework, the Group may need to obtain additional capital in the future, and may not be able to obtain new equity capital or debt financing qualifying as regulatory capital on attractive terms, or at all. In addition, if the capital ratios of Swedbank's financial institution subsidiaries deteriorate, Swedbank, as the parent company, may be required to provide funding by way of direct or indirect capital contributions, loans, or guarantees of loans, into its subsidiaries. To the extent that it does not, Group operations may be restricted in these jurisdictions as a result of regulatory penalties.

In a scenario where the Group were to maintain the capital adequacy ratios prescribed by law, if market participants were to view the Group as requiring higher capital levels than other institutions, this market perception may impact the Group's borrowing costs and rating levels. Any additional funding obtained through share capital increases may dilute the ownership percentage held by current shareholders. In addition, the Group may not be able to obtain additional capital on favourable terms, or at all. Therefore, the Group may need to sell assets and these sales may be at distressed prices, to the extent that a market exists.

The Group may see a downgrade of parts of the credit portfolio, resulting in a negative migration in the risk classification system. The Group uses through-the-cycle estimates of probability of default for the purpose of calculating the regulatory capital requirement, but there is still a risk that such migration could result in a higher regulatory capital requirement, which may lead to a need to obtain additional capital. In addition, the Group values assets and assesses the capital adequacy position of its banking subsidiaries using financial models based on assumptions and estimates taking into account the then prevailing market conditions which may prove inadequate if market conditions undergo further deterioration. Furthermore, changes in foreign exchange rates, decreases in collateral ratios as a consequence of the deterioration of the market value of assets pledged as collateral, or a further deterioration in the economic environment, among other things, could result in further provisioning and/or an increase in the risk-weighted assets, which could have a material adverse effect on the Group's financial condition.

2.2.14 *The Swedish government may, by operation of law or future contracts, acquire the Group or its assets.*

The Swedish Parliament adopted an act in 2008 providing for state aid to banks, such as Swedbank, and certain other credit institutions. The act and the ordinances issued by the Swedish government under this act provide, among other things, that the Swedish government, under certain conditions and in exchange for a fee, will guarantee certain debt securities issued by banks and other credit institutions (the "Guarantee Programme"). Each of Swedbank and Swedbank Mortgage has entered into a guarantee agreement with the Swedish National Debt Office (Sw: *Riksgälden*) under the Guarantee Programme. Under the act, the Swedish government has the right to exercise a compulsory acquisition of the shares of institutions, including the shares of Swedbank, provided, among other things, it is considered to be of material importance from a public perspective. Participation in the Guarantee Programme involves agreeing to certain limitations on operations.

The Swedish government may also take possession over the Group or part of it or its assets by way of future contractual arrangements or otherwise, which the Group may have to enter into by operation of law or necessity. In the event of a government takeover, the value of the Group or its assets may be considered to be limited and the Group may not receive adequate compensation, which could therefore significantly reduce its assets.

2.2.15 *Governmental responses to recent market disruptions may be inadequate and may have unintended consequences.*

The Group may be adversely affected by governmental responses to recent market disruptions in the countries where it operates. As a result of the current financial crisis and subsequent government intervention, there has been, and there will continue to be, a substantial increase in governmental policy responses to recent market disruptions, including reductions in public spending and the imposition of further fiscal austerity measures, and changes in monetary and interest rate policies.

The Group has no control over governmental policy changes or over changes in the interpretation of fiscal legislation by any tax authority. Significant changes in governmental policy responses in Sweden or in the other countries where the Group operates, or difficulties in implementing such responses or with the type and effectiveness of the impact of such responses, may have a relevant adverse impact on the activity, financial situation and operating results of the Group.

2.2.16 *The Group is exposed to the risk that its debtors or counterparties may fail to perform their obligations.*

The Group is exposed to the risk that entities owing the Group money, securities or other assets will not perform their obligations. These entities may default on their obligations to the Group due to bankruptcy, lack of liquidity, operational failure or other reasons. The Group is also subject to the risk that its rights against these entities may not be enforceable in all circumstances. In addition,

deterioration in the credit quality of securities or obligations held by the Group could result in losses and/or adversely affect its ability to transfer or realise value from those securities or obligations in the event of liquidation. A significant downgrade in the credit ratings of the Group's counterparties could also have a negative impact on the Group's results. The termination of contracts and the foreclosure on collateral (only applicable for loans outside of Sweden since foreclosure is not permissible under Swedish law) may subject the Group to claims for the improper exercise of its rights. Bankruptcies, downgrades and disputes with counterparties as to the valuation of collateral tend to increase in times of market stress and illiquidity. Rapid changes in prices on the financial markets may cause the Group's exposure to such counterparties to increase, and in some of those cases the actual value of the Group's collateral is lower than it was when the agreement was entered into. The Group may not be able to retain the value of its collateral due to legal concerns and to the ability of the Group to manage real estate property and other assets.

If the credit quality of third parties who owe the Group money, securities or other assets were to deteriorate, the Group's business, profitability and liquidity may be materially adversely affected.

2.2.17 The Group may be required to reassess assumptions used in the calculation of defined benefit pension schemes and to make further contributions to its pension schemes if the value of the plan assets is not sufficient to cover potential liabilities.

The Group maintains a number of defined benefit pension schemes and pension schemes based on the salaries of employees at the time of retirement for former and current employees, primarily in Sweden. Pension risk is the risk that the liabilities of the Group's various defined benefit pension schemes, which are long-term in nature, will be higher than the liabilities projected based on current assumptions. Major assumptions include those pertaining to salary increases, mortality, discount rates and inflation. The schemes' assets and plan assets comprise investment portfolios that are held to meet projected liabilities to the scheme members. Risk also arises from the plan assets because the value of these asset portfolios and the returns from them may be less than expected. Actual outcome might also differ from current assumptions. These changes or differences, as expressed by an actuarial loss, could be significant and could have a negative impact on the Group's results of operations.

2.2.18 Market fluctuations and volatility may adversely affect the value of the Group's positions, reduce its business activities and make it more difficult to assess the fair value of certain of its assets.

The fair value of certain of the Group's assets may decline significantly due to dislocation of financial markets, causing the Group to record market-to-market losses and may fluctuate over short periods of time. In addition, the Group's estimates of fair value may differ materially both from similar estimates made by other financial institutions and from the values that would have been used if a market for these assets had been readily available. Market fluctuations, in particular, fluctuations in the equity market, also influence the value of assets in funds managed by the Group's asset management business and have a direct impact on the income volatility of the asset management activities. Furthermore, similar to any other holding company with insurance subsidiaries, the Group's level of fees and returns from its equity investments in these subsidiaries are impacted by any decrease in the value of their investment portfolios, poor investment returns and the requirement to maintain assets sufficient to cover mandatory provisions for insurance claims.

The dislocation of market prices or the lack of readily available market prices may cause the Group to post credit losses on securities reported as available for sale in its financial reporting, thereby having an adverse impact on the Group's financial condition and result of operations.

2.2.19 *The IT and other systems on which the Group depends for its day-to-day operations can fail; the Group is subject to the risk of infrastructure disruptions or other effects on such systems.*

The Group's operations are highly dependent on its ability to process and monitor, on a daily basis, a large number of transactions, many of which are highly complex, across numerous and diverse markets in many currencies. Any disruption in the Group's IT or other systems may have a material adverse effect on the Group's financial condition and results of operations and, despite the contingency plans and facilities the Group has in place, its ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports the businesses and the countries in which it is located.

As for all major financial institutions, Swedbank's activities have been, and will continue to be, subject to an increasing risk of cyber attacks, the nature of which is continually evolving. Such security breaches and unexpected disruptions may in turn result in liability to its customers and third parties and have an adverse effect on the Group's business, reputation and results of operations.

2.2.20 *The Group is exposed to risks related to money laundering activities and compliance with anti-money laundering and anti-terrorism financing rules involves significant cost and effort.*

The Group is subject to rules and regulations regarding money laundering and the financing of terrorism. In general, the risk that banks will be subjected to or used for money laundering has increased worldwide. The risk of money laundering is higher in emerging markets, such as the Baltic countries, than in Sweden and other more developed markets where the Group operates. Although the Group believes that its current policies and procedures are sufficient to comply with applicable rules and regulations, it cannot guarantee that its group-wide anti-money laundering and anti-terrorism financing policies and procedures completely prevent instances of money laundering or terrorism financing. Any violation of anti-money laundering rules, or even the suggestion of violations, may have severe legal and reputational consequences for the Group and may, as a result, have a material adverse effect on the Group's financial condition and results of operations.

2.2.21 *Conflicts of interest, whether actual or perceived, and fraudulent acts may negatively impact the Group.*

As the Group expands the scope of its businesses and its client base, the Group increasingly has to implement policies on corporate governance on a Group-wide level and address potential conflicts of interest. Appropriately identifying and dealing with conflicts of interest is complex and the Group's reputation could be damaged and the willingness of clients to enter into transactions in which such a conflict might arise may be affected if the Group fails, or appears to fail, to identify and deal appropriately with conflicts of interest. Additionally, many financial institutions, including those within the Group, are negatively impacted by fraudulent acts or violations of internal instructions committed by their own employees. The Group cannot predict whether such instances of internal fraud will occur or, if they were to occur, the extent to which these acts would negatively impact the Group or its reputation.

2.2.22 *The Group operates in competitive markets.*

The Group is subject to significant competition in the markets in which it operates. Competition may increase in some or all of the Group's markets as a result of legislative, regulatory, technological or other factors, causing the Group to lose business or compel it to price products and services on less advantageous terms, or otherwise have an adverse effect on its business, financial condition, results of operations and prospects. In addition, increased government ownership of, and involvement in, the financial sector generally in the Group's principal markets may have an impact on the competitive landscape in such markets and on the way in which banks in those markets conduct their operations. At present, however, it is difficult to predict what the effects of this increased government ownership

and involvement will be or how it will differ from jurisdiction to jurisdiction, should it materialise. The Group may experience stronger competition for corporate, institutional and retail customers and greater pressure on profit margins. These and other changes in the competitive landscape could adversely affect the Group's business, financial condition, results of operations, liquidity, markets and/or prospects.

2.2.23 *The Group depends on highly skilled individuals; the Group may not be able to retain or recruit key talent.*

The Group's performance is largely dependent on the talents and efforts of highly skilled individuals and its continued ability to compete effectively in its businesses depends on its ability to attract new employees and to retain and motivate its existing employees. Competition from within the financial services industry and from businesses outside the financial services industry for qualified employees is intense. In addition, current and future laws, including laws relating to immigration and outsourcing, may restrict the Group's ability to move responsibilities or personnel from one jurisdiction to another or to offer competitive compensation to attract new employees and to retain and motivate its existing employees. This may impact the Group's ability to take advantage of business opportunities, potential efficiencies, or profitably manage its existing or new assets.

2.2.24 *The Group's business is subject to substantial regulation and supervision and can be adversely affected by adverse regulatory and governmental developments.*

The Group conducts its businesses subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies, voluntary codes of practice and interpretations in Sweden and the other countries in which the Group operates. Future changes in regulation, fiscal or other policies are unpredictable and beyond the control of the Group and could materially adversely affect the Group's business, financial condition and results of operations.

The Group's operations are contingent upon licences issued by financial authorities in the countries in which the Group operates. Violations of rules and regulations, whether intentional or unintentional, may lead to the withdrawal of some of the Group's licences. Any breach of these or other regulations may adversely affect the Group's reputation, business, results of operations or financial condition.

Swedbank is subject to supervision by the Swedish FSA and to Swedish regulations regarding, among other things, solvency and capital adequacy, including solvency ratios and liquidity rules (see "*Swedbank or its financial institution subsidiaries may need additional capital in the future to maintain capital adequacy ratios or for other reasons, which may be difficult to obtain*"). Certain of the Group's subsidiaries and operations are subject to the supervision of other local supervisory authorities. The Group is also subject to European Union regulations with direct applicability and to European Union directives which are adopted by the European Economic Area member states and implemented through local laws. In Sweden and elsewhere, there is increased political and regulatory scrutiny of financial and mortgage institutions. Increased regulatory intervention may lead to requests from regulators to carry out wide ranging reviews of past sales and/or sales practices. The Group is unable to predict what regulatory changes may be imposed in the future as a result of regulatory initiatives in the European Union and elsewhere or by the Swedish FSA and other supervisory authorities. If the Group is required to make additional provisions or to increase its reserves as a result of potential regulatory changes, this could adversely affect the results of operations of the Group. In addition, failure by the Group to comply with regulatory requirements could result in significant penalties.

The failure of the Group to effectively manage these regulatory risks could have a material adverse effect on the Group's business, financial condition and results of operations.

2.3 Risks Relating to the S.O. Bonds

Holders of S.O. Bonds have a priority right over assets in the Company's cover pool according to the S.O. Act. In some situations, there is a risk that holders of S.O. Bonds would not have the expected priority right or that their priority right would prove to be less extensive than expected, and consequently have a negative impact on the market value of an S.O. Bond. For more information on the S.O. Act, see "Summary of the Swedish Legislation Regarding Covered Bonds" below.

2.3.1 Legal Risks

S.O. Bonds are mainly regulated by the S.O. Act and by the Swedish Rights of Priority Act (Sw: *Förmånsrättslagen* (1970:979)). These Acts cannot provide explicit and detailed rules on every aspect or situation intended to be covered by them and may thus be subject to interpretation in future court rulings having a detrimental effect on the value of the S.O. Bonds. Moreover, amendments and modifications of the aforementioned Acts could have a negative impact on the Terms and Conditions of the S.O. Bonds and on the ability of the holders of the S.O. Bonds to receive all amounts due in respect of the S.O. Bonds.

2.3.2 Failure to Comply with Matching Requirements

According to the S.O. Act, the Company must comply with certain matching requirements with respect to the cover pool and the covered bonds. One of the requirements to maintain the matching of the cover pool is the maintenance of sufficient hedging. Hence, the Company's matching of the cover pool is also dependent on the availability of derivative counterparties with a sufficient rating and the performance by such counterparties of their obligations under derivative contracts.

Failure to comply with the matching requirements would mean that, upon the Company being declared bankrupt, the assets in the cover pool will no longer be separated, and that ordinary bankruptcy procedures will be applied. Payments will then no longer be made in accordance with the Terms and Conditions of the S.O. Bonds, but in accordance with the provisions of the Bankruptcy Act (Sw: *Konkurslagen* (1987:672)). This may mean that a holder of S.O. Bonds will not receive full payment, and that any payment may be made in advance or in arrears. However, the priority right will remain. To the extent the cover pool does not cover the covered bonds and the derivative contracts, remaining claims will rank *pari passu* with other unsecured unsubordinated claims against the Company.

2.3.3 Deterioration of the Loan-to-Value Ratio

If the value of property which has been mortgaged as security for the assets in the cover pool decreases substantially – and the Company does not take any action to restore the ratio between the value of the S.O. Bonds and the value of the assets in the cover pool – there is a risk that the Company will not be able to make full payment to the holders of S.O. Bonds.

2.3.4 No Gross-Up in respect of S.O. Bonds

Under the Terms and Conditions of the S.O. Bonds, all payments in respect of the S.O. Bonds will be made without withholding or deduction in respect of any taxes, duties, assessments or governmental charges imposed or levied by or on behalf of Sweden unless such withholding or deduction of such taxes is required by law. In such circumstances, such withholding or deduction will be made and the Company will not be under any obligation to pay additional amounts to investors in respect of any such withholding or deduction and affected investors will receive interest payments net of such withholding.

In addition, the Guarantor is under no obligation to pay additional amounts to investors in respect of any withholding or deduction required by law in respect of payments made by the Guarantor under the Guarantee (see also “No Gross-Up under the Guarantee” below).

2.3.5 No Events of Default

The Terms and Conditions of the S.O. Bonds do not include any events of default relating to the Company or the Guarantor, the occurrence of which would entitle holders to accelerate repayment of the S.O. Bonds, and holders will only be paid the scheduled interest payments under the S.O. Bonds as and when they fall due under the Terms and Conditions of the S.O. Bonds. The absence of any events of default from the Terms and Conditions of the S.O. Bonds may make it less likely that holders will recoup their investment in full in the event that the Company experiences financial distress.

2.3.6 Timely Payments in the Event of Bankruptcy

Provided that (and as long as) the cover pool meets the requirements of the S.O. Act (including the matching requirements), the assets in the cover pool, the S.O. Bonds and any relevant derivative contracts that have been entered into the applicable register are required to be maintained as a unit and kept segregated from other assets and liabilities of the bankruptcy estate of the institution. The administrators-in-bankruptcy are in such case required to procure the continued timely service of payments due under the S.O. Bonds and any relevant derivative contracts. Consequently, the bankruptcy would not as such result in early repayment or suspension of payments to holders of S.O. Bonds or to derivative counterparties, so long as the cover pool continues to meet the requirements of the S.O. Act.

2.3.7 Liquidity Following the Company's Bankruptcy

Upon a credit institution's bankruptcy, neither the credit institution nor its bankruptcy estate would have the ability to issue further covered bonds. Following an amendment to the S.O. Act in 2010, the administrators-in-bankruptcy have been provided an explicit and broad mandate to enter into loan, derivative, repo and other transactions on behalf of the bankruptcy estate with a view to attaining matching of cash flows, currencies, interest rates and interest periods between assets in the cover pool, covered bonds and derivative contracts. However, there can be no assurance as to the actual ability of the bankruptcy estate to raise post-bankruptcy liquidity.

2.3.8 Levy of Execution on the Assets in the Cover Pool

Due to what is generally regarded to be an oversight in the legislation, there is some uncertainty as to whether a creditor that obtains execution (Sw: *Utmätning*) against an asset or assets in the cover pool earlier than three months before the Company's bankruptcy could defeat the priority afforded to the holders of covered bonds in respect of that asset or those assets. Consequently, an execution by a creditor against assets in the cover pool more than three months prior to the Company's bankruptcy could have an adverse affect on the ability to make payments on covered bonds (including the S.O. Bonds, covered bonds issued under the Company's other debt issuance programmes and derivative transactions relating to both the Programme and the Company's other debt issuance programmes). An execution that is levied less than three months before the Company is declared bankrupt will typically not defeat the priority.

2.3.9 Conflicting Interests of Other Creditors

In the event of the Company's bankruptcy, the S.O. Act does not give clear guidance on certain issues, which may lead to a conflict between the holders of the S.O. Bonds, holders of any other covered bonds issued by the Company and counterparties to any derivative agreements on the one hand and other creditors of the Company on the other hand. Examples of such issues include (a)

how proceeds from a loan partly registered to the cover pool should be distributed between the portion of such loan registered to the cover pool and the portion of such loan not registered to the cover pool and (b) how the proceeds of enforcement of a mortgage certificate should be distributed if this serves as collateral for two different loans ranking *pari passu* in the mortgage certificate where one such loan is not wholly or partly registered to the cover pool. The lack of clear guidance on these and similar issues may lead to unsecured creditors arguing that part of the proceeds from a loan and/or mortgage certificate should not be included in the cover pool or to any creditors with loans that rank *pari passu* in a mortgage certificate which also serves as collateral for a loan registered to the cover pool arguing that part of the proceeds from such mortgage certificate should not be included in the cover pool.

2.3.10 Payment of Advance Dividends Post the Company's Bankruptcy

In the event of the Company's bankruptcy, an administrator-in-bankruptcy could make advance dividend payments to creditors other than the holders of S.O. Bonds. Although it is likely that an administrator-in-bankruptcy would only authorise such advance dividend payments if satisfied that the cover pool contained significantly more assets than necessary to pay amounts owing to the holders of S.O. Bonds before making such payment, such payment of advance dividends could result in holders of S.O. Bonds not being paid in a timely manner.

2.4 Risks Relating to the Instruments and S.O. Bonds

2.4.1 Risks Relating to the Market Generally

2.4.1.1 The Secondary Market Generally

The Instruments and S.O. Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Instruments or S.O. Bonds 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 Instruments or S.O. Bonds that are especially sensitive to interest rate, currency and 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 Instruments and S.O. Bonds would generally 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 the Instruments and S.O. Bonds.

2.4.1.2 Lack of Liquidity in the Secondary Market May Adversely Affect the Market Value of the Instruments or S.O. Bonds

Generally weak global credit market conditions could contribute to a lack of liquidity in the secondary market for instruments similar to the Instruments or the S.O. Bonds. In addition, the recent liquidity crisis has limited the primary market for a number of financial products, including instruments similar to the Instruments or the S.O. Bonds. While some measures have been taken by governments, there can be no assurance that the market for securities similar to the Instruments or the S.O. Bonds will recover, either at all or at the same time or to the same degree as any other recovering global credit market sectors.

A failure of the market for securities similar to the Instruments or the S.O. Bonds to recover could adversely affect the market value of the Instruments or the S.O. Bonds.

2.4.1.3 Exchange Rate Risks and Exchange Controls

The Company will pay principal and interest on the Instruments and S.O. Bonds in the Specified Currency. 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. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Instruments or S.O. Bonds, (ii) the Investor's Currency equivalent value of the principal payable on the Instruments or S.O. Bonds and (iii) the Investor's Currency equivalent market value of the Instruments or S.O. Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Company or the Guarantor to make payments in respect of the Instruments or the S.O. Bonds. As a result, investors may receive less interest or principal than expected, or no interest or principal.

2.4.1.4 Interest Rate Risks

Interest rate risk occurs when the interest rate payable on assets and liabilities for a fixed period do not coincide. Investments in Instruments and S.O. Bonds with fixed interest involve a risk that subsequent changes in market interest rates may adversely affect the value of fixed interest Instruments or S.O. Bonds. Investments in Instruments and S.O. Bonds with floating interest involve a risk of adverse changes in the interest rate payable on such Instruments and S.O. Bonds.

2.4.1.5 Credit Ratings May Not Reflect All Risks

S.O. Bonds to be issued under the Programme are expected to be assigned a "AAA" rating by Standard & Poor's and a "Aaa" rating by Moody's. Instruments to be issued under the Programme are expected to be rated A+ (long term) and A-1 (short term) by Standard & Poor's and (P)A2 (long term) and (P)P-1 (short term) by Moody's. There is no guarantee that such ratings will be assigned or maintained or that such credit ratings reflect the potential impact of all risks related to an investment in the relevant Instruments or the relevant S.O. Bonds. Rating agencies may change their rating methodology, making it more difficult to maintain a certain credit rating. Accordingly, a credit rating is not a recommendation to buy, sell or hold the relevant Instruments or the relevant S.O. Bonds and may be revised, suspended or withdrawn by the relevant rating agency at any time. Any such revision, suspension or withdrawal could adversely affect the market value of the relevant Instruments or the relevant S.O. Bonds.

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 Base Prospectus and if a Tranche of Instruments or S.O. Bonds is rated such rating will be disclosed in the applicable Final Terms.

2.4.2 General Risks Relating to Instruments and S.O. Bonds

2.4.2.1 Modification

The Terms and Conditions of the Instruments and S.O. Bonds and the Fiscal Agency Agreement contain provisions for convening meetings of holders of Instruments and S.O. Bonds to consider any matter affecting their interests generally. These provisions permit defined majorities to bind all

holders of Instruments and S.O. Bonds including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.

The Terms and Conditions of the Instruments and S.O. Bonds also provide that the Fiscal Agent may agree, without the consent of the holders of the Instruments and the S.O. Bonds and without regard to the interests of particular holders of the Instruments or S.O. Bonds, to any modification of any provision of the Instruments, the S.O. Bonds or the Fiscal Agency Agreement which is, in the opinion of the Company (following the advice of an independent financial institution of international standing), not materially prejudicial to the interests of the holders of the Instruments and the S.O. Bonds or which is, in the opinion of the Company, of a formal, minor or technical nature or is made to correct a manifest or proven error.

2.4.2.2 Withholding Tax Under the EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "EU Savings Directive"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or for the benefit of, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Company, the Guarantor nor any Paying Agent (as defined under "Terms and Conditions of the Instruments" and "Terms and Conditions of the S.O. Bonds") nor any other person would be obliged to pay additional amounts with respect to any Instrument or S.O. Bond as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent following implementation of the EU Savings Directive, the Company will be required to maintain a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive or any law implementing or complying with, or introduced in order to conform to, such Directive.

2.4.2.3 In certain circumstances, payments on the Instruments or S.O. Bonds may be subject to US withholding tax under FATCA

The United States enacted legislation (commonly referred to as "FATCA") which will impose new information reporting requirements with respect to certain holders of "financial accounts", as defined in the FATCA rules. It is possible that all or a portion of payments on or with respect to the Instruments or S.O. Bonds may become subject to a 30 per cent withholding tax depending on the status of investors as well as financial intermediaries between the Company and those investors. Significant aspects of how FATCA would apply to the Company and the Instruments and S.O. Bonds remain unclear. However, Instruments or S.O. Bonds issued prior to 1 January 2014 or, if later, the date that is six months after the publication of regulations explaining how FATCA may apply to instruments like the Instruments or S.O. Bonds, are generally exempt from withholding under FATCA unless they are materially modified after the end of this grandfathering period. This grandfathering rule may not apply to Instruments or S.O. Bonds with a maturity of greater than 30 years.

Prospective investors should consult their own advisers regarding the potential application of these rules to an investment in Instruments or S.O. Bonds.

2.4.2.4 Change of Law

The Terms and Conditions of the Instruments and S.O. Bonds are governed by English law (except that the Guarantee and Condition 3 of the S.O. Bonds are governed by Swedish law) in effect as at the date of issue of the relevant Instruments or S.O. Bonds. S.O. Bonds are issued in accordance with the S.O. Act. No assurance can be given as to the impact of any possible judicial decision or change to English law, Swedish law or administrative practice after the date of issue of the relevant Instruments or S.O. Bonds and any such change could materially adversely impact the value of any Instruments or S.O. Bonds affected by it.

2.4.2.5 Instruments or S.O. Bonds Where Denominations Involve Integral Multiples: Definitive Bearer Instruments and Definitive Bearer S.O. Bonds

In relation to any issue of Bearer Instruments or Bearer S.O. Bonds 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 Instruments or S.O. Bonds may be traded in amounts 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 Bearer Instrument or a Definitive Bearer S.O. Bond, as the case may be, in respect of such holding (should such Definitive Bearer Instruments or Definitive Bearer S.O. Bonds be printed) and would need to purchase a principal amount of Instruments or S.O. Bonds, as the case may be, such that its holding amounts to a Specified Denomination.

If Definitive Bearer Instruments or Definitive Bearer S.O. Bonds are issued, holders should be aware that Definitive Bearer Instruments or Definitive Bearer S.O. Bonds which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

2.4.2.6 No Gross-Up under the Guarantee

The Guarantor is under no obligation to pay additional amounts to investors in Instruments or S.O. Bonds in respect of any withholding or deduction required by law in respect of payments made by the Guarantor under the Guarantee.

2.4.2.7 Reliance on DTC, Euroclear and Clearstream, Luxembourg procedures

Instruments and S.O. Bonds issued under the Programme will be represented on issue by one or more Global Instruments or Global S.O. Bonds that may be deposited with a custodian for DTC or a common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each Global Instrument or S.O. Bond, investors will not be entitled to receive Instruments or S.O. Bonds in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Instrument or S.O. Bond held through it. While the Instruments or S.O. Bonds are represented by a Global Instrument or S.O. Bond, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Instruments or S.O. Bonds are represented by Global Instruments or S.O. Bonds, the Company will discharge its payment obligation under the Instruments or S.O. Bonds by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Instrument or S.O. Bond must rely on the procedures of the relevant clearing system and its participants to receive payments under the Instruments or S.O. Bonds. The Company has no

responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Instrument or S.O. Bond.

Holders of beneficial interests in a Global Instrument or S.O. Bond will not have a direct right to vote in respect of the Instruments or S.O. Bonds so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

2.4.3 Risks Relating to the Structure of a Particular Issue of Instruments or S.O. Bonds

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

2.4.3.1 Instruments and S.O. Bonds Subject to Optional Redemption by the Company

An optional redemption feature is likely to limit the market value of Instruments and S.O. Bonds. During any period when the Company may elect to redeem Instruments or S.O. Bonds, the market value of such Instruments and S.O. Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Company may consider it favourable to redeem Instruments or S.O. Bonds when its cost of borrowing is lower than the interest rate on the Instruments or S.O. Bonds. 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 Instruments or S.O. Bonds being redeemed and may only be able to do so at a significantly lower rate.

Instruments will be redeemable at the option of the Company for tax reasons as described in Condition 5.02 of the Terms and Conditions of the Instruments.

Potential investors should consider reinvestment risk in light of other investments available at that time.

2.4.3.2 Fixed/Floating Rate Instruments and S. O. Bonds

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

2.4.3.3 Instruments and S.O. Bonds Issued at a Substantial Discount or Premium

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

3. Terms and Conditions of the Instruments

The following are the Terms and Conditions of the Instruments which, when construed together with Part A of the applicable Final Terms in relation to any Instruments, will be applicable to each Series of Instruments:

The Instruments are issued in accordance with an amended and restated fiscal agency agreement (the "Fiscal Agency Agreement", which expression shall include any amendments or supplements thereto) dated 15 May 2013 and made between Swedbank Mortgage AB (publ) (the "Company"), Citibank, N.A., London Branch, in its capacities as fiscal agent (the "Fiscal Agent", which expression shall include any successor to Citibank, N.A., London Branch, in its capacity as such), as paying agent, as transfer agent and as exchange agent (the "Exchange Agent", which expression shall include any successor to Citibank, N.A., London Branch in its capacity as such), Citigroup Global Markets Deutschland AG as registrar (the "Registrar", which expression shall include any successor to Citigroup Global Markets Deutschland AG, in its capacity as such) and The Bank of New York Mellon (Luxembourg) S.A. as paying agent (a "Paying Agent" and, together with the Fiscal Agent and any substitute or additional paying agents appointed in accordance with the Fiscal Agency Agreement, the "Paying Agents") and as transfer agent (a "Transfer Agent" and, together with the Fiscal Agent and any substitute or additional transfer agents appointed in accordance with the Fiscal Agency Agreement, the "Transfer Agents"). In respect of Swiss Domestic Instruments (as defined below), the principal Swiss paying agent (the "Principal Swiss Paying Agent") and the other Swiss paying agents (the "Swiss Paying Agents", which expression shall include the Principal Swiss Paying Agent) will be specified in the applicable Final Terms, which entities shall act as Fiscal Agent and Paying Agents, respectively, in respect of the Swiss Domestic Instruments and the expressions "Fiscal Agent" and "Paying Agents" as used herein shall be construed accordingly. In respect of each issue of Swiss Domestic Instruments, the Company shall enter into a Supplemental Fiscal Agency Agreement (substantially in the form of Schedule 21 to the Fiscal Agency Agreement) with, *inter alia*, the Principal Swiss Paying Agent and any other Swiss Paying Agents. References herein to the Paying Agents and the Transfer Agents shall include any additional Paying Agent(s) and/or Transfer Agent(s) specified in the applicable Final Terms (as defined below).

A copy of each of the Fiscal Agency Agreement and the Deed of Covenant (as defined below) is available for inspection at the specified office of the Fiscal Agent and, in relation to a Tranche of Registered Instruments, the Registrar.

All persons from time to time entitled to the benefit of obligations under any Instruments shall be deemed to have notice of and to be bound by all of the provisions of the Fiscal Agency Agreement insofar as they relate to the Instruments.

References herein to "Exempt Instruments" are to Instruments for which no prospectus is required to be published under Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the "Prospectus Directive").

The final terms of the Instruments (or the relevant provisions thereof) are set out in (i) in the case of Instruments other than Exempt Instruments, Part A of a final terms document (the "Final Terms") relating to the Instruments which completes these Terms and Conditions (the "Conditions") or (ii) in the case of Exempt Instruments, a pricing supplement (the "Pricing Supplement") which supplements, 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 Instruments. In the case of Exempt Instruments, any reference in these Condition to "Final Terms" shall be deemed to be a reference to the relevant Pricing Supplement, so far as the context requires. References to the "applicable Final Terms" are accordingly to Part A of the Final Terms (or the relevant

provisions thereof) relating to the Instruments or, as the case may be, to the Pricing Supplement (or the relevant provisions thereof) relating to the Instruments.

Copies of the Final Terms will, in the case of Instruments admitted to trading on the regulated market of the Irish Stock Exchange, be published on the website of the Central Bank of Ireland at <http://www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx> and on the website of the Irish Stock Exchange at www.ise.ie. If the Instruments are to be admitted to trading on any other regulated market in the European Economic Area, the applicable Final Terms will be published in accordance with the rules and regulations of the relevant listing authority or stock exchange and otherwise in accordance with Article 14 of the Prospectus Directive. Copies of the Final Terms will also be available, upon request, free of charge, at the registered office of the Company and the specified office of the Fiscal Agent and, in relation to a Tranche of Registered Instruments, the Registrar, save that, if the Pricing Supplement relates to Instruments which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (including Exempt Instruments), copies will only be obtainable by a Holder of, or an Accountholder (as defined in the Deed of Covenant) in respect of, such Instruments upon production of evidence satisfactory to the Company, the Fiscal Agent or, as the case may be, the Registrar, as to its holding of such Instruments and identity or being such Accountholder, as the case may be.

As used herein, "Tranche" means Instruments which are identical in all respects (including as to listing and admission to trading and save that a Tranche may comprise Instruments in more than one denomination) and "Series" means a Tranche of Instruments together with any further Tranche or Tranches of Instruments which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Words and expressions defined in the Fiscal Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Fiscal Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

For the purposes of these Conditions, references to "Instruments" are to Instruments of the same Series and shall, as the context may require, be deemed to include any Temporary Global Instrument, Permanent Global Instrument, Definitive Bearer Instrument, Restricted Registered Global Instrument, Unrestricted Registered Global Instrument or, as the case may be, Definitive Registered Instrument (each as defined below). References in the Conditions to Coupons (as defined below) are to Coupons relating to Instruments of the relevant Tranche and to "Holders" shall include holders of Coupons, as the context may require.

1. Form and Denomination

Form

1.01 The Instruments are issued in bearer form ("Bearer Instruments") or in registered form ("Registered Instruments") and, in the case of definitive Instruments, serially numbered, in the Specified Currency and the Specified Denomination(s). Instruments of one Specified Denomination may not be exchanged for Instruments of another Specified Denomination.

The Instruments may be Fixed Rate Instruments, Floating Rate Instruments or Zero Coupon Instruments or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Bearer Instruments are issued with Coupons attached, unless they are Zero Coupon Instruments in which case references to Coupons and Coupon holders in the Conditions are not applicable.

Form of Bearer Instruments

1.02 Bearer Instruments (other than Swiss Domestic Instruments) will be represented upon issue by a temporary global Instrument (a "Temporary Global Instrument") in substantially the form (subject to amendment and completion) set out in the Fiscal Agency Agreement. On or after the date (the "Exchange Date") which is 40 days after the completion of the distribution of the Instruments of the relevant Tranche and provided certification as to the beneficial ownership thereof as required by United States Treasury Regulations section 1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) has been received, interests in the Temporary Global Instrument may be exchanged for either (as specified in the applicable Final Terms):

- (i) interests in a permanent global Instrument (a "Permanent Global Instrument") representing the Instruments of that Tranche and in substantially the form (subject to amendment and completion) set out in the Fiscal Agency Agreement; or
- (ii) Bearer Instruments in definitive form ("Definitive Bearer Instruments") serially numbered and in substantially the form (subject to amendment and completion) set out in the Fiscal Agency Agreement.

1.03 In the case of Bearer Instruments, if any date on which a payment of interest is due on the Instruments of a Tranche occurs whilst any of the Instruments of that Tranche are represented by the Temporary Global Instrument, if such payment falls due before the Exchange Date, the related interest payment will be made on the Temporary Global Instrument upon and to the extent of delivery to or to the order of any of the Paying Agents outside the United States of a certificate or certificates of non-U.S. beneficial ownership issued by Euroclear Bank SA/NV ("Euroclear") or Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and dated not earlier than the relevant interest payment date.

Payments of principal or interest (if any) on a Permanent Global Instrument will be made through Euroclear and/or Clearstream, Luxembourg without any requirement for certification. References 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.

1.04 In the case of Bearer Instruments, interests in the Permanent Global Instrument will be exchangeable, in whole but not in part, (free of charge to the Holder) for Definitive Bearer Instruments as indicated in the applicable Final Terms either:

- (i) upon not less than 45 days written notice (expiring at least 30 days after the Exchange Date (as defined in the relevant Temporary Global Instrument)) being given to the Fiscal Agent by the bearer of the Permanent Global Instrument; or
- (ii) upon not less than 45 days written notice (expiring at least 30 days after the Exchange Date) being given to the Fiscal Agent by the bearer of the Permanent Global Instrument only upon the occurrence of any Exchange Event, or by the Company upon the occurrence of an Exchange Event described in (iii) below.

"Exchange Event" means (i) an Event of Default as specified in Condition 6 has occurred and is continuing, (ii) either of Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention to cease business permanently; or (iii) if the Company or any Paying Agent, by reason of any change in, or amendment to, Swedish law, is or will be required to make any deduction or withholding from any payment under the Instruments which would not be required if such Instruments were in definitive form.

1.05 Bearer Instruments which are denominated in Swiss Francs ("Swiss Domestic Instruments"), unless otherwise specified in the applicable Final Terms, will be represented upon issue by a permanent global instrument (a "Swiss Global Instrument") which will be deposited with SIX SIS Ltd, the Swiss Securities Services Corporation located in Olten, Switzerland ("SIS") or, as the case may be, with any other intermediary in Switzerland recognised for such purposes by SIX Swiss Exchange Ltd (SIS or any such other intermediary, the "Intermediary"), until final redemption or the printing of Definitive Instruments.

Once the Swiss Global Instrument is deposited with the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Swiss Domestic Instruments will constitute intermediated securities (*Bucheffekten*) ("Intermediated Securities") in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

Each Holder (as such term shall be construed in accordance with the following paragraph) of Swiss Domestic Instruments shall have a quotal co-ownership interest (*Miteigentumsanteil*) in the Swiss Global Instrument to the extent of his claim against the Company, provided that for so long as the Swiss Global Instrument remains deposited with the Intermediary the co-ownership interest shall be suspended and the Swiss Domestic Instruments may only be transferred or otherwise disposed of in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*), i.e., by the entry of the transferred Swiss Domestic Instruments in a securities account of the transferee.

The records of the Intermediary will determine the number of Swiss Domestic Instruments held through each participant in that Intermediary. In respect of the Swiss Domestic Instruments held in the form of Intermediated Securities, the holders of the Swiss Domestic Instruments will be the persons holding the Swiss Domestic Instruments in a securities account in their own name and for their own account. The term "Holders" as used herein shall, in relation to any such Swiss Domestic Instruments held in the form of Intermediated Securities, be construed accordingly.

Holders of Swiss Domestic Instruments do not have the right to request the printing and delivery of Definitive Instruments. Interests in the Swiss Global Instrument will be exchangeable, in whole but not in part, for Definitive Instruments if the Principal Swiss Paying Agent (i) determines that the presentation of Definitive Instruments is required by Swiss or other applicable laws and regulations in connection with the enforcement of rights or (ii) deems the printing and delivery of Definitive Instruments to be useful or desirable for any other reason. Should the Principal Swiss Paying Agent so determine, it shall provide for the printing of Definitive Instruments without cost to the Holders. Upon delivery of the Definitive Instruments, the Swiss Global Instrument will be cancelled and the Definitive Instruments shall be delivered to the Holders against cancellation of the Swiss Domestic Instruments in the Holders securities accounts.

1.06 Interest-bearing Definitive Bearer Instruments will, unless otherwise specified in the applicable Final Terms, be security-printed and will have attached thereto at the time of their initial delivery coupons ("Coupons") and, if indicated in the applicable Final Terms, talons for further Coupons ("Talons"), presentation of which will be a prerequisite to the payment of interest in certain circumstances specified below. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Bearer Instruments in global form do not have Coupons or Talons attached on issue.

Form of Registered Instruments

1.07 Registered Instruments will be represented upon issue by Instruments in the following form:

- (i) Instruments initially sold within the United States in reliance on Rule 144A under the United States Securities Act of 1933, as amended (the "Securities Act") will be represented by beneficial interests in a restricted registered global Instrument (a "Restricted Registered Global Instrument") in substantially the form (subject to amendment and completion) set out in the Fiscal Agency

Agreement, which will be deposited with a custodian for The Depository Trust Company (“DTC”) and registered in the name of Cede & Co. as nominee of DTC; and

- (ii) Instruments initially sold to persons other than U.S. persons in reliance on Regulation S under the Securities Act will be represented by beneficial interests in an unrestricted registered global Instrument (an “Unrestricted Registered Global Instrument”) in substantially the form (subject to amendment and completion) set out in the Fiscal Agency Agreement, which will be deposited either (i) with a custodian for DTC and registered in the name of Cede & Co. as nominee of DTC for the account of Euroclear and Clearstream, Luxembourg for the accounts of their respective participants, or (ii) with a common depository or a common safekeeper, as the case may be, for, and in respect of, interests held through Euroclear and Clearstream, Luxembourg and registered in the name of a nominee of a common depository for Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms.

An interest in either the Restricted Registered Global Instrument or the Unrestricted Registered Global Instrument (each a “Registered Global Instrument”) may be exchanged for a definitive Registered Instrument (a “Definitive Registered Instrument”) in the limited circumstances set out in such Registered Global Instrument. A Definitive Registered Instrument may be exchanged for another Definitive Registered Instrument under certain circumstances described in the Fiscal Agency Agreement. In relation to any Tranche, prior to the expiry of the period that ends 40 days after the later of the date of issue of such Tranche and the completion of the distribution of such Tranche, beneficial interests in an Unrestricted Registered Global Instrument will only be exchangeable for interests in a Restricted Registered Global Instrument in accordance with the certification requirements described in the Fiscal Agency Agreement.

Registered Instruments will not be exchangeable for Bearer Instruments or *vice versa*.

The Depository Trust Company

1.08 Registered Instruments will, if so specified in the applicable Final Terms, be the subject of an application by the Company to DTC for the acceptance of such Registered Instruments into DTC’s book-entry settlement system. If such application is accepted, one or more Registered Instruments (each a “DTC Instrument”) in denominations equivalent in aggregate to the aggregate principal amount of relevant Registered Instruments which are to be held in such system will be issued to DTC and registered in the name of Cede & Co., or such other person as may be nominated by DTC for the purpose as nominee for DTC. Thereafter, such registered nominee will be the holder of record and entitled to rights in respect of each DTC Instrument. Accordingly, each person having a beneficial interest in a DTC Instrument must rely on the procedures of the institutions having accounts with DTC to exercise any rights of such person. So long as Registered Instruments are traded through DTC’s book-entry settlement system, ownership of a beneficial interest in the relevant DTC Instrument will (unless otherwise required by applicable law or regulatory requirement) be shown on, and transfers of such beneficial interest may be effected only through, records maintained by (a) DTC or its registered nominee (as to DTC-participant interests) or (b) institutions having accounts with DTC (including, without limitation, Euroclear and Clearstream, Luxembourg).

Surrender of Global Instruments in Exchange for Definitive Instruments

1.09 In order to exchange interests in a global Instrument for definitive Instruments, a Holder must surrender or, as the case may be, present the relevant Temporary Global Instrument or Permanent Global Instrument at the specified office of the Fiscal Agent or, as the case may be, present the relevant Registered Global Instrument at the specified office of the Registrar or its agent, together, in each case, with a request in writing specifying the principal amount of such Temporary Global Instrument or Permanent Global Instrument or, as the case may be, Registered Global Instrument, to be exchanged. Any such definitive Instruments shall be issued pursuant to the terms of the Fiscal Agency Agreement.

1.10 If default is made by the Company in the required delivery of definitive Instruments and such default is continuing at 6.00 p.m. (London time) on the thirtieth day after the Temporary Global Instrument or Permanent Global Instrument or Registered Global Instrument, as the case may be, first becomes exchangeable for definitive Instruments, such global Instrument will become void in accordance with its terms but without prejudice to the rights of the accountholders with Euroclear, Clearstream, Luxembourg and/or DTC, as the case may be, in relation thereto under a deed of covenant (the "Deed of Covenant", which expression shall include any amendments or supplements thereto) dated 15 May 2013 and executed and delivered by the Company in relation to the Instruments.

2. Title

2.01 Title to Bearer Instruments and Coupons passes by delivery. References herein to the "Holders" of Bearer Instruments or of Coupons are to the bearers of such Bearer Instruments or Coupons, subject as provided above in relation to Swiss Domestic Instruments.

2.02 Title to Registered Instruments passes by registration in the register which is kept by the Registrar. References herein to the "Holders" of Registered Instruments are to the persons in whose names such Instruments are so registered.

2.03 The Holder of any Instrument or Coupon will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

Transfer of Registered Instruments in definitive form

2.04 Definitive Registered Instruments may, upon the terms and subject to the conditions set forth in the Fiscal Agency Agreement, be transferred in whole or in part only (in the authorised denominations set out in the applicable Final Terms) upon the surrender of the Registered Instrument to be transferred for registration of the transfer of the Registered Instrument (or the relevant part thereof), together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any Transfer Agent. A new Registered Instrument will be issued to the transferee and, in the case of a transfer of part only of a Registered Instrument, a new Registered Instrument in respect of the balance not transferred will be issued to the transferor.

2.05 Each new Registered Instrument to be issued upon the transfer of Registered Instruments in definitive form will, within three London Business Days (as defined in the Fiscal Agency Agreement) of the effective receipt of such form of transfer by the Registrar or the relevant Transfer Agent at its specified office, be available for delivery at the specified office of the Registrar or the relevant Transfer Agent. For these purposes, a form of transfer received by the Registrar or the Transfer Agent during the period of 15 London Business Days ending on the due date for any payment on the relevant Registered Instrument shall be deemed not to be effectively received until the day following the due date for such payment.

2.06 The issue of new Registered Instruments on transfer will be effected without charge by or on behalf of the Company or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation thereto.

2.07 Upon the transfer, exchange or replacement of Restricted Registered Instruments of any Tranche bearing the private placement legend (the "Rule 144A Legend") set forth in the form of Restricted Registered Instrument set out in the Fiscal Agency Agreement, the Registrar shall deliver only Registered Instruments of such Tranche that also bear such legend unless either (i) such transfer, exchange or replacement occurs one year or more after the later of (1) the original issue date of Instruments of such Tranche or (2) the last

date on which the Company or any affiliates (as defined below) of the Company as notified to the Registrar by the Company as provided in the following sentence, was the beneficial owner of such Instrument (or any predecessor of such Instrument) or (ii) there is delivered to the Registrar an opinion reasonably satisfactory to the Company of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States to the effect that neither such legend nor the restrictions on transfer set forth therein are required in order to maintain compliance with the provisions of such laws.

2.08 Transfers of beneficial interests in Registered Global Instruments will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Instrument will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Instruments in definitive form or for a beneficial interest in another Registered Global Instrument only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Fiscal Agency Agreement. Transfers of a Registered Global Instrument registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Instrument, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

3. Status

The Instruments of each Tranche constitute unsubordinated and unsecured obligations of the Company and rank *pari passu* without any preference among themselves and at least *pari passu* with all other outstanding unsubordinated and unsecured obligations of the Company, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors rights.

4. Interest

4A. Interest on Fixed Rate Instruments

Each Fixed Rate Instrument bears interest 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 the Instruments are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, "Fixed 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.

Except in the case of Instruments in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Instruments which are represented by a global Instrument, the aggregate outstanding nominal amount of the Fixed Rate Instruments represented by such global Instrument; or
- (B) in the case of Fixed Rate Instruments 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. Where the Specified Denomination of a Fixed Rate Instrument in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Instrument 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.

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 4A:

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
 - (A) in the case of Instruments 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 (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Instruments where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (aa) 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 that would occur in one calendar year; and
 - (bb) 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; and
- (ii) if “30/360” is specified in the applicable Final Terms, 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.

In the Conditions:

“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); and

“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, one cent.

4B. Interest on Floating Rate Instruments

(i) Interest Payment Dates

Each Floating Rate Instrument bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, 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 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 (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in 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:

- (aa) in any case where Specified Periods are specified in accordance with Condition 4B(i)(B) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) 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 (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (bb) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (cc) 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
- (dd) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, "Business Day" means a day which is both:

- (1) 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 Business Centre specified in the applicable Final Terms; and

- (2) either (i) 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 (ii) in relation to any sum payable in Euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "TARGET2 System") is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Instruments will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Instruments

Where ISDA Determination is specified in the applicable Final Terms 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) 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 Fiscal Agent under an interest rate swap transaction if the Fiscal Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating 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 Instruments (the "ISDA Definitions") and under which:

- (I) the Floating Rate Option is as specified in the applicable Final Terms;
- (II) the Designated Maturity is a period specified in the applicable Final Terms; and
- (III) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (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 the Minimum Rate of Interest shall be deemed to be zero.

(B) Screen Rate Determination for Floating Rate Instruments

Where Screen Rate Determination is specified in the applicable Final Terms 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:

- (I) the offered quotation; or
- (II) 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 on the

Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Fiscal 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 Fiscal Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

For the purposes of these Conditions:

"Interest Determination Date" shall mean the date specified as such in the Final Terms or if none is so specified:

- (i) if the Reference Rate is the London interbank offered rate ("LIBOR") (other than Sterling 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 the Euro-zone interbank offered rate ("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 the Stockholm interbank offered rate ("STIBOR"), the second Stockholm business day prior to the start of each Interest Period;
- (v) if the Reference Rate is the Norwegian interbank offered rate ("NIBOR"), the Second Oslo business day prior to the start of each Interest Period;
- (vi) if the Reference Rate is the Copenhagen interbank offered rate ("CIBOR"), the first day of each Interest Period;
- (vii) if the Reference Rate is the Tokyo interbank offered rate ("TIBOR"), the second Tokyo business day prior to the start of each Interest Period; or
- (viii) if the Reference Rate is the Hong Kong interbank offered rate ("HIBOR"), the first day of each Interest Period.

"Reference Rate" shall mean (i) LIBOR; (ii) EURIBOR; (iii) STIBOR; (iv) NIBOR; (v) CIBOR; (vi) TIBOR; or (vii) HIBOR, in each case for the relevant period, as specified in the applicable Final Terms, or, in the case of Exempt Instruments, such other Reference Rate as shall be specified in the applicable Final Terms.

"Relevant Financial Centre" shall mean (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; (vi) Tokyo, in the case of a determination of TIBOR; or (vii) Hong Kong, in the case of a determination of HIBOR, as specified in the applicable Final Terms, or, in the case of Exempt Instruments, such other Relevant Financial Centre as shall be specified in the applicable Final Terms.

"Relevant Time" shall mean (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 TIBOR, 11.00 a.m.; or (vii) in the case of HIBOR, 11.00 a.m., in each case in the Relevant Financial Centre, or, in

the case of Exempt Instruments, such other time as shall be specified in the applicable Final Terms.

The Fiscal Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (I) above, no such offered quotation appears or, in the case of (II) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

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

If the applicable Final Terms 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 (ii) above 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 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 (ii) above 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 Fiscal 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 Fiscal Agent will calculate the amount of interest (the “Interest Amount”) payable on the Floating Rate Instruments for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Instruments which are represented by a global Instrument, the aggregate outstanding nominal amount of the Instruments represented by such global Instrument; or
- (B) in the case of Floating Rate Instruments 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. Where the Specified Denomination of a Floating Rate Instrument in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Instrument 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.

“Day Count Fraction” means, unless otherwise specified in the applicable Final Terms, in respect of the calculation of an amount of interest in accordance with this Condition 4B:

- (A) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, 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 (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) 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, the actual number of days in the Interest Period divided by 365;
- (C) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual 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;
- (D) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (E) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, 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;

- (F) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, 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; and

- (G) "30E/360 (ISDA)" is specified in the applicable Final Terms, 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.

(v) Notification of Rate of Interest and Interest Amounts

The Fiscal 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 Company, the Registrar (in the case of Registered Instruments) and any stock exchange on which the relevant Floating Rate Instruments are for the time being listed and notice thereof to be published in accordance with Condition 13 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 in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Instruments are for the time being listed and to the Holders of the Instruments in accordance with Condition 13. For the purposes of this paragraph, the expression "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.

(vi) 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 4B by the Fiscal Agent shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Company, the Fiscal Agent, the Registrar (in the case of Registered Instruments), the other Paying Agents and all Holders of the Instruments and (in the absence of wilful default or bad faith) no liability to the Company or the Holders shall attach to the Fiscal Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(vii) Calculation Agent

If the applicable Final Terms specify that a Calculation Agent will be appointed in place of the Fiscal Agent for the purposes of calculating the Rate(s) of Interest and Interest Amount(s) as aforesaid, references in this Condition 4B to Fiscal Agent shall, unless the context otherwise requires, be construed as references to such Calculation Agent.

4C. Accrual of Interest

Each Instrument (or in the case of the redemption of part only of an Instrument, that part only of such Instrument) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue thereon (as well after as before any demand or judgment) at the rate then applicable to the principal amount of the Instruments or such other rate as may be specified in the applicable Final Terms until the date on which, upon (except in the case of any payment where presentation and/or surrender of the relevant Instrument is not required as a precondition of payment) due presentation of the relevant Instrument, the relevant payment is made or, if earlier (except in the case of any payment where presentation and/or surrender of the relevant Instrument is not required as a precondition of payment), the seventh day after the date on which, the Fiscal Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders in accordance with Condition 13 of that circumstance (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

5. Redemption and Purchase

Redemption at Maturity

5.01 Unless previously redeemed or purchased and cancelled as specified below, each Instrument will be redeemed by the Company at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

Early Redemption for Taxation Reasons

5.02 If, in relation to any Series of Instruments, (i) as a result of any change in the laws or regulations of Sweden or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the official interpretation or administration of any such laws or regulations which becomes effective on or after the date of issue of the first Tranche of such Instruments or any earlier date specified in the applicable Final Terms on the occasion of the next payment due in respect of such Instruments the Company would be required to pay additional amounts as provided in Condition 7 and (ii) such circumstances are evidenced by the delivery by the Company to the Fiscal Agent of a certificate signed by two duly authorised officers of the Company stating that the said circumstances prevail and describing the facts leading thereto and an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail, the Company may, at its option, having given not less than 30 nor more than 60 days notice (ending, in the case of Floating Rate Instruments, on an Interest Payment Date) to the Holders in accordance with

Condition 13 (which notice shall be irrevocable) redeem all (but not some only) of the outstanding Instruments comprising the relevant Series at their Early Redemption Amount referred to in Condition 5.05 below, together with accrued interest (if any) thereon provided, however, (and except in the case of Floating Rate Instruments) that no such notice of redemption may be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the Instruments then due.

Redemption at the Option of the Company (Company Call)

5.03 If Company Call is specified as being applicable in the applicable Final Terms, the Company may, having given:

- (i) not less than 15 nor more than 30 days notice (or such other notice period as may be specified in the applicable Final Terms) to the Holders in accordance with Condition 13; and
- (ii) not less than 15 days before the giving of the notice referred to in (i) above, notice to the Fiscal Agent and the Registrar (in the case of Registered Instruments);

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Instruments then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Instruments, the Instruments to be redeemed ("Redeemed Instruments") will be selected individually by lot, in the case of Redeemed Instruments represented by definitive Instruments, and 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) and/or DTC and/or SIS, as the case may be, in the case of Redeemed Instruments represented by a global Instrument, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Instruments represented by definitive Instruments, a list of the serial numbers of such Redeemed Instruments will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant global Instrument will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 5.03 and notice to that effect shall be given by the Company to the Holders in accordance with Condition 13 at least five days prior to the Selection Date.

Redemption at the option of the Holders (Investor Put)

5.04 If Investor Put is specified as being applicable in the applicable Final Terms, upon the Holder of any Instrument giving to the Company in accordance with Condition 13 not less than 45 nor more than 60 days' notice (or such other notice period as may be specified in the applicable Final Terms) the Company will, upon the expiry of such notice, redeem such Instrument on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If the Instrument is in definitive form and held outside Euroclear, Clearstream, Luxembourg, DTC or SIS, to exercise the right to require redemption of the Instrument the Holder must deliver such Instrument at the specified office of any Paying Agent, in the case of Bearer Instruments, or the Registrar in the case of Registered Instruments at any time during normal business hours of such

Paying Agent or the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or the Registrar (a "Put Notice") and in which the Holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition.

If the Instrument is represented by a global Instrument or is an Instrument in definitive form and held through Euroclear, Clearstream, Luxembourg, DTC or SIS, to exercise the right to require redemption of the Instrument the Holder thereof must, within the notice period, give notice to the Fiscal Agent or the Registrar of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg, DTC or SIS (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Fiscal Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg, DTC or SIS, as the case may be, from time to time and, if the Instrument is represented by (i) a global Instrument in bearer form which has not been issued in New Global Instrument form, as specified in the applicable Final Terms, at the same time present or procure the presentation of the relevant global Instrument to the Fiscal Agent for notation accordingly or (ii) a global Instrument in bearer form which has been issued in New Global Instrument form, as specified in the applicable Final Terms, instruct Euroclear or Clearstream, Luxembourg to make appropriate entries in their records.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg, DTC or SIS given by a Holder of any Instrument pursuant to this Condition 5.04 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing in which event such Holder, at its option, may elect by notice to the Company to withdraw the notice given pursuant to this Condition 5.04.

Early Redemption Amounts

5.05 For the purpose of Condition 5.02 above and Condition 6, each Instrument will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of an Instrument with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of an Instrument (other than a Zero Coupon Instrument) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Instrument is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Instrument, at an amount (the "Amortised Face 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 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 Instruments to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Instrument 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 Instruments to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Instrument 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 Instruments to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Instrument becomes due and repayable and the denominator will be 365).

Purchase of Instruments

5.06 Subject to Condition 2.07, the Company or any Subsidiary (as defined in the Fiscal Agency Agreement) of the Company may at any time purchase Instruments in the open market or otherwise and at any price.

Cancellation of Redeemed and Purchased Instruments

5.07 All unmatured Instruments redeemed or purchased in accordance with this Condition 5 (provided, in the case of definitive Instruments that all unmatured Coupons and Talons relating thereto are attached or surrendered therewith) will be cancelled and may not be reissued or resold. References in this Condition 5 to the purchase of Instruments by the Company or any Subsidiary of the Company shall not include the purchase of Instruments in the ordinary course of business of dealing in securities or the purchase of Instruments otherwise than as beneficial owner.

Late Payment on Zero Coupon Instruments

5.08 If the amount payable in respect of any Zero Coupon Instrument upon redemption of such Zero Coupon Instrument pursuant to Condition 5.01, 5.02, 5.03, or 5.04 above or upon its becoming due and repayable as provided in Condition 6 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Instrument shall be the amount calculated as provided in Condition 5.05(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Instrument becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Instrument have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Instruments has been received by the Fiscal Agent or the Registrar and notice to that effect has been given to the Holders in accordance with Condition 13.

6. Events of Default

6.01 The following events or circumstances (each an “Event of Default”) shall be events of default in relation to the Instruments of any Series, namely:

- (a) there is default for more than 15 days in the payment of any principal or redemption amount due in respect of the Instruments or any of them or for more than 30 days in the payment of any interest due in respect of the Instrument or of any of them; or

- (b) there is default in the performance or observance by the Company of any other obligation under the Fiscal Agency Agreement or the Instruments and such default continues for 30 days after written notice thereof shall have been given to the Company by the relevant Holder requiring the same to be remedied; or
- (c) any indebtedness for borrowed money of the Company or any Material Subsidiary, other than the Instruments, shall become prematurely repayable as a result of a default in respect of the terms thereof, or the Company or any Material Subsidiary defaults in the repayment of any indebtedness for borrowed money at the maturity thereof or at the expiration of any applicable grace period therefor (or, in the case of indebtedness for borrowed money due on demand, defaults in the payment thereof on demand or at the expiration of any applicable grace period) or any guarantee or indemnity in respect of any indebtedness for borrowed money of others given by the Company or any Material Subsidiary shall not be honoured when due and called upon (except where the liability of the Company or the Material Subsidiary concerned to make payment under such guarantee or indemnity is being contested in good faith), provided that no such event as aforesaid shall constitute an event of default unless the indebtedness for borrowed money relative thereto either alone or when aggregated with the indebtedness for borrowed money relative to any such event which shall have occurred during the 100 day period immediately prior thereto shall amount to at least €14,000,000 (or its equivalent in any other currency or currencies); or
- (d) an order is made or an effective resolution is passed for winding up the Company or any Material Subsidiary or for the appointment of a liquidator thereof or the Company or any Material Subsidiary ceases or threatens to cease to carry on the whole or substantially the whole of its business (except in each case for the purposes of a merger, or following a reorganisation or amalgamation, the terms of any of which have been previously approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Holders) unless:
 - (i) in the case of the Company, the whole or substantially the whole of the business and assets of the Company are vested in a legal entity which is formed under Swedish law, is authorised to carry on the business of a bank or credit market company in Sweden and assumes all of the obligations of the Company under the Instruments and the Fiscal Agency Agreement as if named as the Company therein; or
 - (ii) in the case of a Material Subsidiary, the whole or substantially the whole of the business and assets of that Material Subsidiary are vested in the Company or a Subsidiary or Subsidiaries of the Company; or
- (e) the Company or a Material Subsidiary stops payment or an encumbrancer takes possession or a receiver is appointed of the whole or any substantial part of the undertaking or assets of the Company or any Material Subsidiary, or a distress or execution is levied or enforced upon or sued out against any substantial part of the undertaking or assets of the Company or any Material Subsidiary and is not discharged within seven days, or any order is made (which is not stayed or dismissed within 60 days) or an effective resolution is passed by the Company or any Material Subsidiary applying for or granting a suspension of payments or appointing a receiver or trustee of the Company or any Material Subsidiary or of a substantial part of its undertaking or assets. For the purposes of this paragraph (e), a part of the undertaking or assets of the Company or any Material Subsidiary shall be deemed to be substantial if the value thereof amounts to 10 per cent or more of the gross assets of the Company and its Subsidiaries (the "Company Group") determined by reference to the latest available audited consolidated balance sheet of the Company.

"Subsidiary" means any company or other entity whose accounts are for the time being or, in the case of a company or other entity acquired after the date of the Company's most recent accounts, will be consolidated

with those of the Company for the purposes of the consolidated accounts of the Company issued to shareholders of the Company.

“Material Subsidiary” means at any time a Subsidiary (i) the gross assets of which (or, where the interest in the share capital of such Subsidiary is less than 100 per cent a proportion thereof equal to the proportion of the share capital owned, directly or indirectly, by the Company) represent more than 20 per cent of the consolidated gross assets of the Company Group (taken as a whole) or (ii) the operating profit (before taxes and appropriations) of which (or, where the interest in the share capital of such Subsidiary is less than 100 per cent a proportion thereof equal to the proportion of the share capital owned, directly or indirectly, by the Company) represents more than 20 per cent of the total operating profit (before taxes and appropriations) of the Company Group (taken as a whole).

6.02 If any Event of Default shall occur in relation to any Series of Instruments, any Holder of any Instrument of the relevant Series may by written notice to the Company delivered to the Fiscal Agent declare such Instrument and (if the Instrument is interest bearing) all interest then accrued on such Instrument to be forthwith due and payable, whereupon the same shall become immediately due and payable at its Early Redemption Amount without presentment, demand, protest or other notice of any kind, all of which the Company will expressly waive, anything contained in such Instruments to the contrary notwithstanding, unless prior to the time when the Fiscal Agent receives such notice all Events of Default in respect of the Instruments shall have been cured.

7. Taxation

7.01 All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Instruments or Coupons will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Sweden or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Company will pay such additional amounts as may be necessary in order that the net amounts receivable by any Holder after such withholding or deduction shall equal the respective amounts which would have been receivable by such Holder in the absence of such withholding or deduction; except that no such additional amounts shall be payable in respect of payment in respect of any Bearer Instrument or Coupon presented for payment:

- (i) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (ii) by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Instrument or Coupon to another Paying Agent in a Member State of the EU; or
- (iii) by, or to a third party on behalf of, a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bearer Instrument or Coupon by reason of his having some connection with Sweden other than the mere holding of such Bearer Instrument or Coupon; or
- (iv) by, or by a third party on behalf of, a Holder who is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (v) more than 30 days after the Relevant Date, except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of 30 days; or

(vi) in Sweden,

and except that no such additional amounts shall be payable in respect of payment in respect of any Registered Instrument the Holder of which is liable to such taxes, duties, assessments or governmental charges by reason of his having some connection with Sweden other than the mere holding of such Registered Instrument or who is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority.

7.02 For the purposes of this Condition 7, the "Relevant Date" means the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Fiscal Agent on or prior to such due date, it means the first date on which the full amount of such moneys has been so received and notice to that effect shall have been duly given to the Holders of the Instruments of the relevant Series in accordance with Condition 13.

7.03 Any reference in the Conditions to principal, redemption amount and/or interest in respect of the Instruments shall be deemed also to refer to any additional amounts which may be payable under this Condition 7 or any undertaking given in addition thereto or in substitution therefor.

8. Payments

8A. 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 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement).

8B. Presentation of Definitive Bearer Instruments and Coupons

Payments of principal in respect of Definitive Bearer Instruments will (subject as provided below) be made in the manner provided in Condition 8A above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Instruments, and payments of interest in respect of Definitive Bearer Instruments will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used

herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Except as provided below, all payments of interest and principal with respect to Bearer Instruments will be made at such paying agencies outside the United States as the Company may appoint from time to time and to accounts outside the United States.

Fixed Rate Instruments in definitive bearer form (other than Long Maturity Instruments (as defined below)) should be presented for payment together with all unmatured Coupons 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 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 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) 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 Instrument in definitive bearer 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 the date on which any Floating Rate Instrument or Long Maturity Instrument in definitive bearer form becomes due and repayable, 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. A "Long Maturity Instrument" is a Fixed Rate Instrument (other than a Fixed Rate Instrument which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Instrument shall cease to be a Long Maturity Instrument 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 Instrument.

If the due date for redemption of any Definitive Bearer Instrument is not an Interest Payment Date, interest (if any) accrued in respect of such Definitive Bearer Instrument 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 Bearer Instrument.

8C. Payments in Respect of Bearer Instruments in Global Form

Payments of principal and interest (if any) in respect of Instruments represented by any bearer global Instrument will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Instruments or otherwise in the manner specified in the relevant bearer global Instrument, where applicable, against presentation or surrender, as the case may be, of such bearer global Instrument at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such bearer global Instrument either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

8D. Payments in Respect of Registered Instruments

Payments of principal in respect of Registered Instruments (whether or not in global form) will be made in the manner provided in Condition 8A above to the persons in whose name such Instruments are registered at the close of business on the business day (being for this purpose a day on which banks are open for business in the city where the Registrar is located) immediately prior to the relevant payment date against

presentation and surrender (or, in the case of part payment of any sum due only, endorsement) of such Instruments at the specified office of the Registrar.

Payments of interest due on a Registered Instrument (whether or not in global form) will be made in the manner specified in Condition 8A to the persons in whose name such Instruments are registered (i) where in global form, at the close of business on the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) prior to such due date and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) (the "Record Date")) prior to such due date. In the case of payments by cheque, cheques will be mailed to the Holder (or the first named of joint Holders) at such Holder's registered address on the business day (as described above) immediately preceding the due date.

If payment in respect of any Registered Instruments is required by credit or transfer as referred to in Condition 8A above, application for such payment must be made by the Holder to the Registrar not later than the relevant Record Date.

8E. General Provisions Applicable to Payments

The Holder of a global Instrument shall be the only person entitled to receive payments in respect of Instruments represented by such global Instrument and the Company will be discharged by payment to, or to the order of, the Holder of such global Instrument in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Instruments represented by such global Instrument must look solely to Euroclear or Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Company to, or to the order of, the Holder of such global Instrument.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Instruments is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Bearer Instruments will be made at the specified office of a Paying Agent in the United States if:

- (i) the Company 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 in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Instruments in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Company, adverse tax consequences to the Company.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Instrument in respect of Instruments denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar (or the Fiscal Agent acting on the Registrar's behalf) to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Fiscal Agency Agreement.

8F. Payment Day

If the date for payment of any amount in respect of any Instrument 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. For these purposes, "Payment Day" means any day which (subject to Condition 9) is:

- (i) 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 Instruments in definitive form only, the relevant place of presentation; and
 - (B) each Financial Centre specified in the applicable Final Terms; and
- (ii) either (I) 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 (II) in relation to any sum payable in Euro, a day on which the TARGET2 System is open.

8G. Interpretation of Principal and Interest

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

- (i) any additional amounts which may be payable with respect to principal under Condition 7;
- (ii) the Final Redemption Amount of the Instruments;
- (iii) the Early Redemption Amount of the Instruments;
- (iv) the Optional Redemption Amount(s) (if any) of the Instruments;
- (v) in relation to Zero Coupon Instruments, the Amortised Face Amount (as defined in Condition 5.05); and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Company under or in respect of the Instruments.

Any reference in the Conditions to interest in respect of the Instruments shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

8H. Payments in respect of Swiss Domestic Instruments

Notwithstanding the foregoing provisions of this Condition 8, payments of principal and interest in respect of Swiss Domestic Instruments shall be made only at the offices of any Swiss Paying Agent in Switzerland in freely disposable Swiss Francs without collection costs and whatever the circumstances may be, irrespective of nationality, domicile or residence of the Holder of Instruments and without requiring any certification, affidavit or the fulfilment of any other formality. Payments on the Swiss Domestic Instruments will also be made irrespective of any present or future transfer restrictions and regardless of any bilateral or multilateral payment or clearing agreement which may be applicable at any time to such payment.

The receipt in full by the Principal Swiss Paying Agent of the due and punctual payment of the funds in Swiss Francs in Zurich in the manner provided by these Conditions and in the applicable Final Terms shall release the Company from its obligations under the Swiss Domestic Instruments for the payment of principal and interest due on the respective payment dates to the extent of such payments, except to the extent that there is default in the subsequent payment thereof to the Holders of Instruments or Coupons (as the case may be).

9. Prescription

9.01 The Instruments (whether in bearer or registered form) and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the due date for payment.

9.02 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 or Condition 8B or any Talon which would be void pursuant to Condition 8B.

10. The Paying Agents, Transfer Agents, Exchange Agent and the Registrar

The initial Paying Agents, Transfer Agents, Exchange Agent and Registrar and their respective initial specified offices are specified below. The Company reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent), Transfer Agent, Exchange Agent or Registrar and to appoint additional or other Paying Agents, Transfer Agents, Exchange Agents or Registrars *provided that* (other than in the case of Swiss Domestic Instruments) it will at all times maintain (i) a Fiscal Agent, (ii) a Registrar (in the case of a Series of Registered Instruments) which, if the Registrar originally appointed in respect of such Series had its specified office outside the United Kingdom, shall also have a specified office outside the United Kingdom other than Sweden, (iii) a Paying Agent with a specified office in continental Europe (but outside the United Kingdom) other than Sweden, (iv) a Paying Agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive, (v) if and so long as any Instruments are admitted to listing, trading and/or quotation by any listing authority, stock exchange, regulated market and/or quotation system which requires the appointment of a Paying Agent, a Transfer Agent or a Registrar in any particular place, a Paying Agent or (in the case of Registered Instruments) a Transfer Agent or Registrar having its specified office in the place required by such listing authority, stock exchange, regulated market and/or quotation system, and (vi) so long as any of the Registered Global Instruments payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, an Exchange Agent.

In addition, the Company shall forthwith appoint a Paying Agent having a Specified Office in New York City in the circumstances described in Condition 8E.

In the case of Swiss Domestic Instruments, the Company will at all times maintain a Paying Agent having a specified office in Switzerland and will at no time appoint a Paying Agent having a specified office outside Switzerland.

The Paying Agents, the Transfer Agents, the Exchange Agent and the Registrar reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Paying Agents, the Transfer Agents, the Exchange Agent or the Registrar will be made promptly to the Holders.

11. Replacement of Instruments and Coupons

If any Instrument or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent (in the case of Bearer Instruments) or of the Registrar (in the case of

Registered Instruments) (and if the Instruments are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its specified office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/ or quotation system requirements, upon payment by the claimant of all expenses incurred in such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Company and the Fiscal Agent or, as the case may be, the Registrar may require. Mutilated or defaced Instruments and Coupons must be surrendered before replacements will be delivered therefor.

12. Meetings of Holders; Modification

12.01 The Fiscal Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Holders of Instruments of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of any Instruments, any Coupons, any of the Conditions or the Deed of Covenant and the approval of the terms of a merger, reconstruction or amalgamation by Extraordinary Resolution for the purposes of Condition 6.01(d). An Extraordinary Resolution passed at any meeting of the Holders of Instruments of any Series will be binding on all Holders of such Series, whether or not they are present at the meeting and on all Coupon holders (if any).

12.02 The Fiscal Agent may, together with the other parties to the Fiscal Agency Agreement, agree, without the consent of the Holders of the Instruments or Coupons or any of the Accountholders (as defined in the Deed of Covenant), to any modification of the Fiscal Agency Agreement or of any Instruments or Coupons or of the Deed of Covenant which, in the opinion of the Company (following the advice of an independent financial institution of international standing), is not materially prejudicial to the interests of the Holders of such Instruments or Coupons or the Accountholders under the Deed of Covenant or which is, in the opinion of the Company, of a formal, minor or technical nature or to any modification which is necessary to correct a manifest or proven error.

13. Notices

To Holders of Bearer Instruments

13.01 Notices to Holders of Bearer Instruments (other than Swiss Domestic Instruments) will be deemed to be validly given if published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, if published in a leading English-language newspaper having general circulation in Europe or, in the case of a Temporary Global Instrument or Permanent Global Instrument, if delivered to Euroclear and Clearstream, Luxembourg for communication by them to the persons shown in their respective records as having interests therein. Provided that, in the case of Instruments listed on a stock exchange or admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules or by such other means as required by the relevant stock exchange or relevant authority. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if published more than once, on the date of first such publication) or, as the case may be, on the date of such delivery.

13.02 Notices to Holders of Swiss Domestic Instruments will, save where another means of effective communication has been specified in the applicable Final Terms, be deemed to be validly given (i) if published in a leading daily newspaper with national circulation in Switzerland (which is expected to be the *Neue Zürcher Zeitung*), (ii) in the case of Swiss Domestic Instruments represented by a Swiss Global Instrument, if delivered to SIS for communication by it to the persons shown in its records as having interests therein or (iii) in the case of Swiss Domestic Instruments admitted to trading on the standard for bonds of the SIX Swiss Exchange Ltd, if published in electronic form on the internet website of the SIX Swiss Exchange

Ltd (www.six-swiss-exchange.com) under the section headed "Official Notices" or otherwise in accordance with the regulations of the SIX Swiss Exchange Ltd. Provided that, in the case of Swiss Domestic Instruments listed on any other stock exchange or admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of first such publication) or, as the case may be, on the date of such delivery.

To Holders of Registered Instruments

13.03 In the case of any Registered Instruments represented by a global Instrument, notices shall be deemed to be validly given if delivered to Euroclear, Clearstream, Luxembourg and/or DTC for communication by them to the persons shown in their respective records as having interests therein. Any notice so given will be deemed to have been validly given on the date of such delivery.

Notices to Holders of Registered Instruments will be deemed to be validly given if sent by first class mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth Business Day after the date of such mailing and, in addition, for so long as any Registered Instruments are listed on a stock exchange or admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules or by such other means as required by the relevant stock exchange or relevant authority.

To the Company

13.04 Notices to the Company will be deemed to be validly given if delivered to the Company at its official address registered with the Swedish Companies Office from time to time, for the attention of the Head of Group Treasury, and will be deemed to have been validly given at the opening of business on the next day on which the Company's principal office is open for business.

14. Further Issues

The Company may from time to time without the consent of the Holders of any Instruments of any Series create and issue further notes, bonds or debentures having the same terms and conditions as the Instruments of such Series in all respects (or in all respects except for the issue date, issue price and the first payment of interest, if any, on them) and so that the same shall be consolidated and form a single series with the Instruments of such Series.

15. Governing Law and Jurisdiction

15.01 The Instruments, the Fiscal Agency Agreement and the Deed of Covenant, all matters arising from or connected with them and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, English law.

15.02 The Company irrevocably agrees for the benefit of the Holders of the Instruments that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Instruments (respectively, "Proceedings" and "Disputes") (including any Proceedings or Disputes relating to non-contractual obligations arising out of or in connection therewith) and, for such purposes, irrevocably submits to the jurisdiction of such courts. The Company irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum. The Company agrees that the

process by which any Proceedings in England are begun may be served on it by being delivered to Business Sweden, The Swedish Trade & Invest Council at its office at 6th Floor, Winchester House, 259-269 Old Marylebone Road, London NW1 5RA. If Business Sweden, The Swedish Trade & Invest Council ceases to have an office in England, the Company shall forthwith appoint another person in England to accept service of process on its behalf in England and notify the name and address of such person to the Fiscal Agent. Nothing contained herein shall affect the right to serve process in any other manner permitted by law. The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the Holders of the Instruments or any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

16. Third Parties Rights

No person shall have any right to enforce any term or condition of any Instruments under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

4. Terms and Conditions of the S.O. Bonds

The following are the Terms and Conditions of the S.O. Bonds which, when construed together with Part A of the applicable Final Terms in relation to any S.O. Bonds, will be applicable to each Series of S.O. Bonds:

The S.O. Bonds are covered bonds issued in accordance with the Swedish Act (2003:1223) on Issuance of Covered Bonds (Sw: *Lagen (2003:1223) om utgivning av säkerställda obligationer*) (the "S.O. Act"). The S.O. Bonds are the subject of an amended and restated fiscal agency agreement (the "Fiscal Agency Agreement", which expression shall include any amendments or supplements thereto) dated 15 May 2013 and made between Swedbank Mortgage AB (publ) (the "Company"), Citibank, N.A., London Branch, in its capacities as fiscal agent (the "Fiscal Agent", which expression shall include any successor to Citibank, N.A., London Branch, in its capacity as such), as paying agent, as transfer agent and as exchange agent (the "Exchange Agent", which expression shall include any successor to Citibank, N.A., London Branch in its capacity as such), Citigroup Global Markets Deutschland AG as registrar (the "Registrar", which expression shall include any successor to Citigroup Global Markets Deutschland AG, in its capacity as such) and The Bank of New York Mellon (Luxembourg) S.A. as paying agent (a "Paying Agent" and, together with the Fiscal Agent and any substitute or additional paying agents appointed in accordance with the Fiscal Agency Agreement, the "Paying Agents") and as transfer agent (a "Transfer Agent" and, together with the Fiscal Agent and any substitute or additional transfer agents appointed in accordance with the Fiscal Agency Agreement, the "Transfer Agents"). In respect of Swiss Domestic S.O. Bonds (as defined below), the principal Swiss paying agent (the "Principal Swiss Paying Agent") and the other Swiss paying agents (the "Swiss Paying Agents", which expression shall include the Principal Swiss Paying Agent) will be specified in the applicable Final Terms, which entities shall act as Fiscal Agent and Paying Agents, respectively, in respect of the Swiss Domestic S.O. Bonds and the expressions "Fiscal Agent" and "Paying Agents" as used herein shall be construed accordingly. In respect of each issue of Swiss Domestic S.O. Bonds, the Company shall enter into a Supplemental Fiscal Agency Agreement (substantially in the form of Schedule 21 to the Fiscal Agency Agreement) with, *inter alia*, the Principal Swiss Paying Agent and any other Swiss Paying Agents. References herein to the Paying Agents and the Transfer Agents shall include any additional Paying Agent(s) and/or Transfer Agent(s) specified in the applicable Final Terms (as defined below).

A copy of each of the Fiscal Agency Agreement and the Deed of Covenant (as defined below) is available for inspection at the specified office of the Fiscal Agent and, in relation to a Tranche of Registered S.O. Bonds, the Registrar.

All persons from time to time entitled to the benefit of obligations under any S.O. Bonds shall be deemed to have notice of and to be bound by all of the provisions of the Fiscal Agency Agreement insofar as they relate to the S.O. Bonds.

References herein to "Exempt S.O. Bonds" are to S.O. Bonds for which no prospectus is required to be published under Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the "Prospectus Directive").

The final terms of the S.O. Bonds (or the relevant provisions thereof) are set out in (i) in the case of S.O. Bonds other than Exempt S.O. Bonds, Part A of a final terms document (the "Final Terms") relating to the S.O. Bonds which completes these Terms and Conditions (the "Conditions") or (ii) in the case of Exempt S.O. Bonds, a pricing supplement (the "Pricing Supplement") which supplements, 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 S.O. Bonds. In the case of Exempt S.O. Bonds, any reference in these Conditions to "Final Terms" shall be deemed to be a reference to the relevant Pricing Supplement, so far as the context requires. References to the "applicable Final Terms" are accordingly to Part A of the Final Terms (or the relevant

provisions thereof) relating to the S.O. Bonds or, as the case may be, to the Pricing Supplement (or the relevant provisions thereof) relating to the S.O. Bonds.

Copies of the Final Terms will, in the case of S.O. Bonds admitted to trading on the regulated market of the Irish Stock Exchange, be published on the website of the Central Bank of Ireland at <http://www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx> and on the website of the Irish Stock Exchange at www.ise.ie. If the S.O. Bonds are to be admitted to trading on any other regulated market in the European Economic Area, the applicable Final Terms will be published in accordance with the rules and regulations of the relevant listing authority or stock exchange and otherwise in accordance with Article 14 of the Prospectus Directive. Copies of the Final Terms will also be available, upon request, free of charge, at the registered office of the Company and the specified office of the Fiscal Agent and, in relation to a Tranche of Registered S.O. Bonds, the Registrar, save that, if the Final Terms relate to S.O. Bonds which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (including Exempt S.O. Bonds), copies will only be obtainable by a Holder of, or an Accountholder (as defined in the Deed of Covenant) in respect of, such S.O. Bonds upon production of evidence satisfactory to the Company, the Fiscal Agent or, as the case may be, the Registrar, as to its holding of such S.O. Bonds and identity or being such Accountholder, as the case may be.

As used herein, "Tranche" means S.O. Bonds which are identical in all respects (including as to listing and admission to trading and save that a Tranche may comprise S.O. Bonds in more than one denomination) and "Series" means a Tranche of S.O. Bonds together with any further Tranche or Tranches of S.O. Bonds which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Words and expressions defined in the Fiscal Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Fiscal Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

For the purposes of these Conditions, references to "S.O. Bonds" are to S.O. Bonds of the same Series and shall, as the context may require, be deemed to include any Temporary Global S.O. Bond, Permanent Global S.O. Bond, Definitive Bearer S.O. Bond, Restricted Registered Global S.O. Bond, Unrestricted Registered Global S.O. Bond or, as the case may be, Definitive Registered S.O. Bond (each as defined below). References in the Conditions to Coupons (as defined below) are to Coupons relating to S.O. Bonds of the relevant Tranche and to "Holders" shall include holders of Coupons, as the context may require.

1. Form and Denomination

Form

1.01 The S.O. Bonds are issued in bearer form ("Bearer S.O. Bonds") or in registered form ("Registered S.O. Bonds") and, in the case of definitive S.O. Bonds, serially numbered, in the Specified Currency and the Specified Denomination(s). S.O. Bonds of one Specified Denomination may not be exchanged for S.O. Bonds of another Specified Denomination.

The S.O. Bonds may be Fixed Rate S.O. Bonds, Floating Rate S.O. Bonds or Zero Coupon S.O. Bonds or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Bearer S.O. Bonds are issued with Coupons attached, unless they are Zero Coupon S.O. Bonds in which case references to Coupons and Coupon holders in the Conditions are not applicable.

Form of Bearer S.O. Bonds

1.02 Bearer S.O. Bonds (other than Swiss Domestic S.O. Bonds) will be issued as covered bonds (Sw: *säkerställda obligationer*) pursuant to the S.O. Act and will be represented upon issue by a temporary global S.O. Bond (a "Temporary Global S.O. Bond") in substantially the form (subject to amendment and completion) set out in the Fiscal Agency Agreement. On or after the date (the "Exchange Date") which is 40 days after the completion of the distribution of the S.O. Bonds of the relevant Tranche and provided certification as to the beneficial ownership thereof as required by United States Treasury Regulations section 1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) has been received, interests in the Temporary Global S.O. Bond may be exchanged for either (as specified in the applicable Final Terms):

- (i) interests in a permanent global S.O. Bond (a Permanent Global S.O. Bond") representing the S.O. Bonds of that Tranche and in substantially the form (subject to amendment and completion) set out in the Fiscal Agency Agreement; or
- (ii) Bearer S.O. Bonds in definitive form ("Definitive Bearer S.O. Bonds") serially numbered and in substantially the form (subject to amendment and completion) set out in the Fiscal Agency Agreement.

1.03 In the case of Bearer S.O. Bonds, if any date on which a payment of interest is due on the S.O. Bonds of a Tranche occurs whilst any of the S.O. Bonds of that Tranche are represented by the Temporary Global S.O. Bond, if such payment falls due before the Exchange Date, the related interest payment will be made on the Temporary Global S.O. Bond upon and to the extent of delivery to or to the order of any of the Paying Agents outside the United States of a certificate or certificates of non-U.S. beneficial ownership issued by Euroclear Bank SA/NV ("Euroclear") or Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and dated not earlier than the relevant interest payment date.

Payments of principal or interest (if any) on a Permanent Global S.O. Bond will be made through Euroclear and/or Clearstream, Luxembourg without any requirement for certification. References 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.

1.04 In the case of Bearer S.O. Bonds, interests in the Permanent Global S.O. Bond will be exchangeable, in whole but not in part, (free of charge to the Holder) for Definitive Bearer S.O. Bonds as indicated in the applicable Final Terms either:

- (i) upon not less than 45 days' written notice (expiring at least 30 days after the Exchange Date (as defined in the relevant Temporary Global S.O. Bond)) being given to the Fiscal Agent by the bearer of the Permanent Global S.O. Bond; or
- (ii) upon not less than 45 days' written notice (expiring at least 30 days after the Exchange Date) being given to the Fiscal Agent by the bearer of the Permanent Global S.O. Bond only upon the occurrence of any Exchange Event, or by the Company upon the occurrence of an Exchange Event described in (ii) below.

"Exchange Event" means (i) either of Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention to cease business permanently; or (ii) if the Company or any Paying Agent, by reason of any change in, or amendment to, Swedish law, is or will be required to make any deduction or withholding from any payment under the S.O. Bonds which would not be required if such S.O. Bonds were in definitive form.

1.05 Bearer S.O. Bonds which are denominated in Swiss Francs (Swiss Domestic S.O. Bonds") will be issued as covered bonds (Sw: *säkerställda obligationer*) pursuant to the S.O. Act and, unless otherwise

specified in the applicable Final Terms, will be represented upon issue by a permanent global S.O. Bond (a Swiss Global S.O. Bond”) which will be deposited with SIX SIS Ltd, the Swiss Securities Services Corporation located in Olten, Switzerland (SIS”) or, as the case may be, with any other intermediary in Switzerland recognised for such purposes by SIX Swiss Exchange Ltd (SIS or any such other intermediary, the “Intermediary”), until final redemption or the printing of Definitive S.O. Bonds.

Once the Swiss Global S.O. Bond is deposited with the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Swiss Domestic S.O. Bonds will constitute intermediated securities (*Bucheffekten*) (“Intermediated Securities”) in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

Each Holder (as such term shall be construed in accordance with the following paragraph) of Swiss Domestic S.O. Bonds shall have a quotal co-ownership interest (*Miteigentumsanteil*) in the Swiss Global S.O. Bond to the extent of his claim against the Company, provided that for so long as the Swiss Global S.O. Bond remains deposited with the Intermediary the co-ownership interest shall be suspended and the Swiss Domestic S.O. Bonds may only be transferred or otherwise disposed of in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*), i.e., by the entry of the transferred Swiss Domestic S.O. Bonds in a securities account of the transferee.

The records of the Intermediary will determine the number of Swiss Domestic S.O. Bonds held through each participant in that Intermediary. In respect of the Swiss Domestic S.O. Bonds held in the form of Intermediated Securities, the holders of the Swiss Domestic S.O. Bonds will be the persons holding the Swiss Domestic S.O. Bonds in a securities account in their own name and for their own account. The term “Holders” as used herein shall, in relation to any such Swiss Domestic S.O. Bonds held in the form of Intermediated Securities, be construed accordingly.

Holders of Swiss Domestic S.O. Bonds do not have the right to request the printing and delivery of Definitive S.O. Bonds. Interests in the Swiss Global S.O. Bond will be exchangeable, in whole but not in part, for Definitive S.O. Bonds if the Principal Swiss Paying Agent (i) determines that the presentation of Definitive S.O. Bonds is required by Swiss or other applicable laws and regulations in connection with the enforcement of rights or (ii) deems the printing and delivery of Definitive S.O. Bonds to be useful or desirable for any other reason. Should the Principal Swiss Paying Agent so determine, it shall provide for the printing of Definitive S.O. Bonds without cost to the Holders. Upon delivery of the Definitive S.O. Bonds, the Swiss Global S.O. Bond will be cancelled and the Definitive S.O. Bonds shall be delivered to the Holders against cancellation of the Swiss Domestic S.O. Bonds in the Holders’ securities accounts.

1.06 Interest-bearing Definitive Bearer S.O. Bonds will, unless otherwise specified in the applicable Final Terms, be security-printed and will have attached thereto at the time of their initial delivery coupons (Coupons”) and, if indicated in the applicable Final Terms, talons for further Coupons (“Talons”), presentation of which will be a prerequisite to the payment of interest in certain circumstances specified below. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Bearer S.O. Bonds in global form do not have Coupons or Talons attached on issue.

Form of Registered S.O. Bonds

1.07 Registered S.O. Bonds will be issued as covered bonds (Sw: *Säkerställda obligationer*) pursuant to the S.O. Act and will be represented upon issue by S.O. Bonds in the following form:

- (i) S.O. Bonds initially sold within the United States in reliance on Rule 144A under the United States Securities Act of 1933, as amended (the “Securities Act”) will be represented by beneficial interests in a restricted registered global S.O. Bond (a “Restricted Registered Global S.O. Bond”) in substantially the form (subject to amendment and completion) set out in the Fiscal Agency

Agreement, which will be deposited with a custodian for The Depository Trust Company (“DTC”) and registered in the name of Cede & Co. as nominee of DTC; and

- (ii) S.O. Bonds initially sold to persons other than U.S. persons in reliance on Regulation S under the Securities Act will be represented by beneficial interests in an unrestricted registered global S.O. Bond (an “Unrestricted Registered Global S.O. Bond”) in substantially the form (subject to amendment and completion) set out in the Fiscal Agency Agreement, which will be deposited either (i) with a custodian for DTC and registered in the name of Cede & Co. as nominee of DTC for the account of Euroclear and Clearstream, Luxembourg for the accounts of their respective participants, or (ii) with a common depository or a common safekeeper, as the case may be, for, and in respect of, interests held through Euroclear and Clearstream, Luxembourg and registered in the name of a nominee of a common depository for Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms.

An interest in either the Restricted Registered Global S.O. Bond or the Unrestricted Registered Global S.O. Bond (each a “Registered Global S.O. Bond”) may be exchanged for a definitive Registered S.O. Bond (a “Definitive Registered S.O. Bond”) in the limited circumstances set out in such Registered Global S.O. Bond. A Definitive Registered S.O. Bond may be exchanged for another Definitive Registered S.O. Bond under certain circumstances described in the Fiscal Agency Agreement. In relation to any Tranche, prior to the expiry of the period that ends 40 days after the later of the date of issue of such Tranche and the completion of the distribution of such Tranche, beneficial interests in an Unrestricted Registered Global S.O. Bond will only be exchangeable for interests in a Restricted Registered Global S.O. Bond in accordance with the certification requirements described in the Fiscal Agency Agreement.

Registered S.O. Bonds will not be exchangeable for Bearer S.O. Bonds or *vice versa*.

The Depository Trust Company

1.08 Registered S.O. Bonds will, if so specified in the applicable Final Terms, be the subject of an application by the Company to DTC for the acceptance of such Registered S.O. Bonds into DTC’s book-entry settlement system. If such application is accepted, one or more Registered S.O. Bonds (each a “DTC S.O. Bond”) in denominations equivalent in aggregate to the aggregate principal amount of relevant Registered S.O. Bonds which are to be held in such system will be issued to DTC and registered in the name of Cede & Co., or such other person as may be nominated by DTC for the purpose as nominee for DTC. Thereafter, such registered nominee will be the holder of record and entitled to rights in respect of each DTC S.O. Bond. Accordingly, each person having a beneficial interest in a DTC S.O. Bond must rely on the procedures of the institutions having accounts with DTC to exercise any rights of such person. So long as Registered S.O. Bonds are traded through DTC’s book-entry settlement system, ownership of a beneficial interest in the relevant DTC S.O. Bond will (unless otherwise required by applicable law or regulatory requirement) be shown on, and transfers of such beneficial interest may be effected only through, records maintained by (a) DTC or its registered nominee (as to DTC-participant interests) or (b) institutions having accounts with DTC (including, without limitation, Euroclear and Clearstream, Luxembourg).

Surrender of Global S.O. Bonds in Exchange for Definitive S.O. Bonds

1.09 In order to exchange interests in a global S.O. Bond for definitive S.O. Bonds, a Holder must surrender or, as the case may be, present the relevant Temporary Global S.O. Bond or Permanent Global S.O. Bond at the specified office of the Fiscal Agent or, as the case may be, present the relevant Registered Global S.O. Bond at the specified office of the Registrar or its agent, together, in each case, with a request in writing specifying the principal amount of such Temporary Global S.O. Bond or Permanent Global S.O. Bond or, as the case may be, Registered Global S.O. Bond, to be exchanged. Any such definitive S.O. Bonds shall be issued pursuant to the terms of the Fiscal Agency Agreement.

1.10 If default is made by the Company in the required delivery of definitive S.O. Bonds and such default is continuing at 6.00 p.m. (London time) on the thirtieth day after the Temporary Global S.O. Bond or Permanent Global S.O. Bond or Registered Global S.O. Bond, as the case may be, first becomes exchangeable for definitive S.O. Bonds, such global S.O. Bond will become void in accordance with its terms but without prejudice to the rights of the accountholders with Euroclear, Clearstream, Luxembourg and/or DTC, as the case may be, in relation thereto under a deed of covenant (the “Deed of Covenant”, which expression shall include any amendments or supplements thereto) dated 15 May 2013 and executed and delivered by the Company in relation to the S.O. Bonds.

2. Title

2.01 Title to Bearer S.O. Bonds and Coupons passes by delivery. References herein to the “Holders” of Bearer S.O. Bonds or of Coupons are to the bearers of such Bearer S.O. Bonds or Coupons, subject as provided above in relation to Swiss Domestic S.O. Bonds.

2.02 Title to Registered S.O. Bonds passes by registration in the register which is kept by the Registrar. References herein to the “Holders” of Registered S.O. Bonds are to the persons in whose names such S.O. Bonds are so registered.

2.03 The Holder of any S.O. Bond will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

Transfer of Registered S.O. Bonds in definitive form

2.04 Definitive Registered S.O. Bonds may, upon the terms and subject to the conditions set forth in the Fiscal Agency Agreement, be transferred in whole or in part only (in the authorised denominations set out in the applicable Final Terms) upon the surrender of the Registered S.O. Bond to be transferred for registration of the transfer of the Registered S.O. Bond (or the relevant part thereof), together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any Transfer Agent. A new Registered S.O. Bond will be issued to the transferee and, in the case of a transfer of part only of a Registered S.O. Bond, a new Registered S.O. Bond in respect of the balance not transferred will be issued to the transferor.

2.05 Each new Registered S.O. Bond to be issued upon the transfer of Registered S.O. Bonds in definitive form will, within three London Business Days (as defined in the Fiscal Agency Agreement) of the effective receipt of such form of transfer by the Registrar or the relevant Transfer Agent at its specified office, be available for delivery at the specified office of the Registrar or the relevant Transfer Agent. For these purposes, a form of transfer received by the Registrar or the Transfer Agent during the period of 15 London Business Days ending on the due date for any payment on the relevant Registered S.O. Bond shall be deemed not to be effectively received until the day following the due date for such payment.

2.06 The issue of new Registered S.O. Bonds on transfer will be effected without charge by or on behalf of the Company or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation thereto.

2.07 Upon the transfer, exchange or replacement of Restricted Registered S.O. Bonds of any Tranche bearing the private placement legend (the “Rule 144A Legend”) set forth in the form of Restricted Registered S.O. Bond set out in the Fiscal Agency Agreement, the Registrar shall deliver only Registered S.O. Bonds of such Tranche that also bear such legend unless either (i) such transfer, exchange or replacement occurs one year or more after the later of (1) the original issue date of S.O. Bonds of such Tranche or (2) the last date on which the Company or any affiliates (as defined below) of the Company as notified to the Registrar

by the Company as provided in the following sentence, was the beneficial owner of such S.O. Bond (or any predecessor of such S.O. Bond) or (ii) there is delivered to the Registrar an opinion reasonably satisfactory to the Company of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States to the effect that neither such legend nor the restrictions on transfer set forth therein are required in order to maintain compliance with the provisions of such laws.

2.08 Transfers of beneficial interests in Registered Global S.O. Bonds will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global S.O. Bond will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for S.O. Bonds in definitive form or for a beneficial interest in another Registered Global S.O. Bond only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Fiscal Agency Agreement. Transfers of a Registered Global S.O. Bond registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global S.O. Bond, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

3. Status

The S.O. Bonds of each Tranche constitute unsubordinated obligations of the Company and rank *pari passu* without any preference among themselves. The S.O. Bonds are obligations issued in accordance with the S.O. Act and rank *pari passu* with all other obligations of the Company that have been provided the same priority as S.O. Bonds issued in accordance with the terms of the S.O. Act.

4. Interest

4A. Interest on Fixed Rate S.O. Bonds

Each Fixed Rate S.O. Bond bears interest 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 the S.O. Bonds are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, "Fixed 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.

Except in the case of S.O. Bonds in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate S.O. Bonds which are represented by a global S.O. Bond, the aggregate outstanding nominal amount of the Fixed Rate S.O. Bonds represented by such global S.O. Bond; or
- (B) in the case of Fixed Rate S.O. Bonds 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. Where the Specified Denomination of a Fixed Rate S.O. Bond in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate S.O. Bond 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.

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 4A:

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
 - (A) in the case of S.O. Bonds 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 (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of S.O. Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (aa) 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 that would occur in one calendar year; and
 - (bb) 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; and
- (ii) if “30/360” is specified in the applicable Final Terms, 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.

In the Conditions:

“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); and

“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, one cent.

4B. Interest on Floating Rate S.O. Bonds

(i) Interest Payment Dates

Each Floating Rate S.O. Bond bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, 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 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 (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in 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:

- (aa) in any case where Specified Periods are specified in accordance with Condition 4B(i)(B) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) 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 (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (bb) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (cc) 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
- (dd) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, "Business Day" means a day which is both:

- (1) 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 Business Centre specified in the applicable Final Terms; and
- (2) either (i) 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 (ii) in relation to any sum payable in Euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "TARGET2 System") is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate S.O. Bonds will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate S.O. Bonds

Where ISDA Determination is specified in the applicable Final Terms 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) 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 Fiscal Agent under an interest rate swap transaction if the Fiscal Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating 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 S.O. Bonds (the "ISDA Definitions") and under which:

- (I) the Floating Rate Option is as specified in the applicable Final Terms;
- (II) the Designated Maturity is a period specified in the applicable Final Terms; and
- (III) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (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 the Minimum Rate of Interest shall be deemed to be zero.

(B) Screen Rate Determination for Floating Rate S.O. Bonds

Where Screen Rate Determination is specified in the applicable Final Terms 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:

- (I) the offered quotation; or
- (II) 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 on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Fiscal 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 Fiscal Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

For the purposes of these Conditions:

"Interest Determination Date" shall mean the date specified as such in the Final Terms or if none is so specified:

- (i) if the Reference Rate is the London interbank offered rate ("LIBOR") (other than Sterling 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 the Euro-zone interbank offered rate ("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 the Stockholm interbank offered rate ("STIBOR"), the second Stockholm business day prior to the start of each Interest Period;
- (v) if the Reference Rate is the Norwegian interbank offered rate ("NIBOR"), the Second Oslo business day prior to the start of each Interest Period;
- (vi) if the Reference Rate is the Copenhagen interbank offered rate ("CIBOR"), the first day of each Interest Period;
- (vii) if the Reference Rate is the Tokyo interbank offered rate ("TIBOR"), the second Tokyo business day prior to the start of each Interest Period; or
- (viii) if the Reference Rate is the Hong Kong interbank offered rate ("HIBOR"), the first day of each Interest Period.

"Reference Rate" shall mean (i) LIBOR; (ii) EURIBOR; (iii) STIBOR; (iv) NIBOR; (v) CIBOR; (vi) TIBOR; or (vii) HIBOR, in each case for the relevant period, as specified in the applicable Final Terms, or, in the case of Exempt S.O. Bonds, such other Reference Rate as shall be specified in the applicable Final Terms.

"Relevant Financial Centre" shall mean (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; (vi) Tokyo, in the case of a determination of TIBOR; or (vii) Hong Kong, in the case of a determination of HIBOR, as specified in the applicable Final Terms, or, in the case of Exempt S.O. Bonds, such other Relevant Financial Centre as shall be specified in the applicable Final Terms.

"Relevant Time" shall mean (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 TIBOR, 11.00 a.m.; or (vii) in the case of HIBOR, 11.00 a.m., in each case in the Relevant Financial Centre, or, in the case of Exempt S.O. Bonds, such other time as shall be specified in the applicable Final Terms.

The Fiscal Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (I) above, no such offered quotation appears or, in the case of (II) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

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

If the applicable Final Terms 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 (ii) above 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 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 (ii) above 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 Fiscal 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 Fiscal Agent will calculate the amount of interest (the "Interest Amount") payable on the Floating Rate S.O. Bonds for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate S.O. Bonds which are represented by a global S.O. Bond, the aggregate outstanding nominal amount of the S.O. Bonds represented by such global S.O. Bond; or
- (B) in the case of Floating Rate S.O. Bonds 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. Where the Specified Denomination of a Floating Rate S.O. Bond in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such S.O. Bond 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.

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 4B:

- (A) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, 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 (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) 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, the actual number of days in the Interest Period divided by 365;
- (C) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual 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;
- (D) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (E) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, 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;

- (F) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, 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; and

- (G) if “30E/360 (ISDA)” is specified in the applicable Final Terms, 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.

(v) Notification of Rate of Interest and Interest Amounts

The Fiscal 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 Company, the Registrar (in the case of Registered S.O. Bonds) and any stock exchange on which the relevant Floating Rate S.O. Bonds are for the time being listed and notice thereof to be published in accordance with Condition 12 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 in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate S.O. Bonds are for the time being listed and to the Holders of the S.O. Bonds in accordance with Condition 12. For the purposes of this paragraph, the expression "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.

(vi) 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 4B, by the Fiscal Agent shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Company, the Fiscal Agent, the other Paying Agents and all Holders of the S.O. Bonds and (in the absence of wilful default or bad faith) no liability to the Company or the Holders shall attach to the Fiscal Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(vii) Calculation Agent

If the applicable Final Terms specify that a Calculation Agent will be appointed in place of the Fiscal Agent for the purposes of calculating the Rate(s) of Interest and Interest Amount(s) as aforesaid, references in this Condition 4B to Fiscal Agent shall, unless the context otherwise requires, be construed as references to such Calculation Agent.

4C. Accrual of Interest

Each S.O. Bond (or in the case of the redemption of part only of an S.O. Bond, that part only of such S.O. Bond) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue thereon (as well after as before

any demand or judgment) at the rate then applicable to the principal amount of the S.O. Bonds or such other rate as may be specified in the applicable Final Terms until the date on which, upon (except in the case of any payment where presentation and/or surrender of the relevant S.O. Bond is not required as a precondition of payment) due presentation of the relevant S.O. Bond, the relevant payment is made or, if earlier (except in the case of any payment where presentation and/or surrender of the relevant S.O. Bond is not required as a precondition of payment), the seventh day after the date on which, the Fiscal Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders in accordance with Condition 12 of that circumstance (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

5. Redemption and Purchase

Redemption at Maturity

5.01 Unless previously redeemed or purchased and cancelled as specified below, each S.O. Bond will be redeemed by the Company at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

Redemption at the Option of the Company (Company Call)

5.02 If Company Call is specified as being applicable in the applicable Final Terms, the Company may, having given:

- (i) not less than 15 nor more than 30 days' notice (or such other notice period as may be specified in the applicable Final Terms) to the Holders in accordance with Condition 12; and
- (ii) not less than 15 days before the giving of the notice referred to in (i) above, notice to the Fiscal Agent and the Registrar (in the case of Registered S.O. Bonds);

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the S.O. Bonds then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of S.O. Bonds, the S.O. Bonds to be redeemed ("Redeemed S.O. Bonds") will be selected individually by lot, in the case of Redeemed S.O. Bonds represented by definitive S.O. Bonds, and 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) and/or DTC and/or SIS, as the case may be, in the case of Redeemed S.O. Bonds represented by a global S.O. Bond, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed S.O. Bonds represented by definitive S.O. Bonds, a list of the serial numbers of such Redeemed S.O. Bonds will be published in accordance with Condition 12 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant global S.O. Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 5.02 and notice to that effect shall be given by the Company to the Holders in accordance with Condition 12 at least five days prior to the Selection Date.

Purchase of S.O. Bonds

5.03 Subject to Condition 2.07, the Company or any Subsidiary (as defined in the Fiscal Agency Agreement) of the Company may at any time purchase S.O. Bonds in the open market or otherwise and at any price.

Cancellation of Redeemed and Purchased S.O. Bonds

5.04 All unmatured S.O. Bonds redeemed or purchased in accordance with this Condition 5 (provided, in the case of definitive S.O. Bonds that all unmatured Coupons and Talons relating thereto are attached or surrendered therewith) will be cancelled and may not be reissued or resold. References in this Condition 5 to the purchase of S.O. Bonds by the Company or any Subsidiary of the Company shall not include the purchase of S.O. Bonds in the ordinary course of business of dealing in securities or the purchase of S.O. Bonds otherwise than as beneficial owner.

Late Payment on Zero Coupon S.O. Bonds

5.05 If the amount payable in respect of any Zero Coupon S.O. Bond upon redemption of such Zero Coupon S.O. Bond pursuant to Condition 5.01 or 5.02 above is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon S.O. Bond shall be the amount calculated as equal to $RP \times (1 + AY)^y$

where:

“RP” means the Reference Price;

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

“y” is the Day Count Fraction specified in the applicable Final Terms 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 S.O. Bonds to (but excluding) the Late Payment Date 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 S.O. Bonds to (but excluding) the Late Payment Date 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 S.O. Bonds to (but excluding) the Late Payment Date and the denominator will be 365); and

“Late Payment Date” means the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon S.O. Bond have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon S.O. Bonds has been received by the Fiscal Agent or the Registrar and notice to that effect has been given to the Holders in accordance with Condition 12.

6. Taxation

All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the S.O. Bonds or Coupons will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Sweden or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law in which case such withholding or deduction will be made.

7. Payments

7A. 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 6 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement).

7B. Presentation of Definitive Bearer S.O. Bonds and Coupons

Payments of principal in respect of Definitive Bearer S.O. Bonds will (subject as provided below) be made in the manner provided in Condition 7A above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer S.O. Bonds, and payments of interest in respect of Definitive Bearer S.O. Bonds will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Except as provided below, all payments of interest and principal with respect to Bearer S.O. Bonds will be made at such paying agencies outside the United States as the Company may appoint from time to time and to accounts outside the United States.

Fixed Rate S.O. Bonds in definitive bearer form (other than Long Maturity S.O. Bonds (as defined below)) should be presented for payment together with all unmatured Coupons 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 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 10 years after the Relevant Date (as defined below) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

For the purposes of this Condition 7, the "Relevant Date" means the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Fiscal Agent on or prior to such due date, it means the first date on which the full amount of such moneys has been

so received and notice to that effect shall have been duly given to the Holders of the S.O. Bonds of the relevant Series in accordance with Condition 12.

Upon any Fixed Rate S.O. Bond in definitive bearer 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 the date on which any Floating Rate S.O. Bond or Long Maturity S.O. Bond in definitive bearer form becomes due and repayable, 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. A "Long Maturity S.O. Bond" is a Fixed Rate S.O. Bond (other than a Fixed Rate S.O. Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such S.O. Bond shall cease to be a Long Maturity S.O. Bond 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 S.O. Bond.

If the due date for redemption of any Definitive Bearer S.O. Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Definitive Bearer S.O. Bond 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 Bearer S.O. Bond.

7C. Payments in Respect of Bearer S.O. Bonds in Global Form

Payments of principal and interest (if any) in respect of S.O. Bonds represented by any bearer global S.O. Bond will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer S.O. Bonds or otherwise in the manner specified in the relevant bearer global S.O. Bond, where applicable, against presentation or surrender, as the case may be, of such bearer global S.O. Bond at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such bearer global S.O. Bond either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

7D. Payments in Respect of Registered S.O. Bonds

Payments of principal in respect of Registered S.O. Bonds (whether or not in global form) will be made in the manner provided in Condition 7A above to the persons in whose name such S.O. Bonds are registered at the close of business on the business day (being for this purpose a day on which banks are open for business in the city where the Registrar is located) immediately prior to the relevant payment date against presentation and surrender (or, in the case of part payment of any sum due only, endorsement) of such S.O. Bonds at the specified office of the Registrar.

Payments of interest due on a Registered S.O. Bond (whether or not in global form) will be made in the manner specified in Condition 7A to the persons in whose name such S.O. Bond is registered (i) where in global form, at the close of business on the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) prior to such due date and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) (the "Record Date")) prior to such due date. In the case of payments by cheque, cheques will be mailed to the Holder (or the first named of joint Holders) at such Holder's registered address on the business day (as described above) immediately preceding the due date.

If payment in respect of any Registered S.O. Bonds is required by credit or transfer as referred to in Condition 7A above, application for such payment must be made by the Holder to the Registrar not later than the relevant Record Date.

7E. General Provisions Applicable to Payments

The Holder of a global S.O. Bond shall be the only person entitled to receive payments in respect of S.O. Bonds represented by such global S.O. Bond and the Company will be discharged by payment to, or to the order of, the Holder of such global S.O. Bond in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of S.O. Bonds represented by such global S.O. Bond must look solely to Euroclear or Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Company to, or to the order of, the Holder of such global S.O. Bond.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer S.O. Bonds is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Bearer S.O. Bonds will be made at the specified office of a Paying Agent in the United States if:

- (i) the Company 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 in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the S.O. Bonds in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Company, adverse tax consequences to the Company.

All amounts payable to DTC or its nominee as registered holder of a Registered Global S.O. Bond in respect of S.O. Bonds denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar (or the Fiscal Agent acting on the Registrar's behalf) to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Fiscal Agency Agreement.

7F. Payment Day

If the date for payment of any amount in respect of any S.O. Bond 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. For these purposes, "Payment Day" means any day which (subject to Condition 8) is:

- (i) 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 S.O. Bonds in definitive form only, the relevant place of presentation; and
 - (B) each Financial Centre specified in the applicable Final Terms; and
- (ii) either (I) 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 (II) in relation to any sum payable in Euro, a day on which the TARGET2 System is open.

7G. Interpretation of Principal

Any reference in the Conditions to principal in respect of the S.O. Bonds shall be deemed to include, as applicable:

- (i) the Final Redemption Amount of the S.O. Bonds;
- (ii) the Optional Redemption Amount(s) (if any) of the S.O. Bonds; and
- (iii) any premium and any other amounts (other than interest) which may be payable by the Company under or in respect of the S.O. Bonds.

7H. Payments in respect of Swiss Domestic S.O. Bonds

Notwithstanding the foregoing provisions of this Condition 7, payments of principal and interest in respect of Swiss Domestic S.O. Bonds shall be made only at the offices of any Swiss Paying Agent in Switzerland in freely disposable Swiss Francs without collection costs and whatever the circumstances may be, irrespective of nationality, domicile or residence of the Holder of S.O. Bonds and without requiring any certification, affidavit or the fulfilment of any other formality. Payments on the Swiss Domestic S.O. Bonds will also be made irrespective of any present or future transfer restrictions and regardless of any bilateral or multilateral payment or clearing agreement which may be applicable at any time to such payment.

The receipt in full by the Principal Swiss Paying Agent of the due and punctual payment of the funds in Swiss Francs in Zurich in the manner provided by these Conditions and in the applicable Final Terms shall release the Company from its obligations under the Swiss Domestic S.O. Bonds for the payment of principal and interest due on the respective payment dates to the extent of such payments, except to the extent that there is default in the subsequent payment thereof to the Holders of S.O. Bonds or Coupons (as the case may be).

8. Prescription

8.01 The S.O. Bonds (whether in bearer or registered form) and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the due date for payment.

8.02 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 or Condition 7B or any Talon which would be void pursuant to Condition 7B.

9. The Paying Agents, Transfer Agents, Exchange Agent and the Registrar

The initial Paying Agents, Transfer Agents, Exchange Agent and Registrar and their respective initial specified offices are specified below. The Company reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent), Transfer Agent, Exchange Agent or Registrar and to appoint additional or other Paying Agents, Transfer Agents, Exchange Agents or Registrars *provided that* (other than in the case of Swiss Domestic S.O. Bonds) it will at all times maintain (i) a Fiscal Agent, (ii) a Registrar (in the case of a Series of Registered S.O. Bonds) which, if the Registrar originally appointed in respect of such Series had its specified office outside the United Kingdom, shall also have a specified office outside the United Kingdom other than Sweden, (iii) a Paying Agent with a specified office in continental Europe (but outside the United Kingdom) other than Sweden, (iv) a Paying Agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive, (v) if and so long as any S.O. Bonds are admitted to listing, trading and/or quotation by any listing authority, stock exchange, regulated market and/or quotation system which requires the appointment of a Paying Agent, a Transfer Agent or a Registrar in any particular place, a Paying Agent or (in the case of Registered S.O. Bonds) a Transfer Agent or Registrar having its specified office in the place required by such listing authority, stock

exchange, regulated market and/or quotation system, and (vi) so long as any of the Registered Global S.O. Bonds payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, an Exchange Agent.

In addition, the Company shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7E.

In the case of Swiss Domestic S.O. Bonds, the Company will at all times maintain a Paying Agent having a specified office in Switzerland and will at no time appoint a Paying Agent having a specified office outside Switzerland.

The Paying Agents, the Transfer Agents, the Exchange Agent and the Registrar reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Paying Agents, the Transfer Agents, the Exchange Agent or the Registrar will be made promptly to the Holders.

10. Replacement of S.O. Bonds and Coupons

If any S.O. Bond or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent or of the Registrar (in the case of Registered S.O. Bonds) (and if the S.O. Bonds are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its specified office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/or quotation system requirements, upon payment by the claimant of all expenses incurred in such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Company and the Fiscal Agent or, as the case may be, the Registrar may require. Mutilated or defaced S.O. Bonds and Coupons must be surrendered before replacements will be delivered therefor.

11. Meetings of Holders; Modification

11.01 The Fiscal Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Holders of S.O. Bonds of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of any S.O. Bonds, any Coupons, any of the Conditions or the Deed of Covenant. An Extraordinary Resolution passed at any meeting of the Holders of S.O. Bonds of any Series will be binding on all Holders of such Series, whether or not they are present at the meeting and on all Coupon holders (if any).

11.02 The Fiscal Agent may, together with the other parties to the Fiscal Agency Agreement, agree, without the consent of the Holders of the S.O. Bonds or Coupons or any of the Accountholders (as defined in the Deed of Covenant), to any modification of the Fiscal Agency Agreement or of any S.O. Bonds or Coupons or of the Deed of Covenant which, in the opinion of the Company (following the advice of an independent financial institution of international standing), is not materially prejudicial to the interests of the Holders of such S.O. Bonds or Coupons or the Accountholders under the Deed of Covenant or which is, in the opinion of the Company, of a formal, minor or technical nature or to any modification which is necessary to correct a manifest or proven error.

12. Notices

To Holders of Bearer S.O. Bonds

12.01 Notices to Holders of Bearer S.O. Bonds (other than Swiss Domestic S.O. Bonds) will be deemed to be validly given if published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, if published in a leading English-

language newspaper having general circulation in Europe or, in the case of a Temporary Global S.O. Bond or Permanent Global S.O. Bond, if delivered to Euroclear and Clearstream, Luxembourg for communication by them to the persons shown in their respective records as having interests therein. Provided that, in the case of S.O. Bonds listed on a stock exchange or admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules or by such other means as required by the relevant stock exchange or relevant authority. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if published more than once, on the date of first such publication) or, as the case may be, on the date of such delivery.

12.02 Notices to Holders of Swiss Domestic S.O. Bonds will, save where another means of effective communication has been specified in the applicable Final Terms, be deemed to be validly given (i) if published in a leading daily newspaper with national circulation in Switzerland (which is expected to be the *Neue Zürcher Zeitung*), (ii) in the case of Swiss Domestic S.O. Bonds represented by a Swiss Global S.O. Bond, if delivered to SIS for communication by it to the persons shown in its records as having interests therein or (iii) in the case of Swiss Domestic S.O. Bonds admitted to trading on the standard for bonds of the SIX Swiss Exchange Ltd, if published in electronic form on the internet website of the SIX Swiss Exchange Ltd (www.six-swiss-exchange.com) under the section headed "Official Notices" or otherwise in accordance with the regulations of the SIX Swiss Exchange Ltd. Provided that, in the case of Swiss Domestic S.O. Bonds listed on any other stock exchange or admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of first such publication) or, as the case may be, on the date of such delivery.

To Holders of Registered S.O. Bonds

12.03 In the case of any Registered S.O. Bonds represented by a global S.O. Bond, notices shall be deemed to be validly given if delivered to Euroclear, Clearstream, Luxembourg and/or DTC for communication by them to the persons shown in their respective records as having interests therein. Any notice so given will be deemed to have been validly given on the date of such delivery.

Notices to Holders of Registered S.O. Bonds will be deemed to be validly given if sent by first class mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth Business Day after the date of such mailing and, in addition, for so long as any Registered S.O. Bonds are listed on a stock exchange or admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules or by such other means as required by the relevant stock exchange or relevant authority.

To the Company

12.04 Notices to the Company will be deemed to be validly given if delivered to the Company at its official address registered with the Swedish Companies Office from time to time, for the attention of the Head of Group Treasury, and will be deemed to have been validly given at the opening of business on the next day on which the Company's principal office is open for business.

13. Further Issues

The Company may from time to time without the consent of the Holders of any S.O. Bonds of any Series create and issue further notes, bonds or debentures having the same terms and conditions as the S.O. Bonds of such Series in all respects (or in all respects except for the issue date, issue price and first payment

of interest, if any, on them) and so that the same shall be consolidated and form a single series with the S.O. Bonds of such Series.

14. Governing Law and Jurisdiction

14.01 The S.O. Bonds, the Fiscal Agency Agreement and the Deed of Covenant, all matters arising from or connected with them and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, English law, except that Condition 3 is governed by, and shall be construed in accordance with, Swedish Law.

14.02 The Company irrevocably agrees for the benefit of the Holders of the S.O. Bonds that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the S.O. Bonds (respectively, "Proceedings" and "Disputes") (including any Proceedings or Disputes relating to non-contractual obligations arising out of or in connection therewith) and, for such purposes, irrevocably submits to the jurisdiction of such courts. The Company irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum. The Company agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to Business Sweden, The Swedish Trade & Invest Council at its office at 6th Floor, Winchester House, 259-269 Old Marylebone Road, London NW1 5RA. If Business Sweden, The Swedish Trade & Invest Council ceases to have an office in England, the Company shall forthwith appoint another person in England to accept service of process on its behalf in England and notify the name and address of such person to the Fiscal Agent. Nothing contained herein shall affect the right to serve process in any other manner permitted by law. The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the Holders of the S.O. Bonds or any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

15. Third Parties Rights

No person shall have any right to enforce any term or condition of any S.O. Bonds under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

5. Use of Proceeds

The net proceeds of the issue of each Tranche of Instruments or each Tranche of S.O. Bonds, as the case may be, will be used by the Company for its general business purposes.

6. Summary of the Swedish Legislation Regarding Covered Bonds

The following is a brief summary of certain features of the Swedish Act (2003:1223) on Issuance of Covered Bonds (Sw: Lagen (2003:1223) om utgivning av säkerställda obligationer) (the "S.O. Act") at the date of this Base Prospectus. It does not purport to be, and is not, a complete description of all aspects of the Swedish legislative and regulatory framework for covered bonds. See also "Risk Factors – Risks Relating to the S.O. Bonds" above.

6.1 Introduction

The S.O. Act entered into force on 1 July 2004. It enables Swedish banks and credit market undertakings (Sw: *Kreditmarknadsföretag*) ("institutions"), which have been granted a specific licence by the Swedish Financial Supervisory Authority (Sw: *Finansinspektionen*) (the "Swedish FSA") to issue full-recourse debt instruments secured by a pool of mortgage credits and/or public sector credits (a "cover pool"). An institution may have more than one cover pool, each securing different full recourse debt instruments. If an institution has two or more cover pools it must maintain a separate special register for each such pool (see further below).

The Swedish FSA has issued regulations and recommendations under the authority conferred on it by the S.O. Act (Sw: *Finansinspektionens föreskrifter och allmänna råd om säkerställda obligationer (FFFS 2004:11)*) (the "Swedish FSA Regulations"). The Swedish FSA Regulations will be replaced by new regulations with effect from 1 July 2013 (see "The New Swedish FSA Covered Bond Regulations" below).

Swedish covered bonds may take the form of bonds and other comparable debt instruments, such as commercial paper.

In the event of an institution's bankruptcy, holders of covered bonds (and certain eligible counterparties to derivative contracts entered into for the purpose of matching the financial terms of the assets in the cover pool with those of the covered bonds) benefit from a priority right in the pool of assets. The S.O. Act further enables such holders (and derivative counterparties) to continue to receive timely payments also following the institution's bankruptcy, subject to certain conditions being met.

The cover pool is dynamic in the sense that an institution may supplement or substitute assets in the cover pool at any time, provided that the assets satisfy the eligibility criteria, as set out below.

6.2 Registration

Information in respect of all covered bonds, assets in the cover pool and relevant derivative contracts must be entered into a special register (the "Register"), which is maintained by the institution. The actual registration of the covered bonds and relevant derivative contracts in the Register is necessary to confer the priority right in the cover pool. Further, only assets entered into the Register form part of the cover pool.

At all times the Register must show the nominal value of the covered bonds, the cover pool and the relevant derivative contracts. As a result, the Register requires regular updating on a daily basis, including without limitation due to changes in interest rates, interest periods, outstanding debt and the composition of the cover pool. The value of the underlying collateral securing mortgage credits in the cover pool must also be entered into the Register.

6.3 Eligibility Criteria for Assets in the Cover Pool

The cover pool may consist of certain mortgage credits, public credits and supplemental assets.

Mortgage credits are defined as loans secured by (i) mortgages over real property (Sw: *Fastigheter*) intended for residential, agricultural, office or commercial purposes or site leasehold rights (Sw: *Tomträtter*) intended for residential, office or commercial purposes, (ii) pledges over tenant-owner rights (Sw: *Bostadsrätter*), or (iii) comparable security interests over equivalent assets situated in other countries within the European Economic Area.

Public credits are defined as certain loans to (or guaranteed by) *inter alia* the Kingdom of Sweden, Swedish municipalities and comparable public bodies, the European Union and the European Atomic Energy Community, certain foreign states and central banks and certain foreign municipalities and comparable public bodies with powers of taxation.

Supplemental assets consist primarily of government bonds and cash, although the Swedish FSA may also authorise the use of certain debt instruments issued by credit institutions and other bodies as supplemental assets.

6.4 Loan-to-Value Ratios and Certain Other Restrictions

For mortgage credits, there is a maximum loan amount which may be included in the cover pool, depending on the value of the underlying collateral:

- For residential collateral, a loan may be included in the cover pool only to the extent the loan amount does not exceed 75 per cent of the market value of the collateral;
- For agricultural collateral, a loan may be included in the cover pool only to the extent the loan amount does not exceed 70 per cent of the market value of the collateral; and
- For office or commercial collateral, a loan may be included in the cover pool only to the extent the loan amount does not exceed 60 per cent of the market value of the collateral.

Should a loan exceed the relevant ratio, only the part of the loan that falls within the permitted limit may be included in the cover pool (a “Partly Eligible Loan”). The S.O. Act does not explicitly regulate how proceeds in respect of a Partly Eligible Loan shall be distributed between the eligible and the non-eligible parts of the loan.

The most likely interpretation is that interest payments shall be allocated *pro rata* between the eligible and non-eligible parts of the loan and that amortisations shall be applied first towards the non-eligible part of the loan (absent enforcement of the security over the underlying collateral). However, it has been suggested (although there is no legal precedent for this) that the proceeds from enforcement of the security should be applied first towards the eligible part of the loan.

A similar situation arises if, for example, the same mortgage security serves as first-ranking security for two (or more) loans granted by an institution and only one of these loans is included in the cover pool. The S.O. Act does not give clear guidance as to how proceeds shall be allocated between the two loans in case of the institution’s bankruptcy. The lack of guidance may give room for unsecured creditors of the institution to argue that only a *pro rata* portion of such proceeds shall be allocated to the loan included in the cover pool.

The S.O. Act restricts the overall proportion of loans provided against security over real property (or site leasehold rights or tenant-owner rights) intended for office or commercial purposes to 10 per cent of an institution’s cover pool.

Furthermore, the proportion of supplemental assets may not exceed 20 per cent of the cover pool, although the Swedish FSA has the authority to raise this limit to 30 per cent for a limited period in special circumstances.

Institutions are required to regularly monitor price development in the property markets in which they are active as lenders. As an example, Swedbank who administers the cover pool reviews the property values on a monthly basis. When market prices decline, the institutions shall determine whether the market value of the mortgage assets that serve as collateral for loans included in the cover pool are at least as high as when last valued. If market prices decline significantly the market value of the relevant mortgage assets shall be reassessed. Market values of mortgage assets that serve as collateral for loans included in the cover pool shall be determined on an individual basis by a competent valuer. Market values for one and two family-dwellings and for residences with tenant-owner rights may be based on general price levels. If the market value of a mortgage asset declines significantly, then only such part of the loan that falls within the permitted loan-to-value ratio will be eligible for inclusion in the cover pool and will be subject to the priority right described below. The S.O. Act does not define when a decline in value is to be considered as “significant”, but it is generally believed that a decline of close to 15 per cent or more would be considered as significant while a lesser decline would not. However, a decline in the market value following an institution’s bankruptcy would not result in a reduction of the assets in which holders of covered bonds (and relevant derivative counterparties) have a priority right, but could result in the cover pool ceasing to meet the matching requirements.

6.5 Matching Requirements

The S.O. Act prescribes that the nominal value of the cover pool shall at all times exceed the aggregate nominal value of claims that may be asserted against an institution by reference to covered bonds.

Furthermore, an institution must compose the cover pool in such a way as to ensure a sound balance between the covered bonds and the assets in the cover pool in terms of currencies, interest rates and interest fixation periods. Such sound balance is deemed to exist when the present value of the cover pool at all times exceeds the present value of the liabilities relating to the covered bonds. The present value of derivative contracts shall be taken into account for the purposes of such calculation.

Also, the payment flows relating to the assets in the cover pool, derivative contracts and covered bonds shall be such that an institution is at all times able to meet its payment obligations towards holders of covered bonds and relevant derivative counterparties.

The Swedish FSA Regulations contain further details as to calculation of present values, stress tests and other items. One of these is that non-performing assets in the cover pool which are more than 60 days overdue must be disregarded for the purposes of the matching tests.

6.6 Supervision by the Swedish FSA and the Independent Inspector

The Swedish FSA monitors an institution’s compliance with the S.O. Act and other provisions of the legislative and regulatory framework which regulate the business of the institution. In addition, the Swedish FSA appoints an independent inspector (Sw: *Oberoende granskare*) for each institution that issues covered bonds.

The independent inspector is responsible for monitoring the Register on an ongoing basis to assess whether or not it is being maintained correctly and in compliance with the S.O. Act and the Swedish FSA Regulations. In particular, the independent inspector shall verify that (i) covered bonds and relevant derivative contracts are registered in the Register, (ii) only loans and supplemental assets that satisfy the eligibility criteria are included in the cover pool and registered in the Register, (iii) the valuations of the underlying collateral for loans in the cover pool are in accordance with the S.O. Act and the Swedish FSA Regulations, (iv) mortgage loans the underlying collateral of which has decreased significantly in value are, for the purpose of the matching requirements, deducted from the cover pool to the extent necessary to comply with the relevant loan-to-value ratio and (v) the matching requirements are complied with.

The independent inspector is entitled to request information from the institution, conduct site visits and is required to report regularly and to submit a written report at least once a year to the Swedish FSA. The S.O. Act does not provide for any change to the independent inspector's remit upon the bankruptcy of an institution.

6.7 The New Swedish FSA Covered Bond Regulations

The Swedish FSA Regulations will be replaced on 1 July 2013 with new regulations and recommendations from the Swedish FSA (Sw: *Finansinspektionens föreskrifter och allmänna råd om säkerställda obligationer (FFFS 2013:1)*) (the "New Regulations"). The New Regulations contain much of what is already in the Swedish FSA Regulations but also contain some new rules as well as some clarifications of existing rules. Among others, the issuer of covered bonds will be permitted to make revaluations of the cover pool upwards (which has hereto not been regulated and hence not considered possible) in limited and well-documented circumstances and shall then also make corresponding revaluations downwards when relevant (if the issuer is using the right to adjust upwards). Such adjustments can be made when the change in the value downwards is less than 15 per cent (which is considered "a material change" and the threshold for which a downward adjustment should be made under the current rules). In addition, the issuer will be required to undertake sensitivity (or "stress") tests regularly and at least once a year with respect to possible future changes in market values of the assets secured on mortgages in the cover pool. The tests shall be based on assumptions of reduced market values of between 5 and 30 per cent and the issuer shall also inform the Swedish FSA of actions that the issuer could undertake to improve the matching between assets in the cover pool and the covered bond liabilities in circumstances of reduced asset values. The New Regulations further clarify the credit rating requirements on derivative counterparties and there are also some clarifications with respect to the present value calculations required for the matching between the nominal value of the cover pool and the nominal value of the liabilities under the covered bonds (see further above for a description of the matching requirements). The New Regulations will also require the appointed independent inspector of the issuer's covered bond programme to use a more "risk based approach" in its inspection of the issuer's compliance with the rules and regulation.

6.8 Benefit of a Priority Right in the Cover Pool

Pursuant to the S.O. Act and the Swedish Rights of Priority Act (Sw: *Förmånsrättslagen (1970:979)*), holders of covered bonds benefit from a priority right in the cover pool should the institution be declared bankrupt (Sw: *Försatt i konkurs*). The same priority is awarded to the institution's eligible counterparties to derivative contracts entered into for the purpose of matching the financial terms of the assets in the cover pool with those of the covered bonds. Such derivative counterparties and the holders of covered bonds rank *pari passu* with joint seniority in relation to the cover pool.

By virtue of the aforementioned priority, holders of covered bonds and relevant derivative counterparties rank ahead of unsecured creditors and all other creditors of the institution in respect of assets in the cover pool (except the administrator-in-bankruptcy as regards fees for his administration of assets in the cover pool and costs for such administration and obligations under liquidity loans and other agreements entered into by the administrator-in bankruptcy on behalf of the bankruptcy estate with a view to fulfilling the matching requirements for the cover pool (see further below)). The priority right also covers cash received by an institution and deriving from the cover pool or relevant derivative contracts, provided that certain administrative procedures have been complied with.

Due to what is generally regarded as an oversight in the legislation, there is some uncertainty as to whether a creditor that obtains execution (Sw: *Utmätning*) against an asset in the cover pool earlier than three months before an institution's bankruptcy could defeat the priority afforded to holders of covered bonds and derivative counterparties as regards such asset. However, an execution that is levied less than three months before the institution is declared bankrupt will typically not defeat the priority.

6.9 Administration of the Cover Pool in the Event of Bankruptcy

Should an institution be declared bankrupt, at least one administrator-in-bankruptcy would be appointed by the bankruptcy court and one administrator-in-bankruptcy would be appointed by the Swedish FSA. The administrators-in-bankruptcy would take over the administration of the bankruptcy estate, including the cover pool.

Provided that (and as long as) the cover pool meets the requirements of the S.O. Act (including the matching requirements), the assets in the cover pool, the covered bonds and any relevant derivative contracts that have been entered into the Register are required to be maintained as a unit and kept segregated from other assets and liabilities of the bankruptcy estate of the institution. The administrators-in-bankruptcy are in such case required to procure the continued timely service of payments due under the covered bonds and any relevant derivative contracts. Consequently, the bankruptcy would not as such result in early repayment or suspension of payments to holders of covered bonds or to derivative counterparties, so long as the cover pool continues to meet the requirements of the S.O. Act.

Upon an institution's bankruptcy, neither the institution nor its bankruptcy estate would have the ability to issue further covered bonds. However, following a recent amendment the S.O. Act gives the administrators-in-bankruptcy an explicit and broad mandate to enter into loan, derivative, repo and other transactions on behalf of the bankruptcy estate with a view to attaining matching of cash flows, currencies, interest rates and interest periods between assets in the cover pool, covered bonds and derivative contracts. Counterparties in such transactions will rank senior to holders of covered bonds and derivative counterparties. The administrators-in-bankruptcy may also raise liquidity, for example, by selling assets in the cover pool in the market.

If the cover pool ceases to meet the requirements of the S.O. Act, and the deviations are not just temporary and minor, the cover pool may no longer be maintained as a unit and the continuous payment under the terms and conditions of the covered bonds and derivative contracts will cease. The holders of covered bonds and derivative counterparties would in such case instead benefit from a priority right in the proceeds of a sale of the assets in the cover pool in accordance with general bankruptcy rules. This could result in the holders of covered bonds receiving payment according to a schedule that is different from that contemplated by the terms and conditions of the covered bonds (with accelerations as well as delays) or the holders of covered bonds not being paid in full. However, the holders of covered bonds and derivative counterparties would retain the benefit of the right of priority in the assets comprising the cover pool. Any residual claims of the holders of covered bonds and derivative counterparties remain valid claims against the institution, but will rank *pari passu* with other unsecured and unsubordinated creditors of the institution.

7. Subscription and Sale

Instruments and S.O. Bonds may be sold from time to time by the Company to any one or more of Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Daiwa Capital Markets Europe Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, The Hongkong and Shanghai Banking Corporation Limited, HSBC Bank plc, J.P. Morgan Securities plc, Landesbank Baden-Württemberg, Merrill Lynch International, Morgan Stanley & Co. International plc, Norddeutsche Landesbank Girozentrale, Swedbank AB (publ), The Royal Bank of Scotland plc, UBS AG, UBS Limited and UniCredit Bank AG (the “Dealers”) or to any other person or institution. The arrangements under which Instruments and S.O. Bonds may from time to time be agreed to be sold by the Company to, and purchased by, Dealers are set out in an Amended and Restated Dealership Agreement dated 15 May 2013 and made between the Company and the Dealers (as amended and restated or supplemented from time to time, the “Dealership Agreement”). Any such arrangements will, *inter alia*, make provision for the form and terms and conditions of the relevant Instruments or S.O. Bonds, the price at which such Instruments or S.O. Bonds will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Company in respect of such purchase. The Dealership Agreement makes provision for the resignation or renewal of existing Dealers and the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Instruments or S.O. Bonds.

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Company and/or the Guarantor and their affiliates in the ordinary course of business.

In addition, in the ordinary course of their 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 Company and/or the Guarantor and/or their affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Company and/or the Guarantor routinely hedge their credit exposure to the Company and/or the Guarantor 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 securities, including potentially the Instruments and/or S.O. Bonds issued under the Programme. Any such short positions could adversely affect future trading prices of Instruments and/or S.O. Bonds issued under the Programme. 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.

7.1 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 (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme 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 Instruments or S.O. Bonds which are the subject of the offering contemplated by this Base Prospectus 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 Instruments or S.O. Bonds 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 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 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 Company 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 Instruments or S.O. Bonds referred to in (a) to (c) above shall require the Company 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 Instruments or S.O. Bonds to the public” in relation to any Instruments or S.O. Bonds 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 Instruments or S.O. Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Instruments or S.O. Bonds, 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 (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

7.2 The United States of America

The Instruments and S.O. Bonds have not been and will not be registered under the United States Securities Act of 1933 (as amended) (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 the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

Instruments and S.O. Bonds 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 U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in the preceding sentence have the meanings given to them by the United States Internal Revenue Code of 1986, as amended, and Treasury regulations promulgated thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that, except as permitted by the Dealership Agreement, it will not offer, sell or deliver Instruments or S.O. Bonds, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Instruments or S.O. Bonds comprising the relevant Tranche, as certified to the Fiscal Agent or the Company by such Dealer (or in the case of a sale of a Tranche of Instruments or S.O. Bonds to or through more than one Dealer, by each of such Dealers as to Instruments or S.O. Bonds of such Tranche purchased by or through it, in which case the Fiscal Agent or the Company shall notify each such Dealer when all such Dealers have so certified) within the United States or to or for the account or benefit of U.S. persons, and it will have sent to each Dealer to which it sells Instruments or S.O. Bonds during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Instruments or S.O. Bonds within the United States or to or for the account or benefit of U.S. persons. In addition, until 40 days after the commencement of the offering of Instruments or S.O. Bonds comprising any Tranche, any offer or sale of Instruments or S.O. Bonds of such Tranche within the United States by a Dealer whether or not participating in the offering may violate the registration requirements of the Securities Act.

Furthermore, each Series of Instruments or S.O. Bonds will also be subject to such further United States selling restrictions as the Company and the relevant Dealer or Dealers may agree.

7.3 The United Kingdom

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) *No deposit-taking*: in relation to any Instruments or S.O. Bonds having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Instruments or S.O. Bonds other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Instruments or S.O. Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Company;

- (b) *Financial Promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Instruments or S.O. Bonds in circumstances in which Section 21(1) of the FSMA does not, or, in the case of the Guarantor, would not, if it was not an authorised person, apply to the Company or the Guarantor; and
- (c) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Instruments or S.O. Bonds in, from or otherwise involving the United Kingdom.

7.4 Japan

The Instruments and S.O. Bonds have not been and will not be registered under the Financial Instruments and Exchange Act 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 will be required to represent and agree, that it has not offered or sold and will not offer or sell any Instruments or S.O. Bonds, 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, or for the benefit of, 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.

7.5 Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that: (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Instruments or S.O. Bonds (except for Instruments or S.O. Bonds which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("SFO")) other than (i) to "professional investors" as defined in the SFO and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the

meaning of that Ordinance; and (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Instruments or S.O. Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Instruments or S.O. Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

7.6 General

Other than with respect to the admission to trading or listing of the Instruments or S.O. Bonds on such stock exchange, market or quotation system as may be specified in the applicable Final Terms, no action has been or will be taken in any country or jurisdiction by the Company or the Dealers that would permit a public offering of Instruments or S.O. Bonds, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Prospectus comes are required by the Company and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Instruments or S.O. Bonds or have in their possession or distribute such offering material, in all cases at their own expense.

8. Swedbank Mortgage

Swedbank Mortgage is a wholly-owned subsidiary of Swedbank. Its business is mortgage lending in Sweden and it has a wholly-owned dormant subsidiary, Swedbank Skog och Lantbruk AB.

Swedbank Mortgage is one of Sweden's leading mortgage lenders with a market share of 25 per cent as of 31 December 2012 compared to 26 per cent as of 31 December 2011¹. Its more than one million customers include Swedish homeowners, businesses, tenant-owner associations, municipalities and agricultural and forestry businesses. Swedbank Mortgage's products primarily consist of loans secured by Swedish residential, agricultural and forest properties.

Swedbank Mortgage was incorporated in Sweden on 19 February 1885 for an unlimited duration as a regional mortgage financing house, specialising in property construction loans in the region of Malmö in southern Sweden.

Swedbank Mortgage is a public limited liability credit market company (Sw: *Kreditmarknadsbolag*), registered with the Swedish Companies Registration Office (Sw: *Bolagsverket*) in Sundsvall under registration number 556003-3283 and with its registered office at Brunkebergstorg 8, SE-105 34 Stockholm, Sweden, telephone number +46 8 5859 0000.

8.1 Products and Services

Swedbank Mortgage lends exclusively in Sweden and primarily provides long-term loans secured by first ranking mortgages on existing properties. More than half of Swedbank Mortgage's mortgage loan portfolio consists of loans to owners of single family homes. It also grants loans for multi-family housing, tenant-owner associations, municipalities, commercial properties and to the agriculture and forestry sector.

The loans offered by Swedbank Mortgage can have fixed or variable interest rates and are repaid according to a straight line or serial amortisation schedule or with a single repayment. Maturities vary from 10 to 60 years and the historically observed, typical weighted average life of a loan is around 5-7 years depending.

8.2 Mortgage Origination

8.2.1 Distribution, Credit Decisions and Pricing

Swedbank Mortgage's loans are distributed by Swedbank through its 310 branches and 245 branches of the associated independent savings banks and in some situations also by Swedbank's telephone and internet channels.

Depending on, among other things, the characteristics of the customer, the mortgage loan application and the collateral, the application may be approved by a credit officer, a branch manager or credit committee in accordance with the proper credit approval levels. If the application is approved, the pricing will be set in respect of the mortgage loan on the basis of an internal pricing model. The model will take into account a number of factors, including the nature of the mortgage loan being originated (for example, a standard variable rate loan or fixed rate loan) and the cost of funding for Swedbank Mortgage. This price may be adjusted in order to make it more competitive with other banks in the market. The mortgage loan documents will automatically be produced following approval.

¹ Statistics Sweden (Sw: *Statistiska Centralbyrån*, SCB), 2012-12-31, www.scb.se

8.2.2 *Assessment of the Borrower's Ability to Pay*

Assessment of the borrower's ability to pay is based on personal information such as age, job status, marital and household status and information about the borrower's income, expenses and current assets and indebtedness. For corporate customers, information about the corporate financial status is obtained from annual and interim reports, budgets, forecasts, etc. Information about the borrower's payment history is also collected, both within the Group and externally.

The customer's ability to repay the loan is determined by a standardised credit-scoring process using data from an internal database for performance history and account information together with external data. These facts are processed through an algorithm and each customer is assigned a probability of default percentage indicating his or her likelihood of default. A high probability of default leads to the application not being approved.

Consumers are also subject to a test of their debt servicing capacity using a model based on the net income and expenses of the borrower's household, taking into account a stressed scenario for affordability including a substantial interest rate increase (presently plus three percentage points above the current five year fixed rate) and an added one per cent amortisation. A loan application will only be approved if these tests meet the minimum requirements of the Group, which are based on minimum standard of living levels set by Swedish authorities plus an extra margin added by the Group.

A similar stress test is carried out for corporate customers.

8.2.3 *Collateral Valuation*

The valuation of a residential property which is pledged as collateral for a mortgage loan is often based on the transaction value. In those cases where a house is purchased at arm's length, the purchase price is considered to provide a sufficiently adequate indication of market value, which is based on the property's long-term market value as determined by an internally or externally appointed appraiser familiar with the local market. When a new mortgage loan is originated without a sale of the property for refurbishment or other purposes, the valuation is performed by an independent source, which could be an internal or external licensed valuer with good local market knowledge. The independent appraisal of the real property assets securing mortgage loans acquired by Swedbank Mortgage is a legal requirement pursuant to Swedish covered bond legislation. The requirement extends to documenting by whom and under what assumptions the valuation was conducted (transaction value analysis, income approach or market approach).

8.3 **Loan Administration**

The majority of mortgage customers typically pay their interest and principal instalments by direct debit from their current accounts. Those who do not use direct debit receive a paper invoice which is then paid by the customer in different ways, usually via giro payment. All loans are recorded directly on Swedbank Mortgage's balance sheet.

For mortgage loans with fixed interest, the interest rate will stay the same during the fixed rate period of one to ten years, after which the interest rate will be set depending on the funding cost and market competition, and is often renegotiated. The interest rate framework is set by Swedbank on behalf of Swedbank Mortgage, whereas the final price given to the customer is a local decision and hence set by the distributing branch or savings bank.

8.4 Management

Swedbank Mortgage's Board of Directors comprises five members, elected at the Annual General Meeting. The current members of Swedbank Mortgage's Board of Directors are set out below:

Name	Year of birth	Board member since	Position
Johanna Cerwall	1962	2013	Chair
Anders Ekedahl	1960	2010	Member
Jonas Erikson	1974	2013	Member
Gunilla Domeij-Hallros	1961	2011	Member
Eva de Falck.....	1960	2012	Member

The address for each member is the registered head office of Swedbank Mortgage at Brunkebergstorg 8, SE-105 34 Stockholm, Sweden.

There are no potential conflicts of interest between any duties owed to Swedbank Mortgage by any of the Board of Directors of Swedbank Mortgage and their private interests or other duties.

8.5 Auditor

At the Annual General Meeting in May 2010, Deloitte AB, Stockholm, Sweden, with Authorised Public Accountant Jan Larsson as responsible Auditor, was elected as Auditor of Swedbank Mortgage for the period ending at the Annual General Meeting in April 2014. Jan Larsson is a member of FAR, the professional institute for authorised public accountants (Sw: *auktoriserade revisorer*), approved public accountants (Sw: *godkända revisorer*) and other highly qualified professionals in the accountancy sector in Sweden.

9. Swedbank

9.1 Overview

Swedbank is a public limited liability bank company (Sw: *Bankaktiebolag*) incorporated under the laws of the Kingdom of Sweden and headquartered in Stockholm. It has its registered office at Brunkebergstorg 8, SE-105 34 Stockholm, telephone number +46 (0)8 5859 0000 and has been registered in the Swedish Companies Registration Office in Sundsvall under registration number 502017-7753 since 24 April 1942. Swedbank's shares are listed on NASDAQ OMX Stockholm.

As of 31 December 2012, the Group served a total of 7.8 million private customers and more than 600,000 corporate customers through more than 700 branches in 13 countries, primarily in its principal markets of Sweden, Estonia, Latvia and Lithuania. This includes customers reached through 59 associated independent savings banks.

The Group offers a broad range of products and services, including retail banking, corporate and investment banking, asset management and insurance products, and the majority of the Group's income in 2012 derived from its Swedish retail banking services. As of 31 December 2012, the Group's loans to the public amounted to SEK 1.184 billion, excluding repurchase agreements and loans to the Swedish National Debt Office amounting to SEK 55 billion. The Group recorded SEK 19,671 million in profit before impairments for the year ended 31 December 2012. As of 31 December 2012, the Group had 14,861 full-time employees.

The Group has a history dating back to 1820 when the first savings bank was founded in Sweden. In the early 1990s, each of Sparbanken Sverige and Föreningsbanken were merged with a number of regional savings banks and regional agricultural co-operative banks, respectively. In 1997, Sparbanken Sverige and Föreningsbanken merged to form FöreningsSparbanken. FöreningsSparbanken changed its name to Swedbank in 2006. Swedbank expanded its operations into the Baltic countries (Estonia, Latvia and Lithuania) in 1996 when it acquired a 12.5 per cent stake in Eesti Hoiupank, a bank that merged with Hansabank in 1998. In 1999, Swedbank acquired additional shares resulting in a 50 per cent ownership of the shares in Hansabank and in 2005 acquired all outstanding shares in Hansabank (now Swedbank AS).

9.2 Shareholders

The largest shareholders in Swedbank as of 28 March 2013, owner grouped were: *, **

	% of capital and votes
Folksam	9.22
Sparbanks-Gruppen – Members	8.40
NTC CANADIAN PENSION FUNDS LENDING	3.99
Swedbank Robur Funds	3.88
ALECTA PENSION INSURANCE	2.97
Savings bank foundations – not Sparbanks-Gruppen	2.96
Swedbank AB***	2.92
AMF – Insurance and funds	2.46
FSPA Resultatandelsstiftelser	1.84
SEB Investment Management	1.48
10 largest shareholders	40.13
Number of shareholders	312,183

Notes:

* Shareholders in lowercase letters are grouped.

** Source: Euroclear Sweden AB.

*** Repurchased shares, which carry no votes or dividend rights.

9.3 Strategy

Swedbank's strategy is the direction that it has chosen to create customer and shareholder value in the long term. It is based on Swedbank's purpose, values and vision.

9.3.1 *A Profitable Bank with a Large Customer Base*

Swedbank's large, multi-faceted customer base in its home markets of Sweden, Estonia, Latvia and Lithuania offers unique potential. Swedbank wants to be able to help its many customers, from customers with basic needs to customers with the most advanced banking needs, and wants to do this in a way that creates significant customer value and significant profitability. Swedbank believes that its customers with more advanced needs receive a better offering of products and services because Swedbank also has customers with less advanced needs, and vice-versa. Customers with more complex needs benefit, for example, from Swedbank's economies of scale, in areas such as the digital channels. At the same time customers who have less complex needs feel secure knowing that financial expertise will be available as their needs change.

9.3.2 *Long-Term Relationships*

Swedbank believes that both the bank and customer benefit from a long-term, trusting relationship. Swedbank tries to build full-service relationships where it gets to know its customers and their individual situations. Through this strategic relationship, Swedbank aims to provide advice and offerings to its customers based on their individual needs. By offering products and services through the right channels for various customer segments, Swedbank aims to achieve a high level of accessibility and long-term profitability. In Sweden, through cooperation with the associated independent savings banks and various franchise partners, Swedbank is working to reach customers. Being able to offer customers the best possible service is more important to Swedbank than whether it produces every product and service itself.

9.3.3 *Decision-Making Close to the Customer within Clearly Defined Frameworks*

Clearly defined frameworks and monitoring systems for the entire Group make it possible to delegate decisions close to the customer. These frameworks are designed for issues such as capital and liquidity, risk, monitoring and brand management. Local units and units for the channels (such as internet, telephone and mobile banking) determine which products and services to offer and are responsible for their own pricing, risks, income statement and balance sheet. Development and production of the Group's products are handled at the Group level. Satisfied customers require employees who take responsibility, are motivated and have good development opportunities. This in turn requires good leadership at all levels of Swedbank.

9.3.4 *A Low Risk Level*

Stable profitability is essential to win the trust of the capital markets, build Swedbank's financial buffers and create the room to invest. Maintaining stable earnings over time requires low levels of credit, liquidity, market and operational risk. A low risk profile, where the majority of lending is in Sweden, makes it possible for Swedbank to maintain the lowest funding costs in its home markets. Swedbank aims to keep its risk level low through the quality of its lending, where the borrower's solvency, solidity and collateral are always the determining factors. Furthermore, Swedbank aims to maintain a sustainable balance between deposits and lending, a broad, diversified customer base and matching maturities in its deposits and lending. Swedbank aims to prioritise sustainable growth over higher market shares.

9.3.5 *Industry-Leading Cost Efficiency*

To be competitive, Swedbank has to efficiently manage its capital and expenses. Capital efficiency can be achieved when employees understand what drives and affects risk weighted assets and capital requirements. Swedbank strives to create a corporate culture in which employees are aware of and cautious with expenses. Eken, Swedbank's general remuneration programme, has been created to strengthen this

cost consciousness, among other goals. Swedbank also strives to continuously adapt to changes in the marketplace and to capitalise on economies of scale in its home markets.

9.4 Business Areas

The Group consists of three business areas: Retail, Large Corporates & Institutions and Baltic Banking, which are supported by Group Functions & Other:

- **Retail:** Swedbank's dominant business area, Retail, is responsible for all its Swedish customers except for large corporates and financial institutions. Services are offered through Swedbank's own branch network (including 310 branches as of 31 December 2012), Telephone Bank, Mobile Bank, Internet Bank and the savings banks' distribution network (consisting of 252 additional branches as of 31 December 2012). Channels & Concepts, responsible for developing, managing and leading the digital channels and the telephone bank in Sweden is included in the Retail business area. The Swedish retail market is divided into six regions, which have a high degree of independence. The Group has a leading position within a number of the most important retail market segments in Sweden, which include mortgage lending, deposits, card services and insurance. Retail is further supported by a number of subsidiaries in Sweden, for example, Swedbank Mortgage (responsible for long-term mortgage lending) and Swedbank Finans (leasing products). The Group's subsidiary bank in Luxembourg and representative office in Spain are also included in this business area.
- **Large Corporates & Institutions:** Large Corporates & Institutions is responsible for large corporates, financial institutions and banks with sales exceeding SEK 2 billion or more with complex needs. This business area is also responsible for trading and capital market products. Operations are carried out by the Group's parent bank in Sweden, branch offices in Norway, Denmark, Finland, the US and China, and through the trading and capital market operations in subsidiary banks in Estonia, Latvia and Lithuania.
- **Baltic Banking:** Baltic Banking offers a broad range of financial products and banking services, including mortgages, business and consumer loans, savings and current accounts, life insurance and leasing in Estonia, Latvia and Lithuania through 193 branches as of 31 December 2012 as well as telephone and internet banking. This business area has around 4 million private customers and 300,000 corporate customers. The Group holds leading positions in several key market segments in its Baltic home markets.¹
- **Group Functions & Other:** Group Functions & Other comprises Group Functions, Ektornet and banking operations in Russia and Ukraine which are being wound down as of the date of this Base Prospectus. Group Functions operates across the business areas and serves as strategic and administrative support for these business areas. It includes Group Products, Accounting & Finance (including Group Treasury), Risk (including Compliance), Corporate Affairs (communications, strategic marketing and community affairs), HR and Legal. The Group Executive Committee and internal audit are also included in Group Functions. Ektornet manages and develops Swedbank's repossessed properties.

9.4.1 Reorganisation in First Quarter 2013

The above description reflects the Group structure after organisational changes completed in the first quarter of 2013. The Group believes the reorganisation of its operating segments will help to better align its business areas in appropriate segments for improved simplicity, efficiency and transparency.

The reorganisation included transfer of the retail operations of the Nordic branches from Large Corporates & Institutions to Retail. A new unit, Channels & Concepts, was created to develop and manage internet, mobile

¹ Swedbank estimates based on: (1) management accounts as to Swedbank presence, (2) Estonian Central Bank data as to Estonian market size, (3) Association of Commercial Banks of Latvia and The Financial and Capital Market Commission (Latvia) data as to Latvian market size and (4) Association of Lithuanian Banks data as to Lithuanian market size.

and telephone banking services in Sweden and drive additional business through these channels. This unit is included in the Retail business area. A specific unit for products and product development for the entire Group (including Swedbank's funds, card services and insurance), called Group Products, was also created. Additionally, Asset Management is no longer a separate business area within Swedbank, Swedbank Robur is part of the Group Products Unit, which is included in Group Functions & Other and Ektornet now reports under Group Functions & Other.

Swedbank announced on 1 April 2013 that it had decided to discontinue its remaining operations in Ukraine and Russia and that it had signed a share purchase agreement regarding its Ukrainian subsidiary. The transaction is expected to be completed in the first half of 2013 and is subject to regulatory approval. As a consequence, Swedbank's Ukrainian and Russian operations are, as of the first quarter 2013, reported as Discontinued Operations. Restatement for the income statement has been performed for 2012.

Following the reorganisation, the Group Executive Committee has been expanded to include the managers of the six regions the Swedish retail market is divided into and representatives from Channels & Concepts, Group Products and Group IT.

9.5 Products and Services

9.5.1 Mortgage Lending Products

The offered products primarily consist of loans secured by mortgages over the underlying residential, agricultural and forest properties. Consumer real estate loans include fixed and variable rate loans for home purchase and refinancing needs.

Both Swedbank and Swedbank Mortgage originate mortgages. Swedbank Mortgage is responsible for the origination of loans with up to a 75 per cent loan-to-value ratio, whereas Swedbank is responsible for originating loans which exceed a 75 per cent loan-to-value ratio. To benefit customers by offering a broad range of home buying services and reducing costs, while creating the opportunity to acquire profitable new businesses in this segment, the Group creates economies of scale by co-operating with a number of partners including Swedbank's subsidiary, Swedbank Fastighetsbyrå, various home builders and other construction companies.

9.5.2 Corporate Banking Products

The Group offers a full range of corporate banking products and services for small and medium-sized business clients, and large and multinational corporate customers, including financing, cash management, investment and risk management services. In addition, the Group offers leasing products through Swedbank Finans as well as mortgage lending and lending to the agricultural and forestry industries through Swedbank Mortgage.

The products offered include corporate loans as well as credit facilities adapted to meet the customers' needs. Real estate loans are primarily aimed at public and private developers, home builders and commercial real estate companies.

9.5.3 Investment Banking Products

The Group offers equity, fixed income and currency trading, project, export and acquisition financing and corporate services as part of its Large Corporates & Institutions business.

9.5.4 Consumer Lending Products

The Group offers a range of personal loans to its retail customers. These can be made for specific purposes, such as vehicle loans, or as general purpose personal loans.

9.5.5 Savings and Investment Products

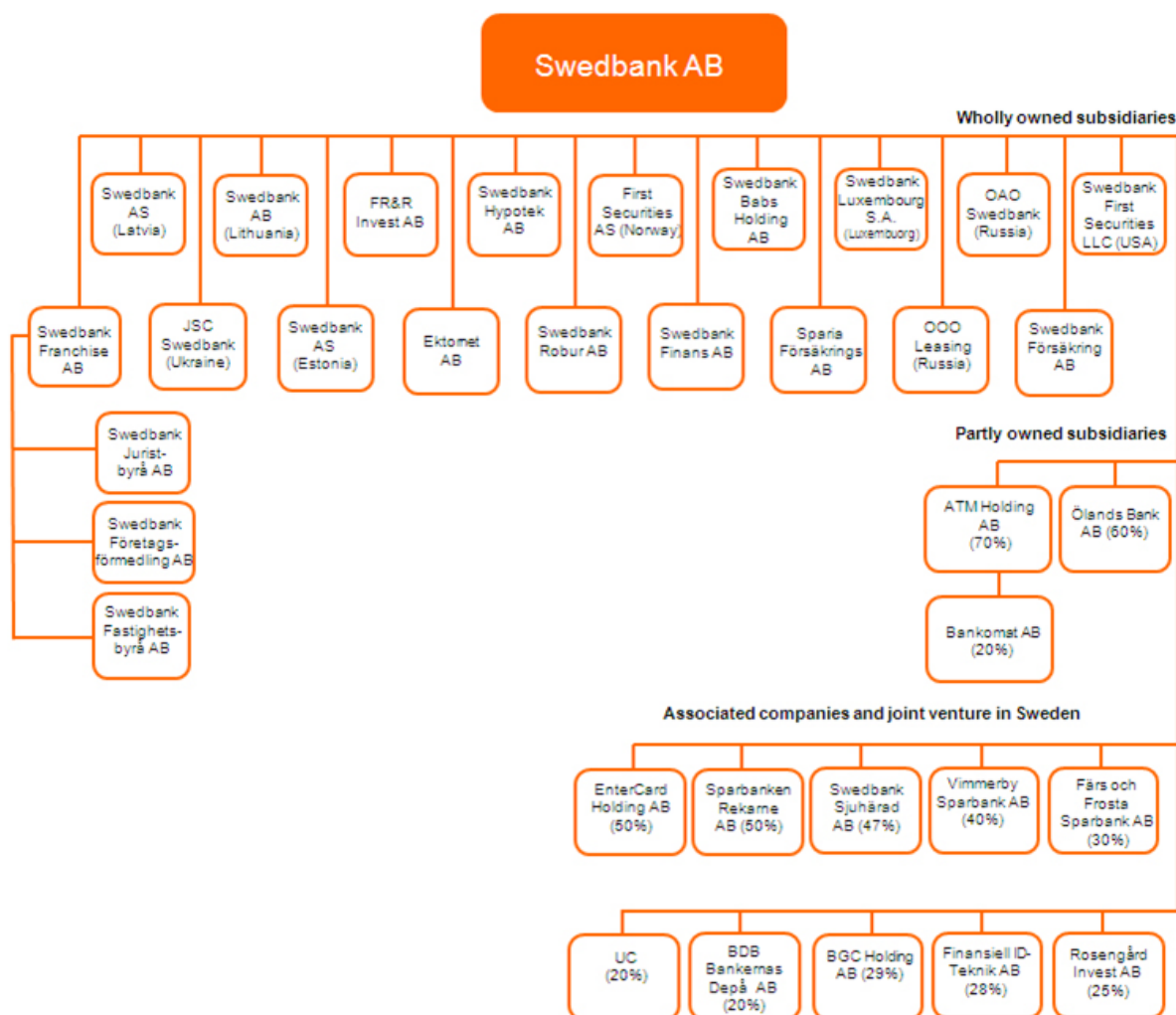
The Group offers a comprehensive range of deposit-related products, including traditional savings accounts and current accounts tailored to different customer segments. Through Asset Management and Insurance, the Group offers its customers a comprehensive range of investment products, including equity funds, fixed income funds, insurance products and individual pension savings products.

9.5.6 Payment Services

The Group offers a broad range of payment products, including debit, transaction services and card infrastructure. In retail transactions, the Group emphasises convenience and time saving by making automatic payment options available to the Group's customers through direct debit or other electronic channels, such as e-bills or mobile and card payments. For corporate cash management, the focus is on offering clients an integrated and packaged solution.

9.6 Key Geographic Markets

The Group currently operates in four geographic home markets: Sweden, Estonia, Latvia and Lithuania. To support business in these markets, the Group has established branches in neighbouring markets such as Finland, Norway and Denmark, as well as in major markets of financial importance such as in the U.S. (where the Group has both a branch and a subsidiary) and China (where the Group has a branch). The Group also has a branch in Luxembourg and a representative office in Spain.



9.6.1 Sweden

Sweden is the Group's largest market with over 4 million private customers and approximately 325,000 corporate customers. The banking sector is fairly concentrated in the Group's home markets. In Sweden, the Group, Handelsbanken, Nordea, SEB and Danske Bank accounted for approximately 80 per cent of deposits and lending in 2012, according to the Swedish Central Bank (Sw: *Riksbanken*). These major banks offer a wide range of financial products and services and compete in all key product segments. In Sweden, the Group is the largest retail bank and has a leading market position in private mortgage lending (26 per cent) and deposits from private customers (22 per cent) as of 31 December 2012.¹ The Group believes consumers have been more willing to change banks in recent years in a generally stable market. During the last year, banking customers have shown a tendency to turn to the major banks due to perceived volatility among smaller players.

9.6.2 Estonia

The Estonian banking sector is even more concentrated than Sweden's. The market is dominated by foreign banks. In Estonia, the Group had a market share of 54 per cent for deposits and private customers and 46 per cent for lending as of 31 December 2012. In the Estonian corporate market, the Group's share was 35 per cent for lending and 38 per cent for deposits as of 31 December 2012.²

9.6.3 Latvia

Latvia has a more fragmented market where local banks account for 30 to 70 per cent of the various segments. As of 31 December 2012, the Group accounted for 28 per cent of private deposits and 30 per cent of private lending. In the corporate market, the market share was 18 per cent for lending and 12 per cent for deposits as of 31 December 2012.³

9.6.4 Lithuania

Like Sweden, the banking market in Lithuania is dominated by a few major players. As of 31 December 2012, the Group accounted for 36 per cent of private deposits and 27 per cent of private lending. In the corporate market, the Group's share was 19 per cent for lending and 27 per cent for deposits as of 31 December 2012.⁴ In all the Baltic countries, competition has begun to increase again as the economy appears to recover and considerably lower credit impairments are recorded; accordingly profitability seems to be improving.

9.7 Information Technology

Group IT is a Group common function serving the Group in Sweden and the Baltic countries. In addition, Group IT provides IT services to those associated independent savings banks in Sweden which are banks co-operating with the Group and which offer mortgage loans funded by Swedbank Mortgage.

Customers can now satisfy most of their routine banking requirements through alternate channels such as ATMs, debit cards, the internet and mobile phones. The Group's internet bank service reaches approximately 3.5 million customers per month, and since its launch in 2009, the Group's mobile bank service has added nearly half a million users. Through information and a differentiated pricing model, the Group intends to make it easier for customers to select the most effective way to communicate with the bank for a variety of matters.

¹ Statistics Sweden.

² Estonian Banking Association.

³ Association of Latvian Commercial Banks.

⁴ Association of Lithuanian Banks.

9.8 Risk Management

A central part of Swedbank's activities consists of identifying, measuring, controlling and reporting internally the risks associated with its operations. Swedbank identifies the risks that its operations generate and has designed a risk management framework for managing them. The Group builds its approach to risk management on the concept of three lines of defence:

9.8.1 First Line of Defence – Risk Management by Business Operations

Each of the Group's business areas and subsidiaries bears full responsibility for the risks its operations engender. The local branch offices are closest to the Group's customers; they have the primary knowledge about the customer and the specific markets where the customer operates. As a responsible financial partner, it is in the Group's interest that its customers do not take undesirable risks. Through the use of personal meetings, the Group gives customers advice on their overall financial situation and personal risk profile. In lending, the Group's decisions are based on the customer's cash flow, solvency and collateral.

By keeping responsibility close to the customer, the Group's staff can respond in a timely manner if problems arise. Clear procedures and processes govern how credits are assessed, approved, reviewed and managed in the event that a borrower experiences difficulty in meeting its payment obligations. When a company has, or might have, financial problems, the Group's special units for problem loans is involved as early as possible to find a solution that helps the customer and decreases the Group's risk.

Risk management is based on clear-cut targets and strategies, policies and guidelines explaining how the Group operates in various contexts, an efficient operating structure, and a simple and clear process for reporting and escalation. Standardised risk classification tools provide support in the credit approval process.

9.8.2 Second Line of Defence – Risk and Control Functions

The second line of defence, Group Risk, lies under Swedbank's Chief Risk Officer ("CRO"), and consists of a number of specialised units, essentially organised by risk type. Also included here is the Group's unit for problem loans, the Financial Restructuring & Recovery units ("FR&R").

These functions are independent from the business organisation providing specialist competence within the risk area. They are responsible for upholding principles and frameworks for risk management and facilitating risk assessment. They also work to promote a sound risk culture through guidance, support and supervision and by training employees throughout the Group.

The risk organisation conducts regular analyses of how external and socio-economic events might impact the Group. All risks are assessed based on the likelihood of a particular event and its consequences. In addition, stress tests are carried out to assess the effects of more dramatic – but nonetheless possible – macroeconomic or regulatory changes, such as the effects of falling home prices, rising unemployment and low or negative economic growth. These stress tests help the Group assess whether measures need to be taken to mitigate the identified risks.

Depending on the risk assessment, Group Risk has different responsibilities. For the most serious risks, Group Risk acts more directly to prevent and manage such risks. Each major business area has a local independent risk function.

A special credit risk unit issues internal regulations, such as mandate structures for credit decisions, and minimum requirements for customer cash flow and collateral. Moreover, in larger credit exposures, specialists from the risk organisation are called upon to support the business organisation in its credit risk decisions. For exposures above certain sizes, decisions are taken in credit committees with participation from the credit risk organisation in order to provide duality together with the business organisation.

In addition to the credit risk function, each business area also has compliance and operational risk functions, which identify, monitor and report compliance and operational risks, and also provide management with expertise in risk management issues. Special areas of responsibility include protection for customers, market conduct, and prevention of money laundering and financing of terrorism.

9.8.3 Third Line of Defence – Internal Audit

Internal Audit is a centralised, independent Group function, directly reporting to the Board of Directors of Swedbank. The role of Internal Audit is to review and evaluate whether the Group's network of risk management, control and governance processes are adequate and functioning.

Internal Audit's work is risk and process based. The audit plan is established through an annual risk assessment, which also considers specific audit activities stipulated by the applicable regulatory framework under which the Group operates. Quarterly risk assessments are performed to calibrate the audit plan and to optimise the utilisation of resources.

In fulfilling its role, Internal Audit performs compliance audits, operational audits and governance audits and can also, under certain conditions, provide consulting services. Where deficiencies are identified, mitigating actions are agreed with management and followed up on a quarterly basis.

The conclusions from performed audit activities, including follow-up of agreed actions, are reported to the Board of Directors, the Audit Committee, the Chief Executive Officer and Executive Management on a quarterly basis.

9.9 Management

9.9.1 Board of Directors

The Swedbank Board of Directors (the "Board") has overall responsibility for managing the Group's affairs in the interest of both Swedbank and the shareholders. The Board consists of ten members elected at the Annual General Meeting ("AGM"). The majority of members elected at the AGM are independent in relation to Swedbank and the Group Executive Committee and independent in relation to Swedbank's major shareholders. The Board also includes two employee representatives in accordance with special agreements with the Financial Sector Union of Sweden and Akademikerförbundet.

The members of the Board, their year of birth, the year of their initial election as a director and the year of their initial appointment as an employee representative, their position, and whether or not they are independent according to the requirements set out in the Swedish Code of Corporate Governance (the "Code"), are set forth in the table below:

Name	Year of birth	Board member since	Position	Independent/dependent
Anders Sundström	1952	2009	Chair	Independent
Lars Idermark	1957	2010	Deputy Chair	Independent
Olav Fjell	1951	2011	Member	Independent
Ulrika Francke	1956	2002	Member	Independent
Göran Hedman	1954	2010	Member	Dependent in relation to Swedbank due to employment and independent in relation to Swedbank's major shareholders
Anders Igel	1951	2009	Member	Independent
Pia Rudengren	1965	2009	Member	Independent
Charlotte Strömberg	1959	2012	Member	Independent

Karl-Henrik Sundström	1960	2009	Member	Independent
Siv Svensson	1957	2010	Member	Independent
Kristina Janson	1953	2009	Employee	--
			Representative	
Jimmy Johnsson	1976	2010	Employee	--
			Representative	

Anders Sundström: Mr. Sundström has been a member of the Board for ten years and has been involved in the operations of the Group for two years. He completed his university studies in Social Sciences. Mr. Sundström is the President of Folksam ömsesidig sakförsäkring and Folksam ömsesidig livförsäkring. Before joining Swedbank, he was the Minister for Employment, Minister for Enterprise and Energy and Minister for Social Affairs, was a Local Government Commissioner for the Piteå municipality, a Member of Parliament and the Chief Executive Officer, Chair and President of Sparbanken Nord (the Savings Bank Nord). Mr. Sundström is also a board member of Arbetsgivarförbundet KFO, Svensk Försäkring, Svensk Försäkrings Service AB, FIH Holdings A/S and Forsikrings-Aktieselskabet ALKA (DK), Deputy Chair of the International Cooperative and Mutual Insurance Federation (ICMIF) and the Chair of the board of directors of Bommersvik AB, Förenade Liv Gruppörsäkring AB, KPA AB, KPA Pensionsförsäkring AB and Konsumentkooperationens pensionsstiftelse.

Lars Idermark: Mr. Idermark has been a member of the Board for twelve years and has been involved in the operations of the Group for seven years. He earned his Masters of Business Administration. Mr. Idermark is the President and Chief Executive Officer of Post Nord AB. Before joining Swedbank, he was the President and Chief Executive Officer of FK/Coop (the Swedish Cooperative Union), President and Chief Executive Officer of the Second Swedish National Pension Fund, Deputy President and Chief Executive Officer of Capio AB, Executive Vice President and Deputy President and Chief Executive Officer of FöreningsSparbanken, which is part of the Group, Chief Financial Officer and Executive Vice President at Föreningsbanken and President and Chief Executive Officer of LRF Holding AB. Lars is also a board member of the Chalmers University of Technology Foundation and the Chair of the board of directors of Post Nord AB's Group Companies.

Olav Fjell: Mr. Fjell has been a member of the Board for one year and has been involved in the operations of the Group for 13 years. Mr. Fjell earned his Bachelor of Science in Business and Economics. Mr. Fjell is a full-time board member. Prior to joining Swedbank, Mr. Fjell was the President of Hurtigruten ASA, the President of the Lindorff Group, a Corporate adviser to First Securities, the President of Statoil, the President of Postbanken, a member of the Executive Board at DNB, held various positions at Bergen Bank and DnB and was the Chief Financial Officer at Kongsberg Våpenfabrikk. Mr. Fjell is also the Chair of Concedon ASA, Franzefross AS, Statkraft AS, Nofima AS, Rapp Marine Group AS, Bene Agere Resulting, the Deputy Chair of Lotos E&P Norge AS and a board member of SPTAS.

Ulrika Francke: Ms. Francke has been a member of the Board for 18 years. She completed her university studies. Ms. Francke is the President and Chief Executive Officer of Tyréns AB, President and Chief Executive Officer of SBC Sveriges Bostadsrättscentrum AB, the Administrative Director and City Commissioner of the City of Stockholm and President and Chief Executive Officer of Fastighets AB Brommstaden. Ms. Francke is also a Board member of AKT II Ltd, Hexagon AB, Johanneberg Science Park Ek, STD Svensk Teknik och Design (Swedish Technology and Design), the Chair of Stockholms Stadsteater (the Stockholm City Theatre) and the Deputy of the City Council of Stockholm.

Göran Hedman: Mr. Hedman has been a member of the Board for 11 years and has been involved in the operations of the Group for 39 years. Mr. Hedman is the Chief Executive Officer of Sparbanken in Enköping. Before joining Swedbank, he was the Head of analysis at Group Credit Förenings-Sparbanken AB, which is part of Swedbank, the Deputy Chief Credit Officer and held various other leading management positions at Föreningsbanken AB. Mr. Hedman is also a board member of Sparbanken in Enköping and the Uppsala Chamber of Commerce.

Anders Igel: Mr. Igel has been a member of the Board for four years. He earned his Masters of Science in Electrical Engineering and his Bachelor of Science in Business Economics. Mr. Igel is a full-time Board member. Before joining Swedbank, Mr. Igel was the President and Chief Executive Officer of Telia Sonera AB, the President and Chief Executive Officer of Esselte AB and was the Executive Vice President of Telefonaktiebolaget LM Ericsson. Mr. Igel is also the Chair of Ventelo ASA, a board member of Broadnet AS, a telecommunications consultant and an industrial adviser to EQT, a group of leading private equity funds with investments in Northern and Eastern Europe, Asia and the U.S. Their activities focus on buyouts, growth financing and infrastructure.

Pia Rudengren: Ms. Rudengren has been a member of the Board for four years. She earned her Bachelor of Science in Business and Economics. Ms. Rudengren is a full-time Board member. Previously, she was the Vice President of W Capital Management AB and the Chief Financial Officer of Investor AB. Ms. Rudengren is also a board member of Duni AB, Metso Oyj, Tikkurila Oyj, WeMind Digital Psykologi AB and the Chair of Social Initiative AB.

Charlotte Strömberg: Ms. Strömberg has been a member of the Board for one year. She earned her Bachelor of Science in Business and Economics. Ms. Strömberg is a full-time Board member. Previously, she was Nordic President of Jones Lang LaSalle, and held several positions at Carnegie Investment Bank, Alfred Berg, ABN AMRO Stockholm, Consensus Fondkommission AB and Robur AB. Ms. Strömberg is Chair of Castellum AB and a board member of Boomerang AB, Fjärde AP fonden, Intrum Justitia AB and Skanska AB.

Karl-Henrik Sundström: Mr. Sundström has been a member of the Board for four years. He earned his Bachelor of Science in Business and Administration. Mr. Sundström is the Chief Financial Officer of Stora Enso AB. Previously, Mr. Sundström was the Chief Financial Officer and Vice President of NXP Semiconductors and served in various roles at Telefonaktiebolaget LM Ericsson, including as its Chief Financial Officer and Vice President, Head of Global Services and the Head of Australia and New Zealand. Mr. Sundström is also the Chair of Clavister AB.

Siv Svensson: Ms. Svensson has been a member of the Board for three years and has been involved in the operations of the Group for 25 years. She earned her Bachelor of Science in International Economics. Previously, she was the President of Sefina Finance AB and Sefina Svensk Pantbelåning AB, held several positions at Nordea AB including the Vice President, Regional Head, Group Controller and the Nordic Head of Global Operation Services, was Group Controller of Merita Nordbanken AB and Administrative Head at PK Fondkommission AB. Ms. Svensson is also a board member of SJ.

Kristina Janson: Ms. Janson has been an employee representative to the Board since 2009 and has been involved in the operations of the Group for 40 years. Ms. Janson is the Chair of the Financial Sector Union at Swedbank. Previously, she was a retail adviser, administrative manager and deputy branch manager in the retail segment of Swedbank. Ms. Janson is also a board member of SPK. SPK administers and manages occupational pensions for the employees of Swedbank, Swedish savings banks and other companies that apply the pension agreement of the Swedish banking industry.

Jimmy Johnsson: Mr. Johnsson has been an employee representative to the Board since 2010 and has been involved in the operations of the Group for 14 years. Mr. Johnsson is a system manager in Swedbank Försäkring AB and has worked as a system manager in Swedbank Robur AB. He was also a sales manager at Lux Svenska AB and at AB Norrtälje Bilcentral. Mr. Johnsson is also a board member of FöreningsSparbanken ABs resultatandelsstiftelse Kopparmyntet, the Guldeken Foundation and SPK.

The address for each member of the Board is the registered head office of Swedbank at Brunkebergstorg 8, SE-105 34 Stockholm, Sweden.

There are no potential conflicts of interest between any duties owed to Swedbank by any of the Board and their private interests or other duties. Some or all of the members of the Board are customers of Swedbank and accordingly have ordinary customer relationships with Swedbank.

9.9.2 Group Executive Committee

The table below sets forth the name, year of birth, current position and years of employment of the members of the Group Executive Committee:

Name	Year of birth	Position	Employed Since
Michael Wolf	1963	President and Chief Executive Officer	2008
Thomas Backteman	1965	Head of Corporate Affairs	2009
Håkan Berg	1955	CRO, Chief Risk Officer	1985
Mikael Björknert	1966	Head of Channels & Concepts	2010
Birgitte Bonnesen	1956	Head of Baltic Banking	1987
Göran Bronner	1962	CFO, Chief Financial Officer	2009
Ulf Ejelöv	1959	Head of North region	2009
Björn Elfstrand	1964	Head of Region Stockholm	1989
Mats Engstrand	1964	CIO, Chief Information Officer	2012
Catrin Fransson	1962	Head of Group Products	1987
Lars Friberg	1962	Head of Group Human Resources	2009
Magnus Geeber	1969	Head of Large Corporates & Institutions	1990
Stojko Gjurovski	1962	Head of South region	1988
Marie Halling	1963	Head of East region	1990
Cecilia Hernqvist	1960	Head of Group Legal	1990
Lena Smeby-Udesen	1961	Head of West region	2012
Johan Smedman	1964	Head of Central region	2007

The address for each member of the Group Executive Committee is the registered head office of Swedbank at Brunkebergstorg 8, SE-105 34 Stockholm, Sweden.

There are no potential conflicts of interest between any duties owed to Swedbank by any of the Group Executive Committee and their private interests or other duties. Some or all of the members of the Group Executive Committee are customers of Swedbank and accordingly have ordinary customer relationships with Swedbank.

9.10 Auditor

In accordance with its Articles of Association, Swedbank shall have no less than one or more than two authorised public accountants. The appointed Auditor is Deloitte AB, Sweden, with Authorised Public Accountant Svante Forsberg as Chief Auditor. Svante Forsberg is a member of FAR, the professional institute for authorised public accountants (Sw: *auktoriserade revisorer*), approved public accountants (Sw: *godkända revisorer*), and other highly qualified professionals in the accountancy sector in Sweden. Svante Forsberg has supervised auditing duties for the Group since 2010.

The auditor is appointed by the annual general meeting after being nominated by the Nomination Committee. Auditing duties are normally for four years, although a decision may be made to replace the auditor before the conclusion of the four-year period. The next auditor's election will be at the 2014 AGM.

9.11 Corporate Governance

The Group's corporate governance lays the foundation for enhanced profitability and ensures the Group's governance as a bank is focused on close customer relationships and advisory services. This is done

through a decentralised business model where business decisions are made as close to the customer as possible.

Corporate governance at the Group comprises carefully considered rules on management, control and delegation of responsibility between the shareholders, the Board of Directors and the executive management. The goal is to maintain the trust of customers and the public and to help many households and businesses achieve a sound and sustainable financial situation. This corporate governance report has been prepared by the Group's Board of Directors in accordance with the Code.

9.12 Annual General Meeting

The AGM is the Group's highest decision-making body, where its shareholders exercise their rights. The AGM is normally held before the end of April, or under special circumstances not later than June 30. The 2013 AGM was held in Stockholm on 20 March 2013.

10. Form of Final Terms

Set out below is the form of Final Terms which will be completed for each Tranche of Instruments or S.O. Bonds issued under the Programme.

[IMPORTANT NOTICE

In accessing the attached final terms (the "Final Terms") you agree to be bound by the following terms and conditions.

The information contained in the Final Terms may be addressed to and/or targeted at persons who are residents of particular countries only as specified in the Final Terms and/or in the Base Prospectus (as defined in the Final Terms) and is not intended for use and should not be relied upon by any person outside those countries and/or to whom the offer contained in the Final Terms is not addressed. **Prior to relying on the information contained in the Final Terms, you must ascertain from the Final Terms and/or the Base Prospectus whether or not you are an intended addressee of the information contained therein.**

Neither the Final Terms nor the Base Prospectus constitutes an offer to sell or the solicitation of an offer to buy securities in the United States or in any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities law of any such jurisdiction.

The securities described in the Final Terms and the Base Prospectus have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold directly or indirectly within the United States or to, or for the account or benefit of, U.S. persons or to persons within the United States of America (as such terms are defined in Regulation S under the Securities Act ("Regulation S")). The securities described in the Final Terms will only be offered [(i)*] in offshore transactions to non-U.S. persons in reliance upon Regulation S [and (ii) to qualified institutional buyers (within the meaning of Rule 144A under the Securities Act ("Rule 144A")) in reliance upon Rule 144A*].]

Final Terms dated []

SWEDBANK MORTGAGE AB (publ)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Instruments/S.O. Bonds]

under the €25,000,000,000 Programme for the
Issuance of Debt Instruments and S.O. Bonds

guaranteed by Swedbank AB (publ) pursuant
to a Guarantee dated 17 December 2009

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 15 May 2013 (the "Base Prospectus") [as supplemented by the supplement[s] dated [] [and []]] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State) (the "Prospectus Directive"). This document constitutes the Final Terms of the [Instruments/S.O. Bonds] described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on Swedbank Mortgage AB (publ) (the "Company"), Swedbank AB (publ)

* Insert for 144A Notes only.

(the “Guarantor”) and the offer of the [Instruments/S.O. Bonds] is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s]] [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> [and on the website of the Irish Stock Exchange at www.ise.ie] and copies may be obtained during normal business hours, free of charge, from the registered office of the Company at Brunkebergstorg 8, SE-105 34 Stockholm, Sweden and from the specified office of the Fiscal Agent at [].]

[The following alternative language applies if the first Tranche of an issue which is being increased was issued under a prospectus 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 [Prospectus] dated [] which are incorporated by reference in the Base Prospectus dated 15 May 2013 (the “Base Prospectus”). This document constitutes the Final Terms of the [Instruments/S.O. Bonds] described herein for the purposes of Article 5.4 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State) (the “Prospectus Directive”) and must be read in conjunction with the Base Prospectus [as supplemented by the supplement[s] dated [] and []]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on Swedbank Mortgage AB (publ) (the “Company”), Swedbank AB (publ) (the “Guarantor”) and the offer of the [Instruments/S.O. Bonds] is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s]] [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> [and on the website of the Irish Stock Exchange at www.ise.ie] and copies may be obtained during normal business hours, free of charge, from the registered office of the Company at Brunkebergstorg 8, SE-105 34 Stockholm, Sweden and from the specified office of the Fiscal Agent at [].]

[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 sub-paragraphs. Italics denote guidance for completing the Final Terms.]

[When completing any final terms, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

[If the Instruments/S.O. Bonds have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. (i) Company: Swedbank Mortgage AB (publ)
- (ii) Guarantor: Swedbank AB (publ)
2. (i) Series Number: []
- (ii) Tranche Number: []
- (iii) Date on which the [Instruments/S.O. Bonds] will be consolidated and form a single Series: [The [Instruments/S.O. Bonds] will be consolidated and form a single Series with [] on [the Issue Date/exchange of the Temporary Global [Instrument/S.O. Bond] for interests in the Permanent Global [Instrument/S.O. Bond], as referred to in paragraph 21 below, which is expected to occur on or about []]] [Not Applicable]

3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount: []
- (i) Series: []
- (ii) Tranche: []
5. Issue Price: [] per cent of the Aggregate Nominal Amount
[plus accrued interest from *[insert date]* (if applicable)]
6. (i) Specified Denomination(s): []
[]
- (N.B. Where multiple denominations above €100,000 or its equivalent in other currencies 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 [Instruments/S.O. Bonds] in definitive form will be issued with a denomination above [€199,000].”¹*
- (ii) Calculation Amount: []
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: []
- (ii) Interest Commencement Date: [[]/Issue Date/Not Applicable]
8. Maturity Date: [Specify date or (for Floating Rate Instruments/ S.O. Bonds) Interest Payment Date falling in or nearest to the relevant month and year]
9. Interest Basis: [[] per cent Fixed Rate]
[[] month [LIBOR/EURIBOR/STIBOR/NIBOR/CIBOR/TIBOR/HIBOR] +/- [] per cent Floating Rate]
[Zero Coupon]
10. Redemption/Payment Basis: Subject to any purchase and cancellation [or early redemption], the [Instruments/S.O. Bonds] will be redeemed on the Maturity Date at [100] per cent of their nominal amount

¹ Not applicable if Instrument/S.O. Bonds being issued are in registered form.

11. Change of Interest Basis or Redemption/Payment Basis: [Not Applicable] [*Specify details of any provision for conversion of Instruments/S.O. Bonds into another interest basis by cross-referring to paragraphs 14 and 15 below.*]
12. Put/Call Options: [Company Call]/[Investor Put]¹/[Not Applicable]
[(further particulars specified below)]
13. [(i)] Status of the [Instruments/ S.O. Bonds]: [Unsubordinated/The S.O. Bonds are unsubordinated obligations issued in accordance with the Swedish Act (2003:1223) on Issuance of Covered Bonds (Sw: *Lagen (2003:1223) om utgivning av säkerställda obligationer*)]
- (ii) [Date [Board] approval for issuance of [Instruments/S.O. Bonds] obtained:] []
(*N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Instruments/S.O. Bonds*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate [Instrument/S.O. Bond] Provisions (Condition 4A) [Applicable/Not Applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Rate(s) of Interest: [] per cent per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [] [and []] in each year up to and including the Maturity Date
(*N.B. This will need to be amended in the case of long or short coupons*)
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
(*Applicable to [Instruments/S.O. Bonds] in definitive form*)
- (iv) Broken Amount(s): [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []]/[Not Applicable]
(*Applicable to [Instruments/S.O. Bonds] in definitive form*)
- (v) Day Count Fraction: [30/360]
[Actual/Actual (ICMA)]
- (vi) Determination Dates: [] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.*
N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration
N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))

¹ Only applicable for Instruments

15. Floating Rate [Instruments/S.O. Bond] [Applicable/Not Applicable]
Provisions (Condition 4B) *(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) Business Centre(s): []
- (iv) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent): [[Name] shall be the Calculation Agent]/[Not Applicable]
- (vi) Screen Rate Determination:
- Reference Rate, Relevant Time and Relevant Financial Centre: Reference Rate: [] month
[LIBOR/EURIBOR/STIBOR/NIBOR/CIBOR/TIBOR/HIBOR]
- Relevant Time: [[] in the Relevant Financial Centre/As per Condition 4(B)(ii)]
- Relevant Financial Centre: [London/Brussels/Stockholm/Oslo/Copenhagen/Tokyo/Hong Kong]
- 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]
[First day of each Interest Period]
[Second Tokyo business day prior to the start of each Interest Period]
[First day of each Interest Period]]
[[] days prior to the start of each Interest Period]
- (Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or Euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or Euro LIBOR)*

- Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters Screen EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination:
 - Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (viii) Margin(s): [+/-] [] per cent per annum
- (ix) Minimum Rate of Interest: [] per cent per annum
- (x) Maximum Rate of Interest: [] per cent per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360] [360/360] [Bond Basis]
[30E/360] [Eurobond Basis]
[30E/360 (ISDA)]
- 16. Zero Coupon [Instrument/S.O. Bond] Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
 - (i) Accrual Yield: [] per cent per annum
 - (ii) Reference Price: []
 - (iii) [Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]]

PROVISIONS RELATING TO REDEMPTION

- 17. Company Call [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
 - (i) Optional Redemption Date(s): []
 - (ii) Optional Redemption Amount(s): [] per Calculation Amount
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: []

(b) Maximum Redemption []
Amount:

(iv) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Company is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Company and the Fiscal Agent)

18. Investor Put¹ [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

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

(ii) Optional Redemption Amount(s): [] per Calculation Amount

(iii) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Company is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Company and the Fiscal Agent)

19. Final Redemption Amount: [] per Calculation Amount

20. Early Redemption Amount:²

Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default: [[] per Calculation Amount/[Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE [INSTRUMENTS/S.O. BONDS]

21. Form of [Instruments/S.O. Bonds]:

(i) Form:

[Bearer Instruments/S.O. Bonds:

[Temporary Global [Instrument/S.O. Bond] exchangeable for a Permanent Global [Instrument/S.O. Bond] on and after the Exchange Date which is exchangeable for definitive [Instruments/S.O. Bonds] [upon 45 days' written notice (expiring after the Exchange Date)] [upon 45 days written notice (expiring after the Exchange

¹ Select "Not Applicable" in the case of S.O. Bonds
² Not applicable to S.O. Bonds.

Date) only upon the occurrence of an Exchange Event].]

[Temporary Global [Instrument/S.O. Bond] exchangeable for definitive [Instruments/S.O. Bonds] on and after the Exchange Date.]

(In relation to issues of Instruments/S.O. Bonds which are represented on issue by a Temporary Global Instrument/S.O. Bond exchangeable for Definitive Bearer Instruments/S.O. Bonds, the following construction may not be used in paragraph 6: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]).")]

[Registered Instruments/S.O. Bonds:

[Restricted Registered Global [Instrument/S.O. Bond] registered in the name of a nominee for DTC (*specify nominal amounts*)]]

[Unrestricted Registered Global [Instrument/S.O. Bond] registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (*specify nominal amounts*)]]

(ii) New Global [Instruments/S.O. Bonds]: [Yes]/[No]

22. Financial Centre(s): [Not Applicable/*give details*]
(Note that this item relates to the date and place of payment, and not Interest Period end dates, to which item 15(iii) relates)

23. Talons for future Coupons to be attached to Definitive [Instruments/S.O. Bonds]: [Yes/No]

Signed on behalf of the Company:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Official List of the Irish Stock Exchange/[]]
- (ii) Admission to trading: [Application has been made for the [Instruments/S.O. Bonds] to be admitted to trading on [the Main Securities Market of the Irish Stock Exchange]/[] with effect from []]
- (iii) Estimate of total expenses related to admission to trading: []

2. RATINGS

- Ratings [The [Instruments/S.O. Bonds] 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 [Instruments/S.O. Bonds] of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
- [[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).]*

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

[Save for any fees payable to the [managers/dealers], so far as the Company is aware, no person involved in the offer of the [Instruments/S.O. Bonds] 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 Company, the Guarantor and their affiliates in the ordinary course of business.]

4. [*Fixed Rate Instruments/S.O. Bonds only*] – YIELD

- 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.]

5. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []

- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme (together with the address of such clearing system) 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 Transfer Agents and/or Paying Agent(s) (if any): []
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]
- [Yes. Note that the designation "yes" simply means that the [Instruments/S.O. Bonds] are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS.] *[include this text for Registered Instruments/S.O. Bonds which are to be held under the NSS]* and does not necessarily mean that the [Instruments/S.O. Bonds] 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 these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the [Instruments/S.O. Bonds] are capable of meeting them the [Instruments/S.O. Bonds] may then be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS] *[include this text for Registered Instruments/S.O. Bonds which are to be held under the NSS]*. Note that this does not necessarily mean that the [Instruments/S.O. Bonds] 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.]

6. DISTRIBUTION

- (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 names*]
- (v) If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- (vi) Whether TEFRA D rules applicable [TEFRA D/TEFRA not applicable]
or TEFRA rules not applicable:

7. THIRD PARTY INFORMATION

[[] has been extracted from []. Each of the Company and the Guarantor 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 [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

11. Form of Pricing Supplement

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Instruments or Exempt S.O. Bonds issued under the Programme.

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC AS AMENDED FOR THE ISSUE OF [INSTRUMENTS/S.O. BONDS] DESCRIBED BELOW.

Pricing Supplement dated []

SWEDBANK MORTGAGE AB (publ)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Instruments/S.O. Bonds]

under the €25,000,000,000 Programme for the
Issuance of Debt Instruments and S.O. Bonds

guaranteed by Swedbank AB (publ) pursuant
to a Guarantee dated 17 December 2009

PART A – CONTRACTUAL TERMS

This document constitutes the Pricing Supplement for the [Instruments/S.O. Bonds] described herein. This document must be read in conjunction with the Base Prospectus dated 15 May 2013 (the "Base Prospectus") [as supplemented by the supplement[s] dated [] [and []]]. Full information on Swedbank Mortgage AB (publ) (the "Company"), Swedbank AB (publ) (the "Guarantor") and the offer of the [Instruments/S.O. Bonds] is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s]] [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> [and on the website of the Irish Stock Exchange at www.ise.ie] and copies may be obtained during normal business hours, free of charge, from the registered office of the Company at Brunkebergstorg 8, SE-105 34 Stockholm, Sweden and from the specified office of the Fiscal Agent at [].

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the [Base Prospectus]/[Prospectus dated *[original date]*] which are incorporated by reference in the Base Prospectus¹.

[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 sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]

[If the Instruments/S.O. Bonds have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

- | | | | |
|----|------|-----------------|-----------------------------|
| 1. | (i) | Company: | Swedbank Mortgage AB (publ) |
| | (ii) | Guarantor: | Swedbank AB (publ) |
| 2. | (i) | Series Number: | [] |
| | (ii) | Tranche Number: | [] |

¹ Only include this wording where it is a fungible issue and the original Tranche was issued under a Prospectus with a different date.

- (iii) Date on which the [Instruments/S.O. Bonds] will be consolidated and form a single Series: [The [Instruments/S.O. Bonds] will be consolidated and form a single Series with [] on [the Issue Date/exchange of the Temporary Global [Instrument/S.O. Bond] for interests in the Permanent Global [Instrument/S.O. Bond], as referred to in paragraph 21 below, which is expected to occur on or about []]] [Not Applicable]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount: []
- (i) Series: []
- (ii) Tranche: []
5. Issue Price: [] per cent of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
6. (i) Specified Denomination(s): []
- []
- (N.B. Where multiple denominations above €100,000 or its equivalent in other currencies 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 [Instruments/S.O. Bonds] in definitive form will be issued with a denomination above [€199,000].”¹*
- (ii) Calculation Amount: []
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: []
- (ii) Interest Commencement Date: [[]/Issue Date/Not Applicable]
8. Maturity Date: [Specify date or (for Floating Rate Instruments/ S.O. Bonds) Interest Payment Date falling in or nearest to the relevant month and year]
9. Interest Basis: [[] per cent Fixed Rate]
[[specify reference rate] +/- [] per cent Floating Rate]
[Zero Coupon]
[specify other]

¹ Not applicable if Instrument/S.O. Bonds being issued are in registered form.

10. Redemption/Payment Basis: [Subject to any purchase and cancellation [or early redemption], the [Instruments/S.O. Bonds] will be redeemed on the Maturity Date at [100] per cent of their nominal amount]/[specify other]
11. Change of Interest Basis or Redemption/Payment Basis: [[]/Not Applicable]
12. Put/Call Options: [Company Call]/[Investor Put]¹/[Not Applicable]
[(further particulars specified below)]
13. [(i)] Status of the [Instruments/ S.O. Bonds]: [Unsubordinated/The S.O. Bonds are unsubordinated obligations issued in accordance with the Swedish Act (2003:1223) on Issuance of Covered Bonds (Sw: *Lagen (2003:1223) om utgivning av säkerställda obligationer*)]
- (ii) [Date [Board] approval for issuance of [Instruments/S.O. Bonds] obtained:] []
(N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Instruments/S.O. Bonds)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate [Instrument/S.O. Bond] Provisions (Condition 4A) [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate(s) of Interest: [] per cent per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [] [and []] in each year up to and including the Maturity Date
(N.B. This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to [Instruments/S.O. Bonds] in definitive form)
- (iv) Broken Amount(s): [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []]/[Not Applicable]
(Applicable to [Instruments/S.O. Bonds] in definitive form)
- (v) Day Count Fraction: [30/360]
[Actual/Actual (ICMA)]
[specify other]
- (vi) Determination Dates: [] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.
N.B. This will need to be amended in the case of regular interest payment dates which are not of

¹ Only applicable for Instruments

equal duration

N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))

- (vii) Other terms relating to the method of calculating interest for Fixed Rate [Instruments/S.O. Bonds]: [Not Applicable/give details]
15. Floating Rate [Instruments/S.O. Bond] Provisions (Condition 4B) [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/ specify other]
- (iii) Business Centre(s): []
- (iv) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/ specify other]
- (v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent): [[Name] shall be the Calculation Agent]/[Not Applicable]
- (vi) Screen Rate Determination:
- Reference Rate, Relevant Time and Relevant Financial Centre: Reference Rate: [] month
[LIBOR/EURIBOR/STIBOR/NIBOR/CIBOR/TIBOR/ HIBOR/specify other]
- Relevant Time: [[] in the Relevant Financial Centre/As per Condition 4(B)(ii)]
- Relevant Financial Centre: [London/Brussels/Stockholm/Oslo/Copenhagen/Tokyo/Hong Kong/specify other]
- 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]
[First day of each Interest Period]
[Second Tokyo business day prior to the start of each Interest Period]
[First day of each Interest Period]]

- [] days prior to the start of each Interest Period]
[specify other]
- (Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or Euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or Euro LIBOR)
- Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters Screen EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination:
- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []
- (viii) Margin(s): [+/-] [] per cent per annum
- (ix) Minimum Rate of Interest: [] per cent per annum
- (x) Maximum Rate of Interest: [] per cent per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360] [360/360] [Bond Basis]
[30E/360] [Eurobond Basis]
[30E/360 (ISDA)]
[specify other]
- (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate [Instruments/S.O. Bonds], if different from those set out in the Conditions: []
16. Zero Coupon [Instrument/S.O. Bond] Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: [] per cent per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: []

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

PROVISIONS RELATING TO REDEMPTION

17. Company Call [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Company is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Company and the Fiscal Agent)
18. Investor Put¹ [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (iii) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Company is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Company and the Fiscal Agent)

¹ Select "Not Applicable" in the case of S.O. Bonds

Agent)

19. Final Redemption Amount: [[] per Calculation Amount/specify other/see Appendix]
20. Early Redemption Amount:¹
- Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default: [[] per Calculation Amount/specify other/see Appendix/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE [INSTRUMENTS/S.O. BONDS]

21. Form of [Instruments/S.O. Bonds]:

(i) Form:

[Bearer Instruments/S.O. Bonds:

[Temporary Global [Instrument/S.O. Bond] exchangeable for a Permanent Global [Instrument/S.O. Bond] on and after the Exchange Date which is exchangeable for definitive [Instruments/S.O. Bonds] [upon 45 days' written notice (expiring after the Exchange Date)] [upon 45 days written notice (expiring after the Exchange Date) only upon the occurrence of an Exchange Event].]

[Temporary Global [Instrument/S.O. Bond] exchangeable for definitive [Instruments/S.O. Bonds] on and after the Exchange Date.]

[Swiss Global [Instrument/S.O. Bond]]

(In relation to issues of Instruments/S.O. Bonds which are represented on issue by a Temporary Global Instrument/S.O. Bond exchangeable for Definitive Bearer Instruments/S.O. Bonds, the following construction may not be used in paragraph 6: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000])."]

[Registered Instruments/S.O. Bonds:

[Restricted Registered Global [Instrument/S.O. Bond] registered in the name of a nominee for DTC (*specify nominal amounts*)]

[Unrestricted Registered Global [Instrument/S.O. Bond] registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (*specify nominal amounts*)]

¹ Not applicable to S.O. Bonds.

(ii) New Global [Instruments/S.O. Bonds]: [Yes]/[No]

22. Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/give details]

(Note that this item relates to the date and place of payment, and not Interest Period end dates, to which item 15(iii) relates)

23. Talons for future Coupons to be attached to Definitive [Instruments/S.O. Bonds]: [Yes/No]

24. Other final terms: [Not Applicable/give details]

Signed on behalf of the Company:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: ☐/None]
- (ii) Admission to trading: [Application has been made for the [Instruments/S.O. Bonds] to be admitted to trading on ☐ with effect from ☐]/Not Applicable]

[For Instruments/S.O. Bonds listed on the SIX Swiss Exchange Ltd:

[Application has been made for the [Instruments/S.O. Bonds] to be admitted to trading on the standard for bonds of the SIX Swiss Exchange Ltd with effect from ☐.

The last trading date will be the third business day prior to the Maturity Date.

Application for definitive listing on the standard for bonds of the SIX Swiss Exchange Ltd will be made as soon as practicable and, if granted, will only be granted after the Issue Date.

Representation

In accordance with Article 43 of the Listing Rules of the SIX Swiss Exchange Ltd, ☐ has been appointed by the Company as representative to lodge the listing application with the Admission Board of the SIX Swiss Exchange Ltd.

Documents Available

Copies of this Pricing Supplement and the Base Prospectus are available at ☐.

- (iii) Estimate of total expenses related to admission to trading: ☐

2. RATINGS

- Ratings [The [Instruments/S.O. Bonds] 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)]*.]

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

[Save for any fees payable to the [managers/dealers], so far as the Company is aware, no person involved in the offer of the [Instruments/S.O. Bonds] 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

Company, the Guarantor and their affiliates in the ordinary course of business.]

4. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Swiss Security Number: []
- (iv) Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking, société anonyme and SIX SIS Ltd (together with the address of such clearing system) and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (v) Settlement procedures: [*Specify whether customary medium term note/eurobond/other settlement and payment procedures apply*]
- (vi) Delivery: Delivery [against/free of] payment
- (vii) Names and addresses of additional Transfer Agents and/or Paying Agent(s) (including, in the case of Swiss Domestic Instruments or S.O. Bonds, the Principal Swiss Paying Agent and any other Swiss Paying Agents) (if any): []
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]
 [Yes. Note that the designation "yes" simply means that the [Instruments/S.O. Bonds] are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS.] *[include this text for Registered Instruments/S.O. Bonds which are to be held under the NSS]* and does not necessarily mean that the [Instruments/S.O. Bonds] 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 [Instruments/S.O. Bonds] are capable of meeting them the [Instruments/S.O. Bonds] may then be deposited with one of the ICSDs

as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS *[include this text for Registered Instruments/S.O. Bonds which are to be held under the NSS]*. Note that this does not necessarily mean that the [Instruments/S.O. Bonds] 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.]

5. DISTRIBUTION

- (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 names*]
- (v) If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- (vi) Whether TEFRA D rules applicable or TEFRA rules not applicable: [TEFRA D [in accordance with usual Swiss practice (the [Instruments/S.O. Bonds] shall be issued pursuant to the exemptions from the certification requirements under the TEFRA rules)]/TEFRA not applicable]
- (vii) Additional selling restrictions: [Not Applicable/*give details*]

7. THIRD PARTY INFORMATION

[[] has been extracted from []. Each of the Company and the Guarantor 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 [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

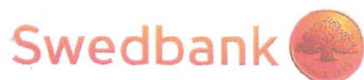
8. [Swiss Domestic Instruments/S.O. Bonds only – ADDITIONAL INFORMATION

- (i) Authorisation: Pursuant to the Programme and the Subscription Agreement dated [] between the Company and [], the Company has decided to issue [].
- (ii) Use of Net Proceeds: The net proceeds of the issue of the [Instruments/S.O. Bonds] in the amount of CHF[] will be used by the Company for its general business purposes.

- (iii) No Material Change: There has been no material change in the Company's assets and liabilities, financial position and profit and loss since *[insert date of most recent financial statements]*.
- (iv) Taxation in Switzerland: []

12. Copy of Guarantee

The Guarantee issued by the Guarantor is set out below:



17 December 2009

Guarantee

Swedbank Mortgage AB (publ) ("**Swedbank Mortgage**") is a company limited by shares, registered with the Swedish Companies Registration Office under registration number 556003-3283 and with its registered office at Regeringsgatan 13, SE-106 11 Stockholm, Sweden.

The business of Swedbank Mortgage is mortgage financing with the main emphasis on lending to single family homes and other residential properties, as well as municipal lending and lending to the agricultural and forestry sector, throughout Sweden.

Swedbank Mortgage's short, medium and long-term funding is sourced from the issue of debt instruments domestically and internationally. Swedbank Mortgage has currently an unlimited domestic mortgage bond programme, a SEK 150,000,000,000 domestic MTN programme, an unlimited mortgage bond programme intended for the Norwegian market and for its international medium and long term funding a Euro 25,000,000,000 programme. For its short term funding, Swedbank Mortgage has a SEK 50,000,000,000 Swedish commercial paper programme, a Euro 3,000,000,000 ECP programme, a Euro 3,000,000,000 Guaranteed ECP Programme, a Euro 4,000,000,000 French commercial paper programme and a USD 10,000,000,000 USCP programme. Swedbank Mortgage may from time to time set up new funding programmes, issue debt instruments under stand-alone documentation and borrow money under bi- or multilateral loan agreements.

All currently outstanding and future unsubordinated debt instruments of Swedbank Mortgage, including debt instruments with covered bond status in accordance with the Swedish Act (SFS 2003:1223) on Issuance of Covered Bonds (*Sw. lagen (2003:1223) om utgivning av säkerställda obligationer*), are hereinafter referred to as the "**Unsubordinated Debt Instruments**".

Swedbank AB (publ) ("**Swedbank**") is a banking company limited by shares, registered with the Swedish Companies Registration Office under registration number 502017-7753 and with its registered office at Brunkebergs torg 6, SE-105 34 Stockholm, Sweden.

Swedbank Mortgage is a wholly-owned subsidiary of Swedbank. Swedbank Mortgage has outsourced all its business functions to Swedbank, which has integrated the operations of Swedbank Mortgage into its own operations.

NOW, THEREFORE, Swedbank hereby agrees as follows:


1. Subject to the provisions of paragraph 8 below, Swedbank hereby, irrevocably and unconditionally;
 - (i) guarantees the punctual payment and performance by Swedbank Mortgage of all its payment obligations under the Unsubordinated Debt Instruments; and
 - (ii) undertakes with the holders of the Unsubordinated Debt Instruments that whenever Swedbank Mortgage does not pay any amount due under or in connection with any Unsubordinated Debt Instrument, Swedbank shall immediately on demand pay that amount as if it was the principal obligor.

2. The obligations of Swedbank under paragraph 1 above will not be affected by an act, omission, matter or thing which would reduce, release or prejudice any of its obligations under this Guarantee, including without limitation (whether or not known to Swedbank):
 - (i) any time or waiver granted to, or composition with, Swedbank Mortgage or any other person;
 - (ii) the release of Swedbank Mortgage under the terms of any composition or arrangement with any creditors of Swedbank Mortgage;
 - (iii) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, Swedbank Mortgage, Swedbank or any other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any guarantee or security; or
 - (iv) any incapacity or lack of power, authority or legal personality of or dissolution or change in Swedbank Mortgage; or
 - (v) any unenforceability, illegality or invalidity of any obligation of Swedbank Mortgage under any Unsubordinated Debt Instrument with the intent that the obligations of Swedbank shall remain in full force and its guarantee be constructed accordingly, as if there were no such unenforceability, illegality or invalidity.
3. If any discharge, release or arrangement (whether in respect of the obligations of Swedbank Mortgage and/or Swedbank or any security for those obligations or otherwise) is made by holder of the Unsubordinated Debt Instruments in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, reorganization, liquidation, administration or otherwise, without limitation, then the liability of Swedbank under paragraph 1 above will continue or be reinstated as if the discharge, release or arrangement had not occurred.
4. Until all amounts which may be or become payable by Swedbank under this Guarantee have been irrevocably paid in full, the Guarantor will not exercise any right of set-off against any payment obligations under any Unsubordinated Debt Instrument.
5. Swedbank hereby acknowledges and consents to:
 - (vi) the disclosure by Swedbank Mortgage of the obligations and undertakings of Swedbank as set out in this Guarantee in any press releases or prospectuses to be prepared in respect of the issue of any Unsubordinated Debt Instruments;
 - (vii) the Guarantee being available for inspection for such periods as may be required by any regulatory authority; and
 - (viii) the inclusion by Swedbank Mortgage of such disclosures referred to above in other information material and similar announcements or advertisements for the purpose of the issue of Unsubordinated Debt Instruments.
6. This Guarantee may be amended or modified by Swedbank, provided such amendments or modifications will not have any adverse effect on the rights of the holders of the Unsubordinated Debt Instruments.
7. This Guarantee will become effective immediately and, subject to the provisions of paragraph 8 below, will not be revocable or conditional upon any event or circumstance being satisfied or waived.

8. This Guarantee shall expire on the earlier of (i) two (2) weeks following the date on which the board of directors of Swedbank resolves to withdraw the Guarantee and such decision is made public through a press release or (ii) the date on which Swedbank Mortgage ceases to be a subsidiary of Swedbank and following such expiry, the Guarantee will not be in force or have any effect in respect of any Unsubordinated Debt Instruments issued by Swedbank after the date of expiry. However, notwithstanding the expiry of the Guarantee pursuant to this paragraph 8, this Guarantee shall be in full force and effect with respect to all Unsubordinated Debt Instruments outstanding at the time of such expiry, and may not be terminated until all amounts which may be or become payable by Swedbank Mortgage under or in connection with such Unsubordinated Debt Instruments have been irrevocably paid in full.
9. This Guarantee is governed by, and shall be construed in accordance with, Swedish law.
-

Signed on behalf of Swedbank AB (publ):

By: 
(Michael Wolf)

By: 
(Cecilia Hernqvist)

13. Taxation

13.1 Swedish Taxation

The following summary outlines certain Swedish tax consequences to holders of Instruments or S.O. Bonds who are not residents of Sweden for income tax purposes. Purchasers are urged to consult their professional advisers as to the tax consequences of acquiring, holding or transferring Instruments or S.O. Bonds.

Under Swedish law as presently in effect, payments of any principal or any amount that is considered to be interest for Swedish tax purposes to the holder of any Instrument or S.O. Bond will not be subject to Swedish income tax, provided that such holder is neither (i) resident in Sweden for tax purposes nor (ii) engaged in trade or business in Sweden through a permanent establishment to which the Instruments or S.O. Bonds are effectively connected. A person is resident for tax purposes in Sweden if he (a) is domiciled in Sweden or (b) has his habitual abode in Sweden or (c) is present in Sweden for six consecutive months, or (d) has previously been domiciled in Sweden and continues to have an essential connection with Sweden after having moved abroad (for example, is engaged in trade or business in Sweden).

Swedish law, as presently in effect, does not provide for deduction or withholding for or on account of taxes on payments of any principal or interest to the holder of any Instruments or S.O. Bonds, except on payment of interest, and any other yield on any Instruments or S.O. Bonds which is paid at the same time as interest, to a holder of Instruments or S.O. Bonds who is a private individual (or an estate of a deceased individual) with tax residence in Sweden.

Under Swedish law, as presently in effect, any payments made by the Guarantor under the Guarantee will not be subject to any withholding or deduction for, or on account of, Swedish taxation provided that the recipient is not otherwise subject to Swedish taxation.

13.2 EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "EU Savings Directive"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or for the benefit of, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

14. Definitions

Capital adequacy ratio: The capital base in relation to risk-weighted assets.

Capital base: The sum of Tier 1 (primary) and Tier 2 (supplementary) capital. To obtain the capital base for capital adequacy purposes, deduction is made for capital contributions in insurance companies.

Common Equity Tier 1 or CET 1: Share capital and eligible reserve plus non-controlling interest, less intangible assets and other regulatory deductions, including hybrid capital.

Credit impairments: Established losses and provisions for the year less recoveries related to loans as well as the year's net expenses for guarantees and other contingent liabilities.

Full-time employee: Number of Group employees at year-end excluding long-term absentees in relation to hours worked expressed as full-time positions.

Probability of default: The likelihood that a customer will fail to make full and timely repayment of credit obligations.

Risk-weighted assets: Assets adjusted and commitments adjusted for their associated risks using weightings according to internal risk classification or standardised models established in accordance with the Basel Capital Accord (as implemented by the Swedish Regulatory Authority). In addition, there is a capital requirement for operational risks. Certain assets are not weighted but deducted from capital.

Tier 1 capital: Shareholders' equity less proposed dividend, deduction for intangible assets, deferred tax assets and certain other adjustments in accordance with the Basel Capital Accord (as implemented by the Swedish Regulatory Authority). Hybrid capital (equity contribution and reserves) may be included in the capital base as Tier 1 capital with an approval from the supervisory authority.

15. General Information

1. The establishment of the Programme was authorised by a duly convened meeting of the Board of Directors of the Company held on 18 February 1992. Further issuances of Instruments and S.O. Bonds under the Programme are authorised by the Company at the time of any such further issuances.

The issue of the Guarantee by the Guarantor was authorised pursuant to a resolution of the Board of Directors of the Guarantor dated 18 November 2009.

2. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company or the Guarantor is aware) during the 12 months preceding the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company, the Guarantor or the Group.
3. Since 31 December 2012 there has been no significant change in the financial or trading position of the Company or the Company Group and no material adverse change in the financial position or prospects of the Company or the Company Group.

There has been no significant change in the financial or trading position of the Guarantor or the Group since 31 March 2013. There has been no material adverse change in the financial position or prospects of the Guarantor or the Group since 31 December 2012.

4. Deloitte AB (Authorised Public Accountants) of Rehnsgatan 11, SE-113 79 Stockholm, Sweden, have audited the annual financial statements of the Company for each of the financial years ended 31 December 2012 and 31 December 2011.

Deloitte AB (Authorised Public Accountants) of Rehnsgatan 11, SE-113 79 Stockholm, Sweden, have audited the annual financial statements of the Guarantor for each of the financial years ended 31 December 2012 and 31 December 2011.

Deloitte AB is a member of FAR, the professional institute for authorised public accountants (Sw: *auktoriserade revisorer*), approved public accountants (Sw: *godkända revisorer*) and other highly qualified professionals in the accountancy sector in Sweden.

5. For so long as Instruments or S.O. Bonds are listed on the Irish Stock Exchange, hard copies and, where appropriate, English translations, of the following documents may be inspected during normal business hours at the registered office of the Company and at the specified office of the Fiscal Agent in London, namely:

- (a) Registration Certificate and Articles of Association of the Company and the Guarantor;
- (b) the Fiscal Agency Agreement (including the forms of the Temporary Global Instrument and S.O. Bond, the Permanent Global Instrument and S.O. Bond, the Unrestricted Registered Global Instrument and S.O. Bond, the Restricted Registered Global Instrument and S.O. Bond, the Definitive Bearer Instruments and S.O. Bonds and Definitive Registered Instrument and S.O. Bonds and the Coupons);
- (c) the Deed of Covenant;
- (d) the Issuer-ICSDs Agreement (as defined below);
- (e) the Guarantee;

- (f) the audited consolidated financial statements of the Company in respect of the financial years ended 31 December 2012 and 31 December 2011 in each case together with the audit reports prepared in connection therewith;
- (g) the audited consolidated financial statements of the Guarantor in respect of the financial years ended 31 December 2012 and 31 December 2011 in each case together with the audit reports prepared in connection therewith;
- (h) the unaudited financial information in the published unaudited interim report of the Guarantor as at 31 March 2013;
- (i) the most recently published audited annual financial statements of the Company and the Guarantor and the most recently published unaudited interim financial statements of the Company and the Guarantor, in each case together with any audit or review reports prepared in connection therewith; and
- (j) this Base Prospectus, any supplement to this Base Prospectus, any documents incorporated by reference and, save as provided below, any Final Terms issued pursuant to the Programme.

Any English translation of a document referred to above shall be a direct and accurate translation of the original. In the event of any discrepancy, the original language version shall prevail.

In addition, copies of this Base Prospectus, any supplement to this Base Prospectus and Final Terms relating to Instruments or S.O. Bonds listed on the Irish Stock Exchange will be published on the website of the Central Bank of Ireland at <http://www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx> and on the website of the Irish Stock Exchange at www.ise.ie. Copies of Final Terms relating to Instruments or S.O. Bonds which are admitted to trading on any other regulated market in the European Economic Area, will be published in accordance with the rules and regulations of the relevant listing authority or stock exchange and otherwise in accordance with Article 14 of the Prospectus Directive.

Copies of Pricing Supplements relating to Instruments or S.O. Bonds which are neither admitted to trading on any regulated market within the European Economic Area nor offered in any Member State of the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (including Exempt Instruments or Exempt S.O. Bonds) will only be available for inspection by a Holder of such Instruments or S.O. Bonds upon production of evidence satisfactory to the Company and the Fiscal Agent or, as the case may be, the Registrar as to its holding of such Instruments or S.O. Bonds and identity.

6. This Base Prospectus has been approved by the Central Bank of Ireland as a base prospectus. Application has been made to the Irish Stock Exchange for Instruments and S.O. Bonds issued under the Programme to be admitted to the Official List and to trading on the Main Securities Market. The Main Securities Market is a regulated market for the purposes of MiFID.

However, Instruments and S.O. Bonds 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 Company and the relevant Dealer(s) may agree.

7. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Company in connection with the Programme and is not itself seeking admission of Instruments or S.O. Bonds issued under the Programme to the Official List or to trading on the Main Securities Market for the purposes of the Prospectus Directive.

8. The Instruments and S.O. Bonds have been accepted for clearance through Euroclear, Clearstream, Luxembourg and SIS. The common code, International Securities Identification Number and Swiss Security Number (as appropriate) in relation to the Instruments and S.O. Bonds of each Tranche allocated by Euroclear, Clearstream, Luxembourg and/or SIS will be specified in the applicable Final Terms. In addition, the Company will make an application for any Registered Instruments or Registered S.O. Bonds to be accepted for trading in book-entry form by DTC. The CUSIP number for each Tranche of Registered Instruments or Registered S.O. Bonds, together with the relevant common code and International Securities Identification Number, will be specified in the applicable Final Terms. Euroclear, Clearstream, Luxembourg, DTC and SIS are the entities in charge of keeping book-entry records. If the Instruments or S.O. Bonds are to be cleared through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium; the address of Clearstream, Luxembourg is Clearstream Banking SA, 42 Avenue JF Kennedy, L-1855 Luxembourg; the address of SIS is SIX SIS Ltd, Baslerstrasse 100, CH-4600 Olten, Switzerland and the address of DTC is 55 Water Street, New York, NY 10041-0099, USA.

The Company has entered into an agreement with Euroclear and Clearstream, Luxembourg (together, the "ICSDs") in respect of any Bearer Instruments or Bearer S.O. Bonds issued in NGI or NGB form, respectively, or any Registered Instruments or Registered S.O. Bonds intended to be held under the new safekeeping structure ("NSS") that the Company may request be made eligible for settlement with the ICSDs (the "Issuer-ICSDs Agreement"). The Issuer-ICSDs Agreement provides that the ICSDs will, in respect of any such Instruments or S.O. Bonds, *inter alia*, maintain records of their respective portion of the issue outstanding amount and will, upon the Company's request, produce a statement for the Company's use showing the total nominal amount of its customer holdings of such Instruments or S.O. Bonds as of a specified date.

9. Settlement arrangements will be separately agreed between the Company, the relevant Dealer and the Fiscal Agent or, as the case may be, the Registrar in relation to each Series.
10. The issue price and amount of Instruments or S.O. Bonds of any Tranche to be issued will be determined at the time of offering of such Tranche in accordance with then prevailing market conditions.
11. In relation to any Tranche of Fixed Rate Instruments or S.O. Bonds, an indication of the yield in respect of such Instruments or S.O. Bonds will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Instruments or S.O. Bonds on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Instruments or S.O. Bonds and will not be an indication of future yield.
12. The following legend will appear on all Bearer Instruments and Bearer S.O. Bonds which have an original maturity of more than one year and on all Coupons and Talons relating to such Instruments and S.O. Bonds:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code."

The sections referred to provide that United States persons, with certain exceptions, will not be entitled to deduct any loss on Bearer Instruments or Bearer S.O. Bonds or Coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Instruments, Bearer S.O. Bonds or Coupons.

13. Neither the Company nor the Guarantor has entered into any material contracts outside the ordinary course of its business which could result in any member of the Group being under an obligation or entitlement that is material to the Company's ability to meet its obligations to holders of Instruments or S.O. Bonds issued under the Programme or the Guarantor's ability to meet its obligations under the Guarantee.
14. The language of this Base Prospectus 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.

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FISCAL AGENT AND PAYING AGENT

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United Kingdom

REGISTRAR

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603 23 Frankfurt am Main
Germany

TRANSFER AGENT AND EXCHANGE AGENT

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PAYING AGENT AND TRANSFER AGENT

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Deutsche Bank AG, London Branch

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HSBC Bank plc

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J.P. Morgan Securities plc

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UBS AG

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Switzerland

UBS Limited

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United Kingdom

UniCredit Bank AG

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