



Swedbank AB (publ)

(Incorporated with limited liability in the Kingdom of Sweden)

U.S.\$750,000,000 Fixed Rate Reset Additional Tier 1 Convertible Notes

The U.S.\$750,000,000 Fixed Rate Reset Additional Tier 1 Convertible Notes (the "Notes") will be issued by Swedbank AB (publ) (the "Issuer"). Subject as provided in "Terms and Conditions of the Notes", the Notes will constitute direct, unsecured and subordinated debt obligations of the Issuer, as described in Condition 2 (Status) in "Terms and Conditions of the Notes".

The Notes will bear interest, payable semi-annually in arrear on 17 March and 17 September in each year (each, an "Interest Payment Date"), from (and including) 19 February 2015 (the "Issue Date") to (but excluding) 17 March 2020 (the "First Call Date") at the rate of 5.50 per cent. per annum. The first payment of interest will be made on 17 September 2015 in respect of the period from (and including) the Issue Date to (but excluding) such Interest Payment Date. The rate of interest will reset on the First Call Date and on each Reset Date (as defined in Condition 19 (Interpretation) in "Terms and Conditions of the Notes"). See Condition 3 (Interest) in "Terms and Conditions of the Notes".

Interest on the Notes is due and payable only at the sole and absolute discretion of the Issuer, and the Issuer shall have sole and absolute discretion at all times to cancel (in whole or in part) any interest payment that would otherwise be due and payable on any Interest Payment Date. Interest may also be deemed to have been so cancelled in certain circumstances and the Issuer will also be obliged to cancel interest in certain circumstances. See Condition 4 (Interest Cancellation) in "Terms and Conditions of the Notes".

The Notes are perpetual securities and have no fixed date for redemption and holders of the Notes ("Noteholders") do not have the right to call for their redemption. Subject as provided herein, the Issuer may, at its option, redeem the Notes, in whole but not in part, on the First Call Date or on any Reset Date thereafter at their principal amount, together with accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled). Subject as provided herein, the Issuer may also, at its option, redeem the Notes, in whole but not in part, at any time during the relevant redemption period (as specified in Condition 6 (Redemption and Purchase) in "Terms and Conditions of the Notes") at their principal amount, together with accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled) upon the occurrence of a Tax Event or Capital Event (each as defined in Condition 19 (Interpretation) in "Terms and Conditions of the Notes"). Any such redemption is subject to certain conditions. See Condition 6 (Redemption and Purchase) in "Terms and Conditions of the Notes".

If at any time a Capital Event or a Tax Event occurs, the Issuer may either substitute all (but not some only) of the Notes or vary the terms of the Notes accordingly, without any requirement for the consent or approval of the Noteholders, so that they remain or become Qualifying Additional Tier 1 Securities (as defined in Condition 19 (Interpretation) in "Terms and Conditions of the Notes"). See Condition 15 (Substitution or Variation instead of Redemption).

If the CET1 Ratio (as defined in Condition 19 (Interpretation) in "Terms and Conditions of the Notes") of either the Issuer or the Group (as defined in Condition 19 (Interpretation) in "Terms and Conditions of the Notes") falls below 5.125 per cent. or 8.00 per cent. respectively (a "Trigger Event"), the Notes will be automatically converted into Conversion Shares at the Conversion Price (each as defined in Condition 19 (Interpretation) in "Terms and Conditions of the Notes"). See Condition 5 (Loss Absorption Mechanism) in "Terms and Conditions of the Notes".

This Offering Circular does not comprise a prospectus for the purposes of Article 5.3 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 of the European Economic Area (the "EEA")).

Application has been made to the Irish Stock Exchange plc (the "Irish Stock Exchange") for the Notes to be admitted to the Official List and trading on the Global Exchange Market of the Irish Stock Exchange. This Offering Circular constitutes listing particulars for the purpose of such application and has been approved by the Irish Stock Exchange.

The Notes are not intended to be sold and should not be sold to retail clients in the EEA, as defined in the rules set out in the Temporary Marketing Restriction (Contingent Convertible Securities) Instrument 2014 (as amended or replaced from time to time) other than in circumstances that do not and will not give rise to a contravention of those rules by any person. Prospective investors are referred to the section headed "Restrictions on marketing and sales to retail investors" on page 2 of this Offering Circular for further information.

The Notes and any Conversion Shares to be delivered following the occurrence of a Trigger Event have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. The Notes may be offered and sold outside the United States to non U.S. persons in reliance on Regulation S ("Regulation S") under the Securities Act. For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of this Offering Circular and other offering material relating to the Notes, see "Subscription and Sale".

The Notes are expected to be rated BBB- by Standard & Poor's Credit Markets Services Europe Limited ("S&P") and BBB- by Fitch Ratings Ltd. ("Fitch"). Each of S&P and Fitch is established in the European Union (the "EU") and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation") and is included in the list of credit rating agencies registered in accordance with the CRA Regulation as of the date of this Offering Circular. This list is available on the ESMA website at www.esma.europa.eu/page/List-registered-and-certified-CRAs. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

The Notes will initially be in the form of a temporary global note (the "Temporary Global Note"), without interest coupons ("Coupons"), which will be deposited on or around the Issue Date with a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the "Permanent Global Note") and, together with the Temporary Global Note, the "Global Notes"), without Coupons, on or after 1 April 2015 (the "Exchange Date"), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for Notes in definitive form ("Definitive Notes") only in certain limited circumstances in accordance with the terms of the Permanent Global Note. Definitive Notes will have attached Coupons and, if necessary, talons ("Talons") for further Coupons - see "Summary of Provisions relating to the Notes while in Global Form".

An investment in the Notes involves certain risks. Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. For a discussion of these risks see "Risk Factors" below.

Sole Structuring Adviser

BofA Merrill Lynch

Joint Lead Managers

BNP PARIBAS

HSBC

Société Générale Corporate & Investment Banking

BofA Merrill Lynch

J.P. Morgan

Swedbank

The date of this Offering Circular is 17 February 2015

IMPORTANT NOTICE

Restrictions on marketing and sales to retail investors

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

In particular, in August 2014, the United Kingdom Financial Conduct Authority (the “FCA”) published the Temporary Marketing Restriction (Contingent Convertible Securities) Instrument 2014 (as amended or replaced from time to time, the “TMR”) which took effect on 1 October 2014. Under the rules set out in the TMR (as amended or replaced from time to time, the “TMR Rules”), certain contingent write-down or convertible securities, such as the Notes must not be sold to retail clients in the EEA and nothing may be done that would or might result in the buying of such securities or the holding of a beneficial interest in such securities by a retail client in the EEA (in each case within the meaning of the TMR Rules), other than in accordance with the limited exemptions set out in the TMR Rules.

The Joint Lead Managers (as defined below) are required to comply with the TMR Rules. By purchasing, or making or accepting an offer to purchase, any Notes from the Issuer and/or the Joint Lead Managers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Joint Lead Managers that:

- (i) it is not a retail client in the EEA (as defined in the TMR Rules);
- (ii) whether or not it is subject to the TMR Rules, it will not sell or offer the Notes to retail clients in the EEA or do anything (including the distribution of this Offering Circular) that would or might result in the buying of the Notes or the holding of a beneficial interest in the Notes by a retail client in the EEA (in each case within the meaning of the TMR Rules), other than (i) in relation to any sale of or offer to sell Notes to a retail client in or resident in the United Kingdom, in circumstances that do not and will not give rise to a contravention of the TMR Rules by any person and/or (ii) in relation to any sale of or offer to sell Notes to a retail client in any EEA member state other than the United Kingdom, where (a) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Notes and is able to bear the potential losses involved in an investment in the Notes and (b) it has at all times acted in relation to such sale or offer in compliance with the Markets in Financial Instruments Directive (2004/39/EC) (“MiFID”) to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and
- (iii) it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Notes, including any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes by investors in any relevant jurisdiction.

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

Other important information

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. References herein to this "Offering Circular" are to this document, including the documents incorporated by reference.

The Issuer has confirmed to BNP Paribas, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Société Générale and Swedbank AB (publ) (in its capacity as a joint lead manager) (together, the "Joint Lead Managers") that this Offering Circular contains all information which is material in the context of the issue of the Notes; that this Offering Circular is true and accurate in all material respects and is not misleading and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make statements herein, in light of the circumstances under which they are made, not misleading and; there are no other facts in relation thereto the omission of which would, in the context of the issue of the Notes, make any statement herein misleading in any material respect; that all reasonable enquiries have been made to verify the foregoing; and that the opinions and intentions expressed herein are honestly held or made. The Issuer has further confirmed to the Joint Lead Managers that this Offering Circular 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 Issuer, the Issuer and its subsidiaries (the "Swedbank Group") and of the rights attaching to the Notes.

This Offering Circular 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. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Offering Circular 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"). This Offering Circular shall be read and construed on the basis that such information is incorporated and forms part of this Offering Circular.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained or incorporated by reference in this Offering Circular, in the Subscription Agreement (as defined under "Subscription and Sale") or in any other document prepared in connection with the Offering Circular or the Notes approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer, any of the Joint Lead Managers or the Fiscal Agent (as defined under "Terms and Conditions of the Notes").

None of this Offering Circular, any financial statements and any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation of the Issuer. This Offering Circular does not constitute an offer or an invitation to subscribe for or purchase the Notes and should not be considered as a recommendation by the Issuer, the Joint Lead Managers or any of them that any recipient of this Offering Circular should subscribe for or purchase the Notes. Each recipient of this Offering Circular shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

This Offering Circular is to be used by the recipient hereof solely in connection with evaluating an investment in debt instruments issued by the Issuer under the Offering Circular and for no other purpose. Copies of this

Offering Circular and any related offering documents must not be mailed or otherwise distributed or transmitted in or into the United States.

Neither the delivery of this Offering Circular, nor the offering, sale or delivery of the Notes shall, in any circumstances, create any implication that there has been no adverse change in the financial situation of the Issuer since the date hereof or, as the case may be, the date upon which this Offering Circular has been most recently amended or supplemented. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase the Notes. No representation or warranty is made or implied by the Joint Lead Managers or any of their respective affiliates or the Fiscal Agent, and neither the Joint Lead Managers nor any of their respective affiliates nor the Fiscal Agent makes any representation or warranty or accepts any responsibility, as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the issue of the Notes.

Neither the Issuer nor any of the Joint Lead Managers nor the Fiscal Agent represents that this Offering Circular may be lawfully distributed, or that the Notes may be offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. The distribution of this Offering Circular and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of this Offering Circular and other offering material relating to the Notes, see "Subscription and Sale". This Offering Circular may not 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 Notes may not be a suitable investment for all investors. Each potential investor of the Notes must determine the suitability of that investment 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 advisors, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement to this Offering Circular including, but not limited to, any taxation issues related to purchasing and/or holding the Notes;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments, i.e. U.S. dollars, is different from the currency in which such potential investor's financial activities are principally denominated;
- (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (e) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

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

All references in this Offering Circular 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, references to "U.S. dollars", "USD", "U.S.\$" and "\$" refer to United States dollars and references to "SEK" or "Krona" refer to Swedish Krona.

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IN CONNECTION WITH THE ISSUE OF THE NOTES, MERRILL LYNCH INTERNATIONAL AS THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (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 NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. SUCH STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE REGULATIONS.

1 Overview of the Notes

The following description of the Notes does not purport to be complete and is qualified in its entirety by the remainder of the Offering Circular. Words and expressions defined in “Terms and Conditions of the Notes” below or elsewhere in this Offering Circular shall have the same meanings in this description of key features of the Notes. References to a numbered “Condition” shall be to the relevant Condition in the Terms and Conditions of the Notes.

Issuer:	Swedbank AB (publ)
Sole Structuring Adviser:	Merrill Lynch International
Joint Lead Managers:	BNP Paribas, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Société Générale and Swedbank AB (publ)
Fiscal Agent:	Citibank, N.A., London Branch
Paying Agent:	Citibank, N.A., London Branch
Paying and Conversion Agent:	Citibank, N.A., London Branch
Issue Date:	19 February 2015
First Call Date:	17 March 2020
Maturity:	The Notes are perpetual securities and have no fixed date for redemption. The Issuer may only redeem the Notes in the circumstances described herein.
Issue Price:	100.00 per cent.
Status:	Unless previously converted into Conversion Shares pursuant to Condition 5 (<i>Loss Absorption Mechanism</i>), the Notes will constitute direct, unsecured and subordinated debt obligations of the Issuer and will further entail an obligation for the Noteholders to have their Notes converted into Ordinary Shares as set forth in Chapter 15 of the Swedish Companies Act (<i>Sw: aktiebolagslagen (2005:551)</i>) and in the Terms and Conditions of the Notes.

In the event of the voluntary or involuntary liquidation (*Sw: likvidation*) or bankruptcy (*Sw: konkurs*) of the Issuer, the rights and claims (if any) of the Noteholders in respect of or arising from the Notes (including any accrued but uncanceled interest or damages awarded for breach of any obligations under the Terms and Conditions of the Notes, if any are payable) shall rank:

- (A) junior in right of payments to the payment of any present or future claims of (a) depositors of the Issuer, (b) other unsubordinated creditors of the Issuer, and (c) subordinated creditors of the Issuer in respect of Subordinated Indebtedness other than Parity Securities and Junior Securities which comprise Subordinated

Indebtedness;

- (B) *pari passu* without any preference among themselves;
- (C) at least *pari passu* with payments to holders of present or future outstanding Parity Securities; and
- (D) in priority to payments to holders of present or future outstanding Junior Securities.

Interest and Interest Payment Dates: The Notes will bear interest, payable semi-annually in arrear on 17 March and 17 September in each year, at the relevant Rate of Interest. The first payment of interest will be made on 17 September 2015 in respect of the period from (and including) the Issue Date to (but excluding) 17 September 2015.

The Rate of Interest will reset on the First Call Date and on each Reset Date thereafter. See Condition 3 (*Interest*).

Interest Cancellation: Interest on the Notes will be due and payable only at the sole and absolute discretion of the Issuer, and the Issuer shall have sole and absolute discretion at all times to cancel (in whole or in part) any interest payment that would otherwise be payable on any Interest Payment Date. Interest will only be due and payable on an Interest Payment Date to the extent it is not cancelled in accordance with the Terms and Conditions of the Notes. If the Issuer does not make an interest payment on the relevant Interest Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such interest payment), such non-payment shall evidence the Issuer's exercise of its discretion to cancel such interest payment (or the portion of such interest payment not paid), and accordingly such interest payment (or the portion thereof not paid) shall not be due and payable. The Issuer will also be obliged to cancel interest in certain circumstances. See Condition 4 (*Interest Cancellation*).

Optional Redemption by the Issuer on the First Call Date or any Reset Date thereafter: Subject to Condition 6(e) (*Conditions to Redemption*), the Issuer may, at its option, redeem the Notes, in whole but not in part, on any Optional Redemption Date at their principal amount, together with accrued but unpaid interest (which excludes any interest cancelled or deemed to be cancelled in accordance with Condition 4 (*Interest Cancellation*)).

Optional Redemption by the Issuer upon the Occurrence of a Tax Event or a Capital Event: Subject to Condition 6(e) (*Conditions to Redemption*), upon the occurrence of a Tax Event or a Capital Event, the Issuer may, at its option, at any time redeem the Notes, in whole but not in part, at their principal amount, together with accrued interest (which excludes any interest cancelled or deemed to be cancelled in accordance with Condition 4 (*Interest Cancellation*)).

Loss absorption: If a Trigger Event occurs at any time, an Automatic Conversion will be deemed to have occurred at such time, and the Notes will be converted into Conversion Shares at the Conversion Price as described in Condition 5 (*Loss Absorption Mechanism*).

Following any such Automatic Conversion:

- (A) the principal amount of the Notes will be written down to zero and, accordingly, the principal amount of the Notes shall equal zero at all times thereafter;
- (B) any interest in respect of an Interest Period ending on any Interest Payment Date falling on or after the Conversion Date shall be automatically cancelled and shall not be due and payable;
- (C) no Noteholder will have any rights against the Issuer with respect to the repayment of the principal amount of the Notes or the payment of interest or any other amount on or in respect of such Notes, which obligations and liabilities of the Issuer shall be irrevocably and automatically released; and
- (D) subject to the last paragraph of Condition 5(d) (*Settlement Procedure*), the Issuer's only obligations and liabilities under the Notes shall be an obligation to deliver Conversion Shares to the Settlement Shares Depositary on behalf of the Noteholders on the Registration Date in accordance with Condition 5 (*Loss Absorption Mechanism*).

See Condition 5 (*Loss Absorption Mechanism*).

Conversion Price:

The Conversion Price will be, if the Ordinary Shares are:

- (a) then admitted to trading on a Relevant Stock Exchange, the greater of:
 - (i) the Current Market Price of an Ordinary Share on the Conversion Date converted into USD at the then Prevailing Exchange Rate; and
 - (ii) the Floor Price on the Conversion Date; or
- (b) not then admitted to trading on a Relevant Stock Exchange, the Floor Price on the Conversion Date.

The Floor Price is set at U.S.\$15.70 and is subject to adjustment thereafter in accordance with Condition 5(g) (*Adjustment of Floor Price*), provided that the Floor Price shall not be less than the quota value (*Sw: kvotvärde*) of the Ordinary Shares immediately prior to the Automatic Conversion translated into USD at the then Prevailing Exchange Rate.

Settlement Procedure:

Subject to the last paragraph of Condition 5(d) (*Settlement Procedure*), the obligation of the Issuer to issue and deliver Conversion Shares to a Noteholder shall be satisfied by the delivery of the Conversion Shares in respect of the Note(s) of such

Noteholder to the Settlement Shares Depositary on the Registration Date.

See Condition 5(d) (*Settlement Procedure*).

Negative Pledge: None

Cross Default: None

Events of Default: There will be limited events of default and related remedies in each case limited to the occurrence of a Winding-up Event and to non-payment. See Condition 10 (*Events of Default*). An Automatic Conversion shall not constitute an event of default or a breach of the Issuer's obligations under the Terms and Conditions of the Notes or a failure to perform in any matter whatsoever and shall not entitle Noteholders to petition for the insolvency or dissolution of the Issuer or otherwise.

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

Taxation: Payments in respect of Notes 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 or agency 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 Issuer will (subject to the exceptions set out in Condition 9 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes or Coupons had no such withholding or deduction been required.

Form of the Notes: The Notes will be issued in bearer form and will initially be in the form of the Temporary Global Note, without Coupons, which will be deposited on or around the Issue Date with a common depositary for Euroclear and Clearstream Banking, *société anonyme*. Interests in the Temporary Global Note will be exchangeable for interests in the Permanent Global Note, without Coupons, on or after the Exchange Date, upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for Definitive Notes only in certain limited circumstances in accordance with the terms of the Permanent Global Note. See "Summary of Provisions relating to the Notes while in Global Form" below.

Substitution or Variation: If at any time a Capital Event or a Tax Event occurs, the Issuer may either substitute all (but not some only) of the Notes or vary the terms of the Notes accordingly, without any requirement for the

consent or approval of the Noteholders, so that they remain or become Qualifying Additional Tier 1 Securities. See Condition 15 (*Substitution or Variation instead of Redemption*).

Denominations:	The Notes will be issued in the denominations of U.S.\$200,000.
Listing and Admission to Trading:	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Global Exchange Market of the Irish Stock Exchange.
Irish Listing Agent:	Arthur Cox Listing Services Limited
Governing Law:	The Notes and all non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law, except that the provisions of Condition 2 (<i>Status</i>), the conversion (if any) of the Notes into Conversion Shares and any Compulsory Acquisition Proceedings, and all non-contractual obligations arising out of or in connection with them, will be governed by, and shall be construed in accordance with, the laws of Sweden.
Enforcement of the Notes in Global Form:	In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant to be dated 19 February 2015, a copy of which will be available for inspection at the specified office of the Fiscal Agent.
Selling Restrictions:	There are certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering materials in the United States of America and the United Kingdom, see "Subscription and Sale".

2 Risk Factors

Investing in the Notes involves certain risks. If any of the risks described below materialise, our business, financial condition and results of operations could suffer, and the trading price and liquidity of our Notes could decline, in which case you could lose some or all of the value of your investment. In addition, if certain of these risks or a combination of some of these risks materialise, the notes may be mandatorily converted into shares as a result of a significant deterioration in our financial condition leading to additional losses in the value of your investment.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Offering Circular have the same meanings in this section.

References herein to (i) the full year end 31 December 2014 numbers or (ii) to the quarterly numbers for the three month period ended 31 December 2014 are references to unaudited numbers.

2.1 Risks Relating to Swedbank

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

The Swedbank 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 U.S. economy has seen a significant and broad-based upswing in 2014. This, together with improved labour market indicators, led the Federal Reserve to end bond purchases in October 2014. The first hike of the Federal Reserve's funds rate will likely be carried out in mid-2015. On the one side, policymakers may be reluctant to prematurely tighten policy and thus reverse the positive developments in the labour market. On the other side, concerns are growing that financial pressure is building up in the financial markets. The end of bond purchases and the expectation of higher interest rates from the Federal Reserves have strengthened the U.S. dollar.

Economic growth in the euro area has been disappointing during 2014. The German economy, the engine of growth in the euro area, has shown signs of weakness due to both lower demand within the euro area and China, and to the nervousness associated with the Russia-Ukraine conflict. Also worrisome is the lack of structural reforms in Italy and France. It is becoming more obvious that countries that have not complemented austerity with structural reforms suffer from low competitiveness. Spain is a good counterexample, with a strengthened competitiveness and a brighter economic outlook, although starting from low levels.

The European Central Bank (the "ECB") is battling both the risk of deflation and a malfunctioning credit transmission mechanism. The effects of the measures taken by the ECB - subsidised loans to banks, and programmes of buying asset-backed securities and covered bonds - are yet to be seen. If the ECB's balance sheet does not expand sufficiently, speculations about a government bond-buying programme will increase. On 22 January 2015, the ECB announced an asset purchase programme of €60 billion per month, which it intends to carry out until at least September 2016. Since the monetary policy decision the euro continued to depreciate against the USD. The depreciation of the euro could give some support to the European export sector.

Estonia, Latvia and Lithuania (together, the "Baltic countries") have faced worsened export performance due to a weak external demand. The general impact of the Russia-Ukraine crisis on

the Baltic countries is so far very limited and concentrated in just a few economic sectors. Yet, the related geopolitical tensions have raised uncertainty and made companies more cautious in their investment decisions. Unemployment has kept decreasing, wages have increased, and household consumption has remained strong. As of 2015, all three Baltic countries will share the same currency, the euro.

The Swedish economy has been relatively resilient to the recent weakening of external demand. For the first three quarters of 2014, gross domestic product ("GDP") increased by 2.1 per cent. on an annual basis. The slower export growth has been made up for by continued solid domestic demand, in particular from household consumption and investment in housing. The labour market continued to show strong employment growth, mainly driven by the private services sector, while in industry the numbers of employees continued to decline. The labour supply is growing at a robust 1.4 per cent. rate in annual terms, driven by demographic factors and large inflows of immigrants; this explains why the decline in the unemployment rate has been modest. In November 2014 the unemployment rate was 7.9 per cent. of the labour force seasonally adjusted.

In addition to these trends, the largest risk facing the Swedish economy is the level of indebtedness held by Swedish households, which is at historically high levels. A lack of housing stock and low interest rates have led to a rapid increase in the volume of home lending. Households are therefore more sensitive to higher interest rates. The Swedish government and the Swedish Financial Supervisory Authority (the "SFSA") have implemented policies to attempt to mitigate these risks and secure financial stability, but such measures may be inadequate or have unpredictable consequences. As a result, any or all of the conditions described above could result in increased default rates and/or decreased lending activity which could have a material adverse effect on the Swedbank Group's business, financial condition and results of operations.

2.1.2 *The Swedbank 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 uncertainties about the strength of the Eurozone.*

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 Swedbank 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 Swedbank Group as well as other financial institutions and their customers, compelling many financial institutions, including the Swedbank Group, to rely on central banks and governments to provide liquidity and, in some cases, additional capital. In response to these market conditions, governments in jurisdictions where the Swedbank Group has material operations sought to provide liquidity, stabilise financial markets and prevent the failure of financial institutions. These measures included, among others, a reduction in prevailing interest rates, which compressed the spreads of commercial bank products.

Although the level of market disruption and volatility caused by the global financial crisis abated somewhat during 2011 and more noticeably in 2012 and 2013, following significantly deteriorated market conditions in late 2010, there are no assurances that these conditions will not recur or that similar events will not occur that have similar effects on the financial markets, in which case the Swedbank 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 Swedbank Group's business, financial condition and results of operations.

The global financial system is undergoing a number of challenging transitions on the path to greater stability. As the economic recovery in the U.S. gains footing, monetary policy has begun to normalise. Emerging market economies are transitioning to a more sustainable growth in the financial sector, while addressing macroeconomic vulnerabilities amid a less favourable external financial environment. The euro area is strengthening bank capital positions as it moves from fragmentation to a more robust framework for integration. Intra-euro spreads have hit a new-post crisis trough and remain at low levels for most countries. The ECB continued to lower the interest rates and introduced negative deposit rates in October 2014 to stimulate growth in the euro area and to increase the inflation rate which is far below the inflation target of 2 per cent.

Concerns about credit risk (including that of sovereigns) and the Eurozone crisis are influenced by the outlook on the global economy generally, as well as perceptions of the strength of the European banking sector. Slower growth in Europe than is generally expected could trigger heightened credit risk in the financial markets. The large sovereign debts and/or fiscal deficits of a number of European countries and the U.S. have raised concerns regarding the financial condition of financial institutions, insurers and other corporates: (i) located in these countries; (ii) that have direct or indirect exposure to these countries; and/or (iii) whose banks, counterparties, custodians, customers, service providers, sources of funding and/or suppliers have direct or indirect exposure to these countries. 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 Swedbank Group operates and the businesses and economic condition and prospects of the Swedbank Group's counterparties, customers, suppliers or creditors, directly or indirectly, in ways which it is difficult to predict.

The impact of these conditions could be detrimental to the Swedbank Group and it could experience reductions in business activity, increased funding costs, decreased liquidity, decreased access to the wholesale funding markets, 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 Swedbank Group's business, financial condition and results of operations.

2.1.3 *Swedish households may be exposed to a risk of a drop in house prices.*

In recent years in Sweden, low interest rates, low inflation, higher house prices and increased disposable household income have led to continued strong growth in demand for loans, especially in the residential mortgage market. As prices have risen, buyers have taken on more mortgage debt, aided by low interest rates and interest-only mortgages. Household debt rose to 173 per cent. of disposable income at the end of 2013 after having hovered between 90 and 100 per cent. throughout the previous decade. A large number of Swedish households therefore may be exposed to the risk of a drop in house prices.

Furthermore, the Basel Committee has recommended an international standard of 35 per cent. risk weight for residential mortgages. In 2014, the SFSA raised the risk weight floor on mortgages from 15 per cent. to 25 per cent. to dampen the growth in household debt. The SFSA decided in the end of 2014 that new mortgages should be repaid down to 50 per cent. loan to value. Annual repayment of at least 2 per cent. should be made on loans down to 70 per cent. loan to value. After that at least one per cent. is to be repaid annually down to 50 per cent. loan to value. Should a drop in housing prices materialise, there may be a material increase in mortgage defaults, including mortgages issued by Swedbank, which in turn could have a material adverse effect on the Swedbank Group's business, financial condition and results of operations. For further detail around the impact of the current and proposed risk weight floor, 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."

2.1.4 *Historical fluctuations in economic and market conditions have from time to time caused substantial credit impairments. Further credit impairments could have a material adverse impact on the Swedbank Group's financial condition and results of operations.*

The Swedbank 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. The Swedbank Group maintains provisions for credit impairments to cover estimated probable incurred credit impairments inherent in its loan portfolio. The Swedbank Group's allowance for credit impairments is based, among other things, on the Swedbank Group's portfolio provision models and analysis of current and historical delinquency rates, loan management, macroeconomic factors and the valuation of the underlying assets, as well as numerous other management assumptions, which may prove to be inaccurate, resulting in further credit losses. Furthermore, the Swedbank 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 ("PD") 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 Swedbank Group's business, financial condition and results of operations.

Although recent periods have benefited from net credit recoveries, these recoveries have now declined and there can be no assurance that the Swedbank Group will not experience materially higher impairments in the future. Possible effects of a devaluation or depreciation of certain currencies on the Swedbank Group could have an adverse effect on the Swedbank Group's assets, including its loan portfolio and its results of operations. Any of the foregoing risks could have a material adverse effect on the Swedbank Group's business, financial condition and results of operations.

2.1.5 *The Swedbank 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 Swedbank Group's loans, the Swedbank Group may foreclose on the loan and/or acquire title to the assets pledged as collateral, and thereafter, make substantial improvements or repairs in order to maximise the asset's realisable value. The borrower may contest enforcement of foreclosure or other compulsory measures, which may delay the foreclosure, or seek bankruptcy protection against the Swedbank Group. If the borrower seeks bankruptcy protection, certain regulatory measures may preclude the Swedbank Group from enforcing foreclosure or other remedies against the borrower. Foreclosure-related costs, high loan-to-value ratios or reductions in the value of the assets may prevent the Swedbank Group from realising an amount equal to its loans upon foreclosure, and the Swedbank Group may be required to record losses. Even if the Swedbank Group were able to successfully foreclose on the collateral securing its exposures, the Swedbank Group may own title to pledged assets that it is unable to efficiently repossess or force a sale of, which would adversely affect the Swedbank Group's ability to recover the value of the collateral securing its exposure. Furthermore, the Swedbank Group may, as part of its foreclosure on business assets, end up acquiring collateral that is not core to the Swedbank 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. Managing such assets may be costly and may require additional expertise, personnel or outsourcing, options which may not be readily available or available at all. There have been recent asset write downs in Ektornet, and if the Swedbank Group does not successfully manage its foreclosed assets, the value of those assets could deteriorate. All of the above may adversely affect the Swedbank Group's financial condition and results of operations.

2.1.6 *The Swedbank 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, *inter alia*, 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 of the measures taken by the Swedbank Group to manage various risks are (i) to enter into hedging transactions to manage market risks, (ii) to issue credit risk limits for each counterparty to which the Swedbank Group is exposed in its lending business, (iii) to have satisfactory collateral for credits provided, (iv) to establish CEO limits for segments or specific parts of the portfolio, to avoid concentration risks and (v) to do due diligence to manage legal risks. Some of these and other methods used by the Swedbank Group to estimate, measure and manage risk are based on perceived historic market behaviour. The methods may therefore prove to be inadequate for predicting future risk exposure, which may differ from what is suggested by prior experience. 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 Swedbank Group. Such information has not been, and may not always be, correct, updated 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 Swedbank Group's financial condition and results of operations.

2.1.7 *Any further impairment of goodwill and other intangible assets would have a negative effect on the Swedbank 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.

2.1.8 *The Swedbank 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 in other Eurozone countries could have a material effect on the Swedbank Group's financial position, results of operations and business.*

As of 31 December 2014 the Swedbank Group had total credit exposures of SEK 338 million to Greece, Ireland, Italy, Portugal and Spain, whereof SEK 145 million is related to Swedbank's insurance operation. These exposures are related to institutions, governments or public sector entities. As a result of its exposure to these countries, the Swedbank Group's financial position, results of operations and business could deteriorate following further developments adversely affecting these countries or other similar developments to other Eurozone countries.

2.1.9 *The Swedbank Group is exposed to foreign exchange risk. Fluctuations in the value of foreign currencies could have an adverse effect on the Swedbank Group's assets, including its loan portfolio, and its results of operations.*

Currency risk arises mainly due to risks related to strategic holdings of foreign operations and when deposits and lending take place in different currencies. Exchange rate movements between SEK, EUR and USD could have a significant adverse effect on the Swedbank Group's balance sheet position, as a substantial portion of the Swedbank Group's assets and liabilities are denominated in these currencies and, in the long-term, the Swedbank Group's income statement is in SEK. Changes in exchange rates affect both the balance sheet directly through strategic positions, and the Swedbank Group's income statement, as foreign currency cash flows from lending margins could affect net interest income.

2.1.10 *The Swedbank 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 and USD could have a significant adverse effect on the Swedbank Group's balance sheet positions, as a substantial portion of the Swedbank 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.

2.1.11 *The Swedbank 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 Swedbank 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 Swedbank Group's lending and deposit spreads. The Swedbank 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 Swedbank 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 Swedbank 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 Swedbank Group is also subject to intense competition for customer deposits and the current low interest rate environment puts pressure on the Swedbank Group's deposit spreads. The Swedbank 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 Swedbank 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 Swedbank Group's customers. Conversely, a reduction in the level of interest rates may adversely affect the Swedbank 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 Swedbank Group.

The Swedbank 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 Swedbank Group's financial performance and results of operations. While the Swedbank 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 Swedbank 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 Swedbank 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 Swedbank Group's results of operations and financial condition or prospects could be negatively affected.

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

The Swedbank 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. This situation may arise due to circumstances that the Swedbank Group is unable to control, such as continued general market disruption, loss in confidence in financial markets, uncertainty and speculation regarding the solvency of market participants, rating downgrades, or operational problems that affect third parties. 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 Swedbank 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 Swedbank Group is a party, is difficult to ascertain, as has occurred during the last liquidity crisis. In addition, financial institutions with which the Swedbank Group interacts may exercise set-off rights or the right to require additional collateral, which could further impair the Swedbank Group's access to liquidity.

The Swedbank Group's internal sources of liquidity may prove to be insufficient, and in such case, the Swedbank 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 Swedbank Group's business and results of operations.

2.1.13 *The Swedbank 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 Swedbank Group, limit its access to the capital markets, undermine confidence in and competitive position of the Swedbank 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 Swedbank Group. Any of the events above could have a material adverse effect on the Swedbank Group's business and results of operations.

2.1.14 *The Swedbank Group is exposed to systemic risk.*

Given the high level of interdependence between financial institutions, the Swedbank 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 Swedbank Group or by other institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom certain of the Swedbank Group's subsidiaries interact on a daily basis. Systemic risk could have a material adverse effect on the Swedbank Group's ability to raise new funding and on its business, financial condition, results of operations, liquidity and/or prospects.

2.1.15 *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 and/or cause the applicable minimum capital requirements to increase.

As a consequence of the recent financial crisis, new bank regulatory standards have been developed and will be further developed by the Financial Stability Board (the "FSB") and the Basel Committee on Banking Supervision (the "Basel Committee"). The Basel Committee has adopted a number of fundamental reforms to the regulatory capital framework for internationally active banks, the principal elements of which are set out in its papers released on 16 December 2010 (together with the press release dated 13 January 2011 issued by the Basel Committee entitled "Minimum requirements to ensure loss absorbency at the point of non-viability") ("Basel III"). In Europe, this has been accompanied by a push to harmonise regulations and supervision practices through the development of a single rulebook and pan-European supervisory institutions. European capital adequacy legislation also includes a framework for macro-prudential supervision, aimed at detecting and containing systemic risks. As a consequence, competent authorities may change the Group's capital requirements in the future, when they deem it necessary to contain systemic risk.

Since 1 January 2014 the Swedish capital adequacy framework has been based on CRR (the EU Capital Requirements Regulation ("CRR")) and CRD IV (the EU Capital Requirements Directive ("CRD IV")). As of 1 January 2014, CRR took direct effect in Sweden, while CRD IV was implemented in Sweden in August 2014 by amendments to the Swedish legislation and SFSA regulations. CRR and CRD IV are complemented by a set of technical standards developed by the European Banking Authority ("the EBA"). The EU regulatory framework is broadly in line with the Basel III regulations.

The key theme of Basel III is more and better capital. CRR and CRD IV introduced significant changes in the prudential regulatory regime applicable to banks, including: increased minimum capital ratios; changes to the definition of capital and the calculation of risk exposure amount ("REA"); and the introduction of new measures relating to leverage, liquidity and funding. CRR and CRD IV permit a transitional period for certain of the enhanced capital requirements and certain other measures. The Swedish authorities have, however, decided that the higher capital requirements resulting from the implementation of CRR and CRD IV were implemented without any phasing-in period, with the only exception that capital instruments not fully compliant with CRR may be included in the total capital during a limited grandfathering period. Since 2014, banks have been required to report the leverage ratio to regulators, with a formal disclosure requirement as from Q1 2015. According to the EU's regulations, the measure will be evaluated by the authorities prior to the possible introduction of a minimum requirement in 2018.

In early September 2014, the SFSA decided which capital requirements would apply to Swedish banks beyond the minimum level of 7 per cent. Common Equity Tier 1 ("CET1") capital (including the mandatory capital conservation buffer of 2.5 per cent.) in accordance with the EU rules. As of 1 January 2015 the four major Swedish banks are assigned a systemic risk buffer of 3 per cent. in CET1 capital within the framework of Pillar 1 and a further 2 per cent. within the framework of Pillar 2. The countercyclical buffer for Swedish exposures will be 1 per cent. from 13 September 2015.

The SFSA also stated that it did not intend to make a formal decision on the capital requirement for individual institutions in Pillar 2. As long as a formal decision has not been made, the capital requirement under Pillar 2 does not affect the level at which automatic restrictions on dividend and coupon payments take effect (due to a breach of the combined buffer requirements).

Since CRR became law, the SFSA has had the authority to allow banks exemptions from the current Basel I floor. The SFSA however has decided that the Basel I floor will be applied in Sweden also going forward. The buffer requirements in CRR/CRD IV, including the systemic risk buffers for the systemically important Swedish banks, is however calculated without taking the Basel I floor rules into account. The floor is only a parallel back-stop for the lowest level of own funds.

Supervisory authorities in Sweden and at the European level have made note of the major differences among the average risk weightings institutions use to calculate credit risks under the internal rating-based ("IRB") approach (a basis for calculating capital requirements for credit risk) especially as regards mortgage lending within the retail exposure class.

In May 2013, the SFSA introduced a risk weight floor for the Swedish mortgage portfolio as a supervisory measure under Pillar 2. The risk weight floor for Swedish mortgages was raised in September 2014 from 15 per cent. to 25 per cent. At present, Swedbank has sufficient CET1 capital to meet the decided risk weight floor, but no assurances can be made that Swedbank will continue to hold this level of CET1 capital, that the regulations around the risk weight floor will not change in the future, or that the definition of what constitutes CET1 capital will not change in the future.

The SFSA presented at the end of 2014 proposals for standardised models for Pillar 2 risks, which are expected to be implemented in 2015. The capital requirements of Pillar 2 risks are likely to be elucidated in 2015, including the level of Swedish banks' total capital requirements.

There is work ongoing within the EU to implement the "Bank Recovery and Resolution Directive" which shall give authorities the tools to handle banks in crises. The directive was intended to be implemented nationally starting 1 January 2015. However, the Swedish implementation has been delayed and will take place no earlier than mid-2015. The aim of the new framework is to reduce the risk that taxpayers will have to bear the cost in the event of a banking crisis. This will be accomplished through the option of what is known as bail-in, which means that shareholders and creditors bear the costs to a greater extent. As a consequence, banks will need to hold a minimum level of own funds and eligible liabilities ("MREL"). Parallel to this, the FSB has issued a proposal on Total Loss Absorbing Capital ("TLAC"), which sets corresponding requirements for globally systemically important banks. The proposal on TLAC is ultimately assumed to influence how the MREL requirement is determined in the EU. The FSB proposes a lag before implementation of TLAC (not before 1 January 2019), whereas the requirement to set MREL applies from the date of national implementation of Article 45 of the directive (i.e. 1 January 2016 at the latest). Uncertainties exist regarding the configuration and level of the MREL requirement, and consequently how this will affect the Board of Directors' opinion on the capital requirements, the maximum distributable amount and the increase in risk that future payments on the Notes will be restricted.

In addition, the Basel Committee is currently working on the review of the standardised approaches of the capital requirement framework for credit risk and market risks as well as for operational risks. The Basel Committee has also issued a consultative document on the design of a capital floor framework based on these revised standardised approaches. This framework will replace the current capital floor for banks using internal models, which is based on the Basel 1 standard. The consultation covers plans to institute a capital floor framework but the calibration of the floor is

outside the scope of this consultation. The Basel Committee will consider the calibration alongside its work on finalising the revised standardised approaches. There is a high degree of uncertainty with regards to the Basel Committee's final calibration of the proposed new frameworks, and subsequently how and when this will be implemented in the EU. It is thus too early to draw firm conclusions regarding the impact of the potential future capital requirements, and consequently how this will affect the Board of Directors' opinion on the capital requirements. 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 CET1 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.

If market participants were to view the Group as requiring higher capital levels than those it maintains or than those maintained by 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 PD 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 deteriorate. 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 deterioration in the economic environment, among other things, could result in further provisioning and/or an increase in REA, which could have a material adverse effect on the Swedbank Group's financial condition.

2.1.16 *The Swedish Government may, by operation of law or future contracts, acquire the Swedbank Group or its assets.*

As worsening global economic conditions increasingly began to impact Sweden, the Swedish Parliament adopted an act in October 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. 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 it is considered to be of material importance from a public perspective, and provided (i) the institution

or its shareholders have not accepted an agreement proposed by the Swedish National Debt Office which has not been considered unreasonable by an appeal board, (ii) the institution or its shareholders have not fulfilled an obligation under an agreement under the act which is of material importance, or (iii) the institution's capital base is below a certain level.

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

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

The Swedbank Group may be adversely affected by governmental responses to recent market disruptions in the countries in which 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 Swedbank Group has no control over governmental policy changes or over changes in the interpretation of fiscal legislation by any tax authority. The recent measures taken by various European governments to stimulate the economy and support the banking system may lead to an increase in the tax burden or to a reduction in tax benefits. Significant changes in governmental policy responses in Sweden or in the other countries where the Swedbank 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 Swedbank Group.

2.1.18 *The Swedbank Group is exposed to the risk that its debtors or counterparties may fail to perform their obligations. The Swedbank Group's business, profitability and liquidity may be adversely affected by deterioration in the credit quality of, or defaults by, entities who owe the Swedbank Group money, securities or other assets or whose securities or obligations the Swedbank Group holds.*

The Swedbank Group is exposed to the risk that entities owing the Swedbank Group money, securities or other assets will not perform their obligations. These entities may default on their obligations to the Swedbank Group due to bankruptcy, lack of liquidity, operational failure or other reasons. The Swedbank Group is also subject to the risk that its rights against these entities may not be enforceable in all circumstances. For example, different methods of holding collateral in different countries can affect the Swedbank Group's exposures as well as the value of the collateral to the Swedbank Group. In addition, deterioration in the credit quality of securities or obligations held by the Swedbank 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 Swedbank Group's counterparties could also have a negative impact on the Swedbank Group's results. While in many cases the Swedbank Group is permitted to require additional collateral from counterparties that experience financial difficulty or when collateral value has decreased, disputes may arise as to the amount of collateral the Swedbank Group is entitled to receive and the value of the counterparty's pledged assets. The termination of contracts and the foreclosure on collateral may therefore subject the Swedbank Group to claims for the improper exercise of its contractual 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 Swedbank Group's exposure to such counterparties to increase, and in some of those cases the actual value of the Swedbank Group's collateral is lower than it was when the agreement was entered into. The Swedbank Group may not be able to retain the value of its collateral due to legal concerns and to the ability of the Swedbank Group to manage real estate property and other assets.

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

2.1.19 *The Swedbank 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 Swedbank 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 Swedbank 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, especially if equity prices, interest rates, counterparty risk (including sovereigns) or inflation are subject to significant changes. 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 Swedbank Group's results of operations.

The Swedbank Group makes contributions to the schemes so that the plan assets cover obligations according to Swedish legal requirements. If a deficit arises the Swedbank Group could be obliged to, or may choose to, make additional contributions to the schemes. Revised accounting standards for pensions ("IAS 19") took effect on 1 January 2013 and, as a result of their implementation, Swedbank's reported pension liability increased by approximately SEK 4 billion and shareholders' equity was reduced by approximately SEK 3 billion. Consequently CET1 capital decreased by approximately SEK 3.2 billion, which was included in the comparative figures for 2012. During 2014 the discount rate fell from 3.44 per cent. to 2.29 per cent. At the same time the inflation rate fell from 2.00 per cent. to 1.28 per cent. These assumptions counteract each other. The Swedbank Group also lowered the assumption for annual salary increases during 2014 when the flat assumption was replaced by an age dependent assumption. The reassessment was made because the defined benefit plans have been closed for new members and are run off plans. The changes to the assumptions together did not give any significant impact. However, the rules in IAS 19 regarding defined benefit pension plans could create volatility in the estimated pension liability and thus to Swedbank's equity through other comprehensive income.

2.1.20 *Market fluctuations and volatility may adversely affect the value of the Swedbank 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 Swedbank Group's assets may decline significantly due to dislocation of financial markets, causing the Swedbank Group to record mark-to-market losses and may fluctuate over short periods of time. In addition, the Swedbank 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 Swedbank 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 Swedbank 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 fair value of interest bearing securities trading in active markets is ordinarily based on market prices (mark-to-market). However, where quoted prices on instruments are not readily and regularly available, as was the case in particular during autumn 2008, due in part to the dislocation of the global financial markets, fair value is estimated using an internal valuation model (mark-to-model), which is generally based on observable market data, i.e. the prices of financial instruments that are as similar in nature as possible and for which transactions have been completed. These values are then adjusted to best reflect the value of the Swedbank Group's securities. Adjustments for the relevant credit risk are based on the derivatives market.

2.1.21 *The IT and other systems on which the Swedbank Group depends for its day-to-day operations can fail for a variety of reasons which may be outside the Swedbank Group's control; the Swedbank Group is subject to the risk of infrastructure disruptions or other effects on such systems.*

The Swedbank 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 Swedbank Group's IT or other systems may have a material adverse effect on the Swedbank Group's financial condition and results of operations.

Despite the contingency plans and facilities the Swedbank 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 the Swedbank Group is located.

2.1.22 *The Swedbank Group is exposed to risks related to money laundering activities, especially in its operations in emerging markets, and compliance with anti-money laundering and anti-terrorism financing rules involves significant cost and effort.*

The Swedbank 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 Swedbank Group operates. Although the Swedbank Group believes that its current policies and procedures are sufficient to comply with applicable rules and regulations, it cannot guarantee that its Swedbank 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 Swedbank Group and may, as a result, have a material adverse effect on the Swedbank Group's financial condition and results of operations.

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

As the Swedbank Group expands the scope of its businesses and its client base, the Swedbank Group increasingly has to implement policies on corporate governance on a Swedbank Group-wide level and address potential conflicts of interest. Additionally, many financial institutions, including those within the Swedbank Group, are negatively impacted by fraudulent acts or violations of internal instructions committed by their own employees. The Swedbank 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 Swedbank Group or its reputation.

2.1.24 *The Swedbank Group operates in competitive markets and further increased competition may have an adverse effect on its financial condition and results of operations.*

The Swedbank Group is subject to significant competition in the markets in which it operates. Competition may increase in some or all of the Swedbank Group's markets as a result of legislative, regulatory, technological or other factors. Increased competition could cause the Swedbank 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 Swedbank 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 Swedbank 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 Swedbank Group's business, financial condition, results of operations, liquidity, markets and/or prospects.

2.1.25 *In order to successfully compete, the Swedbank Group depends on highly skilled individuals; the Swedbank Group may not be able to retain or recruit key talent.*

The Swedbank Group's performance is largely dependent on the talents and efforts of highly skilled individuals. The Swedbank Group's continued ability to compete effectively in its businesses depends on the Swedbank Group's 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 Swedbank 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 Swedbank Group's ability to take advantage of business opportunities, potential efficiencies, or profitably manage its existing or new assets.

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

The Swedbank 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 Swedbank Group operates. This is particularly the case in the current market environment, which is experiencing increased levels of government and regulatory intervention in the financial sector, which the Swedbank Group expects to continue for the foreseeable future. Future changes in regulation, fiscal or other policies are unpredictable and beyond the control of the Swedbank Group and could materially adversely affect the Swedbank Group's business, financial condition and results of operations.

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

Swedbank is subject to supervision by the SFSA and to Swedish regulations regarding, among other things, capital adequacy, liquidity and solvency (see "Risk Factors – Risks Relating to Swedbank – 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 Swedbank Group's subsidiaries and operations are subject to the supervision of other local supervisory authorities. In Sweden and elsewhere, there is increased political and regulatory scrutiny of financial and mortgage institutions. The Swedbank Group is unable to predict what regulatory changes may be imposed in the future as a result of regulatory initiatives in the EU and elsewhere or by the SFSA and other supervisory authorities. If the Swedbank 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 Swedbank Group. In addition, failure by the Swedbank Group to comply with regulatory requirements could result in significant penalties.

The Swedbank Group is also subject to EU regulations with direct applicability and to EU directives which are adopted by the EEA Member States and implemented through local laws. See section 2.2.1.4 below.

2.2 Risks relating to the Notes

2.2.1 Risks relating to the structure of the Notes

2.2.1.1 *Interest payments on the Notes may be cancelled by the Issuer (in whole or in part) at any time and, in certain circumstances, the Issuer will be required to cancel such interest payments*

2.2.1.1.1 *The Issuer is entitled to cancel interest payments for no reason and without stating a reason or giving notice to the holders*

Interest on the Notes will be due and payable only at the sole and absolute discretion of the Issuer, which may, at all times and for any reason, cancel (in whole or in part) any interest payment that would otherwise be payable on any Interest Payment Date.

The Issuer may without restriction use funds that could have been applied to make such cancelled payments to meet its other obligations as they become due and may pay interest on other subordinated debt and dividends on its shares notwithstanding such cancellation.

2.2.1.1.2 *In certain circumstances the Issuer may be required by law or banking regulations or contractual obligations to cancel interest payments in whole or in part*

In certain circumstances the Issuer may be required by law or banking regulations or contractual obligations to cancel interest payments. These regulations and their interaction are complex and may change over time.

Under the regulations in force at the time of issuance, the Issuer is only allowed to pay interest out of "distributable items" (as defined in CRR). In practice this means that the Issuer will be required to cancel an interest payment in whole or in part, if its distributable items on an Interest Payment

Date is less than the sum of all distributions or interest payments on all own funds instruments of the Issuer paid or required to be paid in the then financial year.

Further, under Article 141 (Restrictions on distributions) of the CRD IV Directive, as recently implemented in Sweden, institutions that fail to meet the combined buffer requirement (as described below) will be subject to restricted “discretionary payments” (which are defined broadly by CRD IV as payments relating to common equity Tier 1, variable remuneration and payments on Additional Tier 1 Capital instruments). In these circumstances, payments will be made on the Notes (whether by way of principal, interest or otherwise) only if and to the extent that such payments would not cause the maximum distributable amount (if any) to be exceeded. The maximum distributable amount is a novel concept, and its determination is subject to considerable uncertainty.

For example, the maximum distributable amount could be limited to earnings accrued from the time of the latest decision to make a “discretionary payment”. The probability of the Issuer paying interest on the Notes in this situation would therefore, in addition to other circumstances, depend on the timing of the Issuer’s other discretionary payment decisions, such as any decision to pay dividends to the shareholders of the Issuer. There is no legal obligation on the Issuer in this situation to prioritise payments to holders of the Notes before payments to its shareholders.

Under CRD IV, institutions will be required to hold a minimum amount of regulatory capital of 8.0 per cent. of Risk Exposure Amount (as defined in CRR). In addition to these so-called “own funds” requirements under CRD IV, supervisors may require that extra capital be added to cover other risks (thereby increasing the regulatory minimum required under CRD IV). In Sweden, it is anticipated that the SFSA will do this by continuous dialogue with institutions rather than formal additional capital requirements. In any event, the views of the SFSA will affect the level at which restrictions on distributions linked to the “combined buffer requirement” come into effect.

CRD IV also introduces capital buffer requirements that are in addition to the minimum capital requirement and required to be met with common equity tier 1 capital. It introduces five new capital buffers: (i) the capital conservation buffer, (ii) the institution-specific counter-cyclical buffer, (iii) the global systemically important institutions buffer, (iv) the other systemically important institutions buffer and (v) the systemic risk buffer. Some or all of these buffers may be applicable to the Swedbank Group as determined by the SFSA in accordance with recently adopted Swedish legislation implementing CRD IV in Sweden and are referred to as the “combined buffer requirements”.

In addition to the regulatory restrictions mentioned above, the Issuer is bound by certain contractual obligations affecting its discretion to pay interest on the Notes. Under the conditions of certain Parity Securities issued prior to the issuance of the Notes, if the “available distributable amount” (as defined therein) is not sufficient to make all interest payments in full on those Parity Securities and all other debt instruments ranking *pari passu* with them, including the Notes, interest payments on all of these will be reduced.

Cancelled interest shall not be due and shall not accumulate or be payable at any time thereafter, and Noteholders shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation. Furthermore, no cancellation of interest in accordance with the terms of the Notes shall constitute a default in payment or otherwise under the Notes.

The Issuer is not obliged to inform investors about such interest cancellation, neither before or after it has occurred.

2.2.1.1.3 *The Notes may be traded with accrued interest, but under certain circumstances described above such interest may be cancelled and not paid on the relevant Interest Payment Date.*

The Notes may trade, and/or the prices for the Notes may appear, on the Irish Stock Exchange and in other trading systems with accrued interest. If this occurs, purchasers of the Notes in the secondary market will pay a price that reflects such accrued interest upon purchase of the Notes. However, if a payment of interest on any Interest Payment Date is cancelled (in whole or in part) as described herein and thus is not due and payable, purchasers of such Notes will not be entitled to that interest payment (or, if the Issuer elects to make a payment of a portion, but not all, of such interest payment, the portion of such interest payment not paid) on the relevant Interest Payment Date.

2.2.1.1.4 *Any actual or anticipated cancellation of interest on the Notes will likely have an adverse effect on the market price of the Notes.*

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

2.2.1.2 ***Upon the occurrence of a Trigger Event, the Noteholders will lose all of their claims for payment under the Notes and receive Conversion Shares instead which are more deeply subordinated than the Notes. The number and/or value of the Conversion Shares received by Noteholders following an Automatic Conversion may be less than Noteholders may have expected. In addition, Noteholders may not receive Conversion Shares if they fail to submit a Delivery Notice in the manner or within the prescribed period set out in the Terms and Conditions of the Notes***

The Notes are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of the Issuer and the Swedbank Group. Such eligibility depends upon a number of conditions being satisfied, which are reflected in the Terms and Conditions of the Notes. One of these relates to the ability of the Notes and the proceeds of their issue to be available to absorb any losses of the Issuer. Accordingly, upon the occurrence of a Trigger Event, (i) the Notes will be converted into Conversion Shares, (ii) the principal amount of the Notes will be written down to zero and, accordingly, the principal amount of the Notes shall equal zero at all times thereafter, (iii) the Noteholders will no longer have any rights against the Issuer with respect to the repayment of the principal amount of the Notes or the payment of interest or any other amount on or in respect of such Notes, which liabilities of the Issuer shall be irrevocably and automatically released and (iv) the Issuer's only obligations and liabilities under the Notes shall be an obligation to deliver Conversion Shares to the Settlement Shares Depository on behalf of the Noteholders.

Once a Note has been converted into Conversion Shares, the principal amount of such Note will not be restored in any circumstances (including where the relevant Trigger Event ceases to continue), no further interest will accrue or be payable on such Note at any time thereafter and the Noteholders shall have no recourse to the Issuer for any further payment in respect of the Notes (but without prejudice to the right of the Noteholders to receive the relevant number of Conversion Shares from the Settlement Shares Depository).

If a Trigger Event (and consequent Automatic Conversion) occurs, Noteholders will only have the claims under their Conversion Shares, and such claims in a winding-up (Sw: *likvidation*) or bankruptcy (Sw: *konkurs*) of the Issuer are the most junior-ranking of all claims. Claims in respect

of Conversion Shares are not for a fixed principal amount, but rather are limited to a share of the surplus assets (if any) remaining following payment of all amounts due in respect of the liabilities of the Issuer.

Further, the Terms and Conditions provide that a Noteholder, and not the Issuer, shall be responsible for paying any taxes and capital, stamp, issue, registration and transfer taxes and duties arising to such Noteholder on an Automatic Conversion as a consequence of any disposal or deemed disposal of their Notes (or any interest therein) and/or the issue or delivery to them of any Conversion Shares (or any interest therein). In addition, upon an Automatic Conversion, the holders of Conversion Shares may be subject to Swedish withholding tax on any dividend payments and certain other distributions in relation to the Conversion Shares. Please see "Taxation – Swedish Taxation".

If a Noteholder fails to submit a Delivery Notice to the Settlement Shares Depositary in the manner and within the prescribed timeframe specified in the Terms and Conditions of the Notes, the Settlement Shares Depositary shall use its reasonable endeavours to sell the relevant Conversion Shares (which would otherwise have been due to such Affected Noteholder) in the open market and it shall hold the Cash Proceeds on trust (or other similar arrangement) on behalf of the Affected Noteholder, in accordance with the Terms and Conditions of the Notes. There is therefore a risk that Noteholders will not receive Conversion Shares upon the occurrence of a Trigger Event.

Because a Trigger Event will occur when the CET1 Ratio of the Issuer or the Swedbank Group, as applicable, will have deteriorated significantly, any Trigger Event will likely be accompanied by a prior deterioration in the market price of the Ordinary Shares, which may be expected to continue after announcement of the relevant Trigger Event. Therefore, in the event of the occurrence of a Trigger Event, the Current Market Price of an Ordinary Share may be below the Floor Price, and investors could receive Conversion Shares at a time when the market price of the Conversion Shares is considerably less than the Conversion Price. In such circumstances, Noteholders may receive a smaller number of Conversion Shares than expected by the Noteholders. In addition, there may be a delay in a Noteholder receiving its Conversion Shares following an Automatic Conversion, during which time the market price of the Ordinary Shares may fall further. As a result, the value of the Conversion Shares received following an Automatic Conversion could be substantially lower than the price paid for the Notes at the time of their purchase.

Also, because the Notes are denominated in a currency other than SEK and any Conversion Shares will be denominated in SEK, fluctuations in the exchange rates between these two currencies may adversely affect the number of Conversion Shares delivered to a Noteholder as a result of an Automatic Conversion.

2.2.1.3 *Noteholders may lose a right to dividends, distributions or other rights emanating from the Conversion Shares in the event of liquidation (Sw: likvidation) or bankruptcy (Sw: konkurs) proceedings of the Issuer prior to the registration of such Conversion Shares with the Share Registrar or the SCRO*

In the event that liquidation (Sw: likvidation) or bankruptcy (Sw: konkurs) proceedings have been initiated against the Issuer after the Conversion Date but before the Conversion Shares have been registered with the Share Registrar or the SCRO, the Conversion Shares may not be registered at all or may only be registered if the liquidator or the administrator in the bankruptcy (Sw: konkurs) (if and when appointed) so agrees. The Conversion Shares will carry a right to dividends, distributions and other rights having a record date that occurs on or after the Registration Date. If the Conversion Shares are not registered with the Share Registrar or the SCRO, the Noteholders will not have the benefit of any dividends, distributions or other rights in relation to the share capital of the Issuer emanating from the Conversion Shares which are contingent upon such registration.

2.2.1.4 *In addition to a conversion of the Notes in accordance with Condition 5 (Loss Absorption Mechanism) as described above, the Notes may also be written off, written down, converted to ordinary shares or otherwise modified in a manner which is materially adverse to investors in circumstances where the resolution authorities exercise powers under EU recovery and resolution regimes. The exercise of any such power or any suggestion of such exercise could materially adversely affect the rights of Noteholders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes*

On 2 July 2014, Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "BRRD") entered into force. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of the institution's failure on the economy and financial system.

The BRRD provides that it will be applied by Member States from 1 January 2015, except for the general bail-in tool (see below) which is to be applied from 1 January 2016. In February 2011, the Swedish government appointed the Financial Crisis Committee to *inter alia*, review and propose legislation in respect of future financial crises. This committee has been given the task of proposing implementation in Sweden of the BRRD and in June 2014 the committee delivered its report to the government and the proposals of the committee were then circulated for consultation until 31 October 2014. At the time of this Offering Circular it is unclear when a legislative proposal will be put to the Swedish parliament and what such proposal will look like.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in - which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims including the Notes into equity (the "general bail-in tool"), which equity could also be subject to any future application of the general bail-in tool.

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

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

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

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

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

Neither the BRRD nor the proposals of the Financial Crisis Committee contain any grandfathering or transitional rules that would exempt the Notes from the application of these powers even if the Notes have been issued before the BRRD entering into force in Sweden.

2.2.1.5 *The value of the Notes may decline because of changes, or perceived changes, in the CET1 Ratio of the Issuer or the Group. The circumstances that may give rise to a Trigger Event are unpredictable, as there are a number of factors that could affect the CET1 Ratio of the Issuer or the Group*

The market price of the Notes is expected to be affected by changes, or perceived changes, in the CET1 Ratio of the Issuer or the Group. Changes, or perceived changes, in the CET1 Ratio of the Issuer or the Group may be caused by changes in the amount of CET1 Capital and/or Risk Exposure Amount, as well as changes to their respective definition and interpretation under the Relevant Rules.

The Issuer only publicly reports the CET1 Ratio of the Issuer and the Group quarterly as of the period end, and therefore during the quarterly period there is no published updating of the CET1 Ratio of the Issuer or the Group and there may be no prior warning of adverse changes in the CET1 Ratio of the Issuer or the Group. The CET1 Ratio of the Issuer or the Group may fluctuate during a quarterly period, as described below. Any decline in the CET1 Ratio of the Issuer or the Group or an indication that the CET1 Ratio of the Issuer or the Group is moving towards the level of a Trigger Event may have an adverse effect on the market price of the Notes.

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, including those discussed in greater detail in the following paragraphs, any of which may be outside the Issuer’s control.

The calculation of such ratio could be affected by one or more factors, including, among other things, changes in the mix of the Group’s business, major events affecting the Group’s earnings, dividend payments by the Issuer, regulatory changes (including changes to definitions and

calculations of regulatory capital ratios and their components, including CET1 Capital and Risk Exposure Amount) and the Group's ability to manage assets included in its Risk Exposure Amount in both its on-going businesses and those which it may seek to exit.

The Issuer will have no obligation to consider the interests of the Noteholders in connection with the strategic decisions of the Group, including in respect of capital management. Noteholders will not have any claim against the Issuer or any other member of the Swedbank Group relating to decisions that affect the business and operations of the Swedbank Group, including its capital position, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause Noteholders to lose all or part of the value of their investment in the Notes.

In addition, the Group has capital resources and assets included in its Risk Exposure Amount denominated in foreign currencies, and changes in foreign exchange rates will result in changes in the Relevant Currency equivalent value of foreign currency denominated capital resources and assets included in its Risk Exposure Amount. As a result, the CET1 Ratio of the Issuer and the Group is exposed to foreign currency movements.

The calculation of the CET1 Ratio of the Issuer and the Group may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules. Moreover, even if changes in applicable accounting rules, or changes to regulatory adjustments which modify accounting rules, are not yet in force as of the relevant calculation date, the SFSA could require the Issuer to reflect such changes in any particular calculation of the relevant CET1 Ratio. Any decline in the CET1 Ratio of the Issuer or the Group may have an adverse effect on the market price of the Notes

Because of the inherent uncertainty regarding whether a Trigger Event will occur, it will be difficult to predict when, if at all, an Automatic Conversion may occur. Accordingly, the trading behaviour of the Notes is not necessarily expected to follow the trading behaviour of other types of security. Any indication that a Trigger Event may occur can be expected to have a material adverse effect on the market price of the Notes.

2.2.1.6 *Noteholders will also bear the risk of fluctuations in the price of the Ordinary Shares*

The market price of the Notes is expected to be affected by fluctuations in the market price of the Ordinary Shares, in particular if at any time there is a significant deterioration in the CET1 Ratio of the Issuer or the Group. In addition, it is impossible to predict whether the price of the Ordinary Shares will rise or fall. Market prices of the Ordinary Shares will be influenced by, among other things, the financial position of the Issuer and the Swedbank Group, the results of operations and political, economic, financial and other factors. Any decline in the market price of the Ordinary Shares or any indication that the CET1 Ratio of the Issuer or the Group is trending towards the occurrence of a Trigger Event may have an adverse effect on the market price of the Notes. The level of the CET1 Ratio of the Issuer or the Group may also significantly affect the market price of the Notes and/or the Ordinary Shares.

2.2.1.7 *The value of the Notes may decline because the holders do not have anti-dilution protection in all circumstances. In particular, the occurrence of corporate actions or events in respect of which no adjustment to the Floor Price is made may adversely affect the value of the Notes*

The number of Conversion Shares which are to be issued in respect of each Note upon the occurrence of a Trigger Event shall be determined by dividing the aggregate principal amount of such Note outstanding immediately prior to the Conversion Date by the Conversion Price (rounded down, if necessary, to the nearest whole number of Conversion Shares).

The Conversion Price will be, if the Ordinary Shares are:

- (a) then admitted to trading on a Relevant Stock Exchange, the greater of:
 - (i) the Current Market Price of an Ordinary Share on the Conversion Date translated into USD at the then Prevailing Exchange Rate; and
 - (ii) the Floor Price on the Conversion Date; or
- (b) not then admitted to trading on a Relevant Stock Exchange, the Floor Price on the Conversion Date.

The Floor Price will be adjusted upon the occurrence of certain corporate actions, as specified in Condition 5(g) (*Adjustment of Floor Price*) provided always that the Floor Price shall not be less than the quota value (*Sw: kvotvärde*) of the Ordinary Shares immediately prior to Automatic Conversion translated into USD at the then Prevailing Exchange Rate. However, save as specified in Condition 5(g) (*Adjustment of Floor Price*), there is no requirement that there should be an adjustment of the Floor Price for any other corporate actions or events that may affect the market price of the Conversion Shares, including, without limitation, as a result of any extraordinary distributions to the holders of Ordinary Shares.

Accordingly, the occurrence of corporate actions or events in respect of which no adjustment to the Floor Price is made may adversely affect the value of the Notes.

2.2.1.8 The Notes are deeply subordinated obligations

The Notes are unsecured, deeply subordinated obligations of the Issuer and are currently the most junior debt instruments of the Issuer, ranking behind claims of depositors of the Issuer, other unsubordinated creditors of the Issuer and subordinated creditors of the Issuer in respect of Subordinated Indebtedness other than Parity Securities and Junior Securities which comprise Subordinated Indebtedness, *pari passu* amongst themselves and at least *pari passu* with Parity Securities and currently in priority only to all Junior Securities.

In the event of the voluntary or involuntary liquidation (*Sw: likvidation*) or bankruptcy (*Sw: konkurs*) of the Issuer, the Issuer may not have enough assets remaining after payments to such prior ranking creditors to pay amounts due under the Notes.

Despite their *pari passu* ranking in case of liquidation or bankruptcy, due to different trigger levels for loss absorption among the Notes and some of the Parity Securities, the Notes will absorb losses of the Issuer by being converted into Ordinary Shares before holders of such Parity Securities have to suffer any losses by way of being written down.

For the avoidance of doubt, the holders of the Notes shall, in a winding-up (*Sw: likvidation*) or bankruptcy (*Sw: konkurs*) of the Issuer which commences prior to any Conversion Date, have no claim in respect of the surplus assets (if any) of the Issuer remaining in any winding-up or dissolution following payment of all amounts due in respect of the liabilities of the Issuer.

2.2.1.9 The Issuer is not prohibited from issuing further debt, which may rank *pari passu* with or senior to the Notes

Subject to complying with applicable regulatory requirements in respect of its capital ratios and, when implemented, leverage ratios, there is no restriction on the amount or type of further securities or indebtedness that the Issuer or its subsidiaries may issue, incur or guarantee, as the case may be, that rank senior to, or *pari passu* with, the Notes offered hereby. The issue or

guaranteeing of any such further securities or indebtedness may reduce the amount recoverable by the Noteholders in the case of a voluntary or involuntary liquidation (Sw: *likvidation*) or bankruptcy (Sw: *konkurs*) of the Issuer and may limit its ability to meet its obligations under the Notes. In addition, the Notes do not contain any restriction on the Issuer issuing securities that may have preferential rights to the Notes or securities with similar or different provisions to those described herein.

2.2.1.10 The Notes are of a perpetual nature

The Notes have no fixed final redemption date and holders have no rights to call for the redemption of the Notes. Although the Issuer may redeem the Notes in certain circumstances there are limitations on its ability to do so. Therefore, Noteholders should be aware that they may be required to bear the financial risks of an investment in such Notes for an indefinite period of time.

2.2.1.11 Notes subject to optional redemption by the Issuer or upon the occurrence of a Capital Event or a Tax Event

Subject as provided herein, in particular to Condition 6(e) (*Conditions to redemption*), the Issuer may, at its option, redeem the Notes, in whole but not in part, on any Optional Redemption Date at their principal amount, together with any accrued but unpaid interest thereon insofar as it has not been cancelled (or deemed to be cancelled in accordance with Condition 4 (*Interest Cancellation*)). Subject as aforesaid, upon the occurrence of a Capital Event or a Tax Event, the Issuer may also, at its option, at any time redeem the Notes, in whole but not in part, together with any accrued but unpaid interest thereon insofar as it has not been cancelled (or deemed to be cancelled in accordance with Condition 4 (*Interest Cancellation*)).

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

Upon redemption, an investor generally may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

2.2.1.12 Remedies in the case of default on the Notes are severely limited

The Notes will contain limited enforcement events relating to:

- (i) non-payment by the Issuer of any amounts due under the Notes. In such circumstances, as described in more detail in Condition 10 (*Events of Default*) and subject as provided below, a Noteholder may institute proceedings in Sweden for the Issuer to be declared bankrupt (Sw: *konkurs*) or its winding-up or liquidation (Sw: *likvidation*) and prove or claim in the bankruptcy (Sw: *konkurs*) or liquidation (Sw: *likvidation*) of the Issuer; and
- (ii) the bankruptcy (Sw: *konkurs*) or the winding-up or liquidation (Sw: *likvidation*) of the Issuer, whether in Sweden or elsewhere. In such circumstances, as described in more detail in Condition 10 (*Events of Default*), a Noteholder may declare its Notes to be due and payable at its principal amount and prove or claim in the bankruptcy (Sw: *konkurs*) or liquidation (Sw: *likvidation*) of the Issuer.

However, in each case, the Noteholder may claim payment in respect of the Notes only in the winding up or liquidation or, as the case may be, bankruptcy (Sw: *konkurs*) or liquidation (Sw: *likvidation*) of the Issuer.

2.2.1.13 Noteholders will have to submit a Delivery Notice in order to receive delivery of the Conversion Shares and they (or their nominee, custodian or other representative) will have to have an account with Euroclear Sweden in order to receive the Conversion Shares

In order to obtain delivery of the Conversion Shares, a Noteholder must deliver a Delivery Notice (and the relevant Notes) to the Settlement Shares Depositary in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg or (if the Notes are in definitive form) to the Paying and Conversion Agent. The Delivery Notice must contain certain information, including the Noteholder's Euroclear Sweden account details. Accordingly, Noteholders (or their nominee, custodian or other representative) will have to have an account with Euroclear Sweden in order to receive the Conversion Shares. If a Noteholder fails to properly complete and deliver a Delivery Notice on or before the Notice Cut-off Date, the Settlement Shares Depositary shall continue to hold the Conversion Shares on trust (or other similar arrangement) for ten (10) Business Days until a Delivery Notice (and the relevant Notes) is or are so validly delivered. The Issuer shall have no liability to any Noteholder for any loss resulting from such Noteholder not receiving any Conversion Shares or from any delay in the receipt thereof, in each case as a result of such Noteholder failing to submit a valid Delivery Notice on a timely basis or at all.

2.2.1.14 Receipt by the Settlement Shares Depositary of the Conversion Shares shall irrevocably discharge and satisfy the Issuer's obligations in respect of the Notes

The Issuer will deliver the relevant Conversion Shares to the Settlement Shares Depositary on the Registration Date, and the Settlement Shares Depositary will hold the Conversion Shares on behalf of the Noteholders. Receipt by the Settlement Shares Depositary of the Conversion Shares shall irrevocably discharge and satisfy the Issuer's obligations in respect of the Notes and a Noteholder shall, with effect on and from the Registration Date, only have recourse to the Settlement Shares Depositary for the delivery to it of the relevant Conversion Shares. The Issuer shall not have any liability for the performance of the obligations of the Settlement Shares Depositary.

In addition, the Issuer has not yet appointed a Settlement Shares Depositary and the Issuer may not be able to appoint a Settlement Shares Depositary if an Automatic Conversion occurs. In such a scenario, the Issuer would inform Noteholders of any alternative arrangements in connection with the issuance and/or delivery of the Conversion Shares, and such arrangements may be disadvantageous to, and more restrictive on, the Noteholders. For example, such arrangements may involve Noteholders having to wait longer to receive their Conversion Shares than would be the case under the arrangements expected to be entered into with a Settlement Shares Depositary. Under these circumstances, the Issuer's issuance of the Conversion Shares to the relevant recipient in accordance with these alternative arrangements shall constitute a complete and irrevocable release of all of the Issuer's obligations in respect of the Notes.

2.2.1.15 Noteholders may be obliged to make a takeover bid upon the occurrence of the Trigger Event if they take delivery of Conversion Shares

Upon the occurrence of the Trigger Event, a Noteholder receiving Conversion Shares may have to make a takeover bid addressed to all the shareholders of the Issuer pursuant to the Swedish Stock Market (Takeover Bids) Act (2006:451) (as amended or replaced from time to time) implementing Directive 2004/25/EC of the European Parliament and of the Council if its aggregate holding of

voting rights in the Issuer (or its voting rights aggregated with those of its related parties) represent at least 30 per cent. of all the voting rights in the Issuer.

2.2.1.16 Noteholders who receive Conversion Shares upon the occurrence of a Trigger Event may be subject to disclosure obligations and/or may need approval by the Issuer's regulators and other authorities

As the Notes are convertible into Conversion Shares in certain circumstances, an investment in the Notes may result in a Noteholder, upon conversion of its Notes into Conversion Shares, having to comply with certain disclosure and/or approval requirements pursuant to the Swedish Banking and Financing Business Act (2004:297) and the Swedish Financial Instruments Trading Act (1991:980) (each as amended or replaced from time to time) and other laws and regulations. Non-compliance with such disclosure and/or approval requirements may lead to the incurrance by the Noteholder of substantial fines and/or suspension of voting rights associated with the Conversion Shares.

2.2.1.17 Noteholders who receive Conversion Shares may be subject to compulsory acquisition proceedings in relation to their Conversion Shares

Pursuant to the Swedish Companies Act (2005:551), a shareholder that directly or indirectly holds more than 90 per cent. of the shares of the Issuer is entitled to acquire the other shareholders' shares and each minority shareholder is entitled to require such majority shareholder to acquire its shares. A majority shareholder that exercises such right to acquire the outstanding shares in the Issuer is also entitled to acquire any convertibles (including the Notes) or warrants issued by the Issuer. Each holder of such convertibles or warrants (including the Noteholders) is entitled to require the majority shareholder to acquire its convertibles (including the Notes) or warrants notwithstanding that the majority shareholder does not exercise its right to acquire the outstanding shares. If an agreement on the purchase price cannot be reached between the parties, the purchase price shall be determined through arbitration and generally be the price which could be expected in a sale under normal circumstances. A shareholder or a holder of a convertible or a warrant who does not participate in the arbitration will be represented by a trustee appointed by the SCRO.

2.2.1.18 The Notes will be repaid if the Issuer fails to register the resolution to issue the Notes with the SCRO within the prescribed timeframe

The issue of the Notes must comply with certain procedural requirements laid down in the Swedish Companies Act. Under such act, the Issuer must register with the SCRO its resolution to issue the Notes within six months of such resolution being made. If the Issuer fails to comply with this registration requirement or if the resolution for any other reason is not registered, the resolution to issue the Notes will cease to be valid and the Issuer will be obliged under the Swedish Companies Act to repay any sums paid for subscribed Notes, together with interest according to the Swedish Interest Act (*Sw: räntelagen*). In addition, potential investors should note that it is unclear how such repayment would be practically operated.

An investor generally may not be able to reinvest the repaid sums at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower interest rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

2.2.1.19 Notes are not aggregated for the purposes of determining the number of Conversion Shares to be issued in respect of a Noteholder's holding in the Notes

If one or more Delivery Notices and relevant Notes are delivered by a Noteholder to the Settlement Shares Depositary (as provided in Condition 5(d) (*Settlement Procedure*)) such that any Conversion Shares to be issued and delivered to such Noteholder following an Automatic Conversion are to be registered in the same name, the number of Conversion Shares to be issued and delivered in respect thereof shall be calculated on the basis of individual Notes and not on the basis of the aggregate principal amount of such Notes to be converted.

The number of Conversion Shares to be issued in respect of each Note shall be determined in accordance with the calculation in Condition 5(c) (*The Conversion Shares*) and such calculation shall be rounded down, if necessary, to the nearest whole number of Conversion Shares. Fractions of Conversion Shares will not be issued following an Automatic Conversion and no cash payment will be made in lieu thereof. There is therefore a risk that a Noteholder submitting more than one Delivery Notice may receive fewer Conversion Shares than it would otherwise have received had its holding in the Notes been aggregated (where the aggregate principal amount of a Noteholder's Notes would have qualified such Noteholder for additional Conversion Shares when calculated in accordance with Condition 5(c) (*The Conversion Shares*)).

2.2.1.20 In certain circumstances, the Issuer can substitute or vary the terms of the Notes

If at any time a Capital Event or a Tax Event occurs, the Issuer may, subject to obtaining the prior consent of the SFSA (without any requirement for the consent or approval of the Noteholders) either substitute all (but not some only) of the Notes for Qualifying Additional Tier 1 Securities, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Additional Tier 1 Securities as further provided in the Terms and Conditions of the Notes. The terms and conditions of such substituted or varied Notes may have terms and conditions that contain one or more provisions that are substantially different from the terms and conditions of the original Notes, provided that the Notes remain or, as appropriate, become, Qualifying Additional Tier 1 Securities in accordance with the Terms and Conditions of the Notes.

While the Issuer cannot make changes to the terms of the Notes that, in its reasonable opinion (following consultation with an investment bank or financial advisor of international standing which is independent of the Issuer and its Subsidiaries), are materially less favourable to Noteholders as a class, no assurance can be given as to whether any of these changes will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding such substituted or varied Notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the Notes prior to such substitution or variation.

2.2.2 Risks relating to the Market Generally

2.2.2.1 The Secondary Market Generally

The Notes 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 Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

2.2.2.2 Lack of Liquidity in the Secondary Market may adversely affect the Market Value of the Notes

Generally weak global credit market conditions could contribute to a lack of liquidity in the secondary market for instruments similar to the Notes. In addition, the recent liquidity crisis has limited the primary market for a number of financial products, including instruments similar to the

Notes. While some measures have been taken by governments, there can be no assurance that the market for securities similar to the Notes 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 Notes to recover could adversely affect the market value of the Notes.

2.2.2.3 Exchange Rate Risks and Exchange Controls

The Issuer will pay principal and interest on the Notes in U.S. dollars. 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 U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. dollars 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 U.S. dollars would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

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

2.2.2.4 Interest Rate Risks

Notwithstanding that the rate of interest applicable to the Notes will be reset on the First Call Date and on each Reset Date thereafter, an investment in the Notes involves the risk that subsequent changes in market interest rates during the Initial Period or, as the case may be, during a Reset Interest Period may adversely affect the value of the Notes.

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

2.2.2.5 Credit Ratings may not reflect all risks

The Notes are expected to be assigned the following ratings: BBB- by S&P and BBB- by Fitch. 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 Notes. 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 Notes 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 Notes.

2.2.3 General Risks Relating to Notes

2.2.3.1 Modification and Waiver

The Terms and Conditions of the Notes and the Agency Agreement contain provisions for convening meetings of holders of the Notes to consider any matter affecting their interests generally. These provisions permit defined majorities to bind all holders of the Notes 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 Notes also provide that, subject to Condition 14(c) (*Relevant Regulator notice or consent*), the Notes and the Terms and Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

2.2.3.2 *Withholding Tax Under the EU Savings Directive*

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the EU.

For a transitional period, Austria is required (unless during that period it elects) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which operate a withholding system when they are implemented.

The end of the transitional period is 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 adopted similar measures (a withholding system in the case of Switzerland).

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 Issuer nor any Paying Agent, nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

2.2.3.3 *In certain circumstances, payments on the Notes may be subject to U.S. withholding tax under FATCA*

In certain circumstances payments made by non-U.S. entities may be subject to withholding under Sections 1471 through 1474 of the Internal Revenue Code, commonly referred to as "FATCA." The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with Sweden (the "IGA"). Under the IGA, signed on 8 August 2014, the Issuer does not expect payments made on or with respect to the Notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments

made on or with respect to the Notes in the future. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA.

2.2.3.4 *Change of Law*

The Terms and Conditions of the Notes are governed by English law, except for Condition 2 (*Status*) and any non-contractual obligations in relation thereto, any conversion of the Notes into Ordinary Shares and any Compulsory Acquisition Proceedings which shall be governed by Swedish law. No assurance can be given as to the impact of any possible judicial decision or change to English or Swedish law or administrative practice on or after the date of issue of the Notes and any such change could materially adversely impact the value of the Notes.

2.2.3.5 *Reliance on Euroclear and Clearstream, Luxembourg procedures*

The Notes will be represented on issue by one or more Global Notes that will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Notes, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, as the case may be.

While the Notes are in global form, the Issuer will discharge its payment obligations under the Notes by making payments to a common depositary. A holder of a beneficial interest in a Note must rely on the procedures of Euroclear and/or Clearstream, Luxembourg, as the case may be, to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in such a Global Note.

3 Information Incorporated by Reference

The following information shall be incorporated in, and forms part of, this Offering Circular:

- (1) the audited consolidated financial statements of the Issuer as at 31 December 2013 and 2012 (including the auditors' reports thereon) contained in the annual reports of the Issuer for the years ended 31 December 2013 and 2012 which can be viewed online at www.swedbank.com/investor-relations/financial-information-and-publications/annual-reports/index.htm; and
- (2) the unaudited financial information in the published unaudited interim report of the Issuer as at 31 December 2014 which can be viewed online at www.swedbank.com/investor-relations/financial-information-and-publications/index.htm.

Copies of documents incorporated by reference in this Offering Circular can be obtained, upon request and free of charge, from the registered office of the Issuer 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 Offering Circular shall not form part of this Offering Circular.

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

The table below sets out the relevant page references for the consolidated financial statements, the notes and the auditor's reports in the Issuer's financial statements for 2013 and 2012 as set out in the respective annual reports:

2013 Financial Statements		Page reference
1	Consolidated Financial Statements	p.64-68
2	Notes to Consolidated Financial Statements	p.69-175
3	Auditor's Report	p.177

2012 Financial Statements

1	Consolidated Financial Statements	p.73-77
2	Notes to Consolidated Financial Statements	p.78-177
3	Auditor's Report	p.179

The table below sets out the relevant page references for the unaudited financial information of the Issuer in the interim report for the period 1 January 2014 to 31 December 2014:

2014 Full Year Interim Financial Statements

1	Condensed Consolidated Financial Statements	p.26-31
2	Notes to Condensed Consolidated Financial Statements	p.31-55
3	Review Report	p.61

4 Terms and Conditions

The U.S.\$750,000,000 Fixed Rate Reset Additional Tier 1 Convertible Notes (the "Notes") of Swedbank AB (publ), a company incorporated under the laws of the Kingdom of Sweden and having registration number 502017-7753 (the "Issuer") are the subject of a fiscal agency agreement dated the Issue Date (the "Agency Agreement") between the Issuer, Citibank N.A., London Branch as fiscal agent (the "Fiscal Agent", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), Citibank N.A., London Branch as the paying and conversion agent (the "Paying and Conversion Agent", which expression includes any successor paying and conversion agents appointed from time to time in connection with the Notes), the paying agents named therein (the "Paying Agents", which expression includes any successor paying agents appointed from time to time in connection with the Notes) and Citibank N.A., London Branch as calculation agent (the "Calculation Agent", which expression includes any successor calculation agent appointed from time to time in connection with the Notes). Certain provisions of these Conditions are summaries of the Agency Agreement and subject to its detailed provisions. The holders of the Notes (the "Noteholders") and the holders of the related interest coupons (the "Couponholders" and the "Coupons", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

1. Form, Denomination and Title

The Notes are serially numbered and in bearer form in the denomination of U.S.\$200,000 with Coupons and talons (each, a "Talon") for further Coupons attached at the time of issue. Title to the Notes, the Coupons and the Talons will pass by delivery. The holder of any Note, Coupon or Talon shall (except as otherwise required by law) 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 other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

2. Status

Unless previously converted into Conversion Shares pursuant to Condition 5 (*Loss Absorption Mechanism*), the Notes will constitute direct, unsecured and subordinated debt obligations of the Issuer and will further entail an obligation for the Noteholders to have their Notes converted into Ordinary Shares as set forth in Chapter 15 of the Swedish Companies Act (*Sw: aktiebolagslagen (2005:551)*) (the "Swedish Companies Act") and in these Conditions.

In the event of the voluntary or involuntary liquidation (*Sw: likvidation*) ("Liquidation") or bankruptcy (*Sw: konkurs*) ("Bankruptcy") of the Issuer, the rights and claims (if any) of the Noteholders in respect of or arising from the Notes (including any accrued but uncanceled interest or damages awarded for breach of any obligations under these Conditions, if any are payable), shall rank:

- (A) junior in right of payments to the payment of any present or future claims of (a) depositors of the Issuer, (b) other unsubordinated creditors of the Issuer, and (c) subordinated creditors of the Issuer in respect of Subordinated Indebtedness other than Parity Securities and Junior Securities which comprise Subordinated Indebtedness;
- (B) *pari passu* without any preference among themselves;

- (C) at least *pari passu* with payments to holders of present or future outstanding Parity Securities; and
- (D) in priority to payments to holders of present or future outstanding Junior Securities.

In the event of the Liquidation or Bankruptcy of the Issuer that occurs after the date on which a Trigger Event occurs but before the Registration Date, the rights and claims (if any) of the Noteholders in respect of their Notes shall be limited to such amount, if any, as would have been payable to Noteholders on a return of assets in such Liquidation or Bankruptcy of the Issuer if the Registration Date had occurred immediately before the occurrence of such Liquidation or Bankruptcy of the Issuer.

No right of set-off or counterclaim

No Noteholder who shall in the event of the Liquidation or Bankruptcy of the Issuer be indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Notes held by such Noteholder.

3. Interest

- (a) *Interest Rate:* The Notes bear interest from (and including) 19 February 2015 (the "Issue Date") at the relevant Rate of Interest.
- (b) *Interest Payment Dates:* Interest will be payable in arrear on 17 March and 17 September in each year (each, an "Interest Payment Date"), except that the first payment of interest shall be made on 17 September 2015 in respect of the period from (and including) the Issue Date to (but excluding) such Interest Payment Date, all subject as provided in Condition 4 (*Interest Cancellation*), Condition 5 (*Loss Absorption Mechanism*) and Condition 7 (*Payments*) below.
- (c) *Accrual of Interest:* Each Note will cease to bear interest from (and including) the due date for redemption pursuant to Condition 6 (*Redemption and Purchase*).
- (d) *Interest to (but excluding) the First Call Date:* Subject as provided in Condition 4 (*Interest Cancellation*), Condition 5 (*Loss Absorption Mechanism*) and Condition 7 (*Payments*) below, for each Interest Period from (and including) the Issue Date to (but excluding) the First Call Date, the amount of interest per Calculation Amount payable on:
 - (i) each Interest Payment Date (other than the first Interest Payment Date) will be U.S.\$5,500; and
 - (ii) the first Interest Payment Date will be U.S.\$6,355.56.
- (e) *Interest from (and including) the First Call Date:* The rate of interest for each Interest Period from (and including) the First Call Date will be equal to the sum of (i) the Reference Rate in respect of the Reset Interest Period in which such Interest Period falls and (ii) the Margin, all as determined by the Calculation Agent.
- (f) *Determination of Reference Rate in relation to a Reset Interest Period:* The Calculation Agent will, as soon as practicable after 11:00 a.m. (New York City time) on each Reference Rate Determination Date in relation to a Reset Interest Period, determine the Reference Rate for such Reset Interest Period and calculate the amount of interest payable per Calculation Amount on the Interest Payment Dates in relation to each Interest Period falling in such Reset Interest Period (each a "Reset Interest Amount").

- (g) *Publication of Reference Rate and Reset Interest Amount:* With respect to each Reset Interest Period, the Calculation Agent will cause the relevant Reference Rate and the relevant Reset Interest Amount determined by it, together with the relevant Interest Payment Dates in relation to each Interest Period falling in such Reset Interest Period, to be notified to the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but in any event not later than the relevant Reset Date. Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 17 (*Notices*).
- (h) *Calculation of amount of interest per Calculation Amount:* Save as specified in Condition 3(d) (*Interest to (but excluding) the First Call Date*), and subject as provided in Condition 4 (*Interest Cancellation*), Condition 5 (*Loss Absorption Mechanism*) and Condition 7 (*Payments*) below, the amount of interest payable in respect of the Calculation Amount (including, for the avoidance of doubt, the Reset Interest Amount) for any period shall be calculated by:
 - (i) applying the applicable Rate of Interest to the Calculation Amount;
 - (ii) multiplying the product thereof by the Day Count Fraction; and
 - (iii) rounding the resulting figure to the nearest cent (half a cent being rounded upwards).
- (i) *Calculation of amount of interest per Note:* Subject as provided in Condition 4 (*Interest Cancellation*), Condition 5 (*Loss Absorption Mechanism*) and Condition 7 (*Payments*) below, the amount of interest payable in respect of a Note shall be the product of:
 - (i) the amount of interest per Calculation Amount; and
 - (ii) the number by which the Calculation Amount is required to be multiplied to equal the denomination of such Note.
- (j) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

4. Interest Cancellation

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

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

- (b) *Restriction on Interest Payments:* Payments of interest in respect of the Notes in any financial year of the Issuer shall be made only out of Distributable Items of the Issuer. To the extent that the Issuer has insufficient Distributable Items to make any payment of interest in respect of the Notes scheduled for payment in the then current financial year and any other interest payments or distributions paid and/or required and/or scheduled to be paid out of Distributable Items in such financial year in accordance with the Relevant Rules, in each case excluding any portion of such payments already accounted for in determining the Distributable Items of the Issuer, then the Issuer will, without prejudice to the right above to cancel all such payments of interest in respect of the Notes, make partial or, as the case may be, no such payment of interest in respect of the Notes.
- (c) *Effect of Interest Cancellation:* Interest will only be due and payable on an Interest Payment Date to the extent it is not cancelled or deemed cancelled in accordance with Condition 4(a) (*Discretionary Interest Payments*) and Condition 4(b) (*Restriction on Interest Payments*) above. Any interest cancelled or deemed cancelled (in each case, in whole or in part) in such circumstances shall not be due and shall not accumulate or be payable at any time thereafter nor shall any non-payment of such interest constitute an event of default under Condition 10 (*Events of Default*), and Noteholders shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation or deemed cancellation. The Issuer may use such cancelled payments without restriction to meet its obligations as they fall due.
- (d) *Notice of Interest Cancellation:* If practicable, the Issuer shall provide notice of any cancellation or deemed cancellation of interest (in whole or in part) to the Noteholders on or prior to the relevant Interest Payment Date. If practicable, the Issuer shall endeavour to provide such notice at least five (5) Business Days prior to the relevant Interest Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation or deemed cancellation of interest, or give Noteholders any rights as a result of such failure.

5. Loss Absorption Mechanism

- (a) *Automatic Conversion Upon Trigger Event*
 - (i) *Automatic Conversion:* If a Trigger Event occurs at any time, then an Automatic Conversion will be deemed to have occurred immediately at such time (the date on which such Trigger Event occurs being the "Conversion Date"), and the Notes will be converted into Conversion Shares at the Conversion Price as provided in this Condition 5.
 - (ii) *Effect of Automatic Conversion:* From and including the Conversion Date:
 - (A) the principal amount of the Notes will be written down to zero and, accordingly, the principal amount of the Notes shall equal zero at all times thereafter;

- (B) any interest in respect of an Interest Period ending on any Interest Payment Date falling on or after the Conversion Date shall be automatically cancelled and shall not be due and payable;
- (C) no Noteholder will have any rights against the Issuer with respect to the repayment of the principal amount of the Notes or the payment of interest or any other amount on or in respect of such Notes, which obligations and liabilities of the Issuer shall be irrevocably and automatically released; and
- (D) subject to the last paragraph of Condition 5(d) (*Settlement Procedure*), the Issuer's only obligations and liabilities under the Notes shall be an obligation to deliver Conversion Shares to the Settlement Shares Depositary on behalf of the Noteholders on the Registration Date in accordance with this Condition 5.

An Automatic Conversion shall not constitute an event of default or a breach of the Issuer's obligations or duties under these Conditions or a failure to perform by the Issuer in any manner whatsoever and shall not entitle Noteholders to petition for the insolvency or dissolution of the Issuer or otherwise.

- (iii) *No option to convert:* The Notes are not convertible into Conversion Shares at the option of the Noteholders or the Issuer at any time.

(b) *Automatic Conversion Procedure*

If an Automatic Conversion has occurred, the Issuer shall immediately inform the Relevant Regulator and shall deliver an Automatic Conversion Notice to the Noteholders in accordance with Condition 17 (*Notices*) and to the Fiscal Agent on or within five (5) Business Days after the occurrence of the Trigger Event (or within such shorter period as the Relevant Regulator may require).

Notwithstanding Condition 17 (*Notices*), the Automatic Conversion Notice shall be deemed to have been given on the date on which it is dispatched to the Noteholders.

(c) *The Conversion Shares*

The number of Conversion Shares which are to be issued in respect of each Note shall be determined by dividing the aggregate principal amount of such Note outstanding immediately prior to the Conversion Date by the Conversion Price rounded down, if necessary, to the nearest whole number of Conversion Shares. Fractions of Conversion Shares will not be issued following an Automatic Conversion and no cash payment will be made in lieu thereof.

The Conversion Shares resulting from an Automatic Conversion will be fully paid and non-assessable and will in all respects rank *pari passu* with all other Ordinary Shares in issue on the Registration Date, except in any such case for any right excluded by mandatory provisions of applicable law and except that the Conversion Shares so issued will not rank for the purposes of (or, as the case may be, the relevant Noteholder shall not be entitled to receive) any rights, the entitlement to which falls prior to the Conversion Date. The Conversion Shares will carry a right to dividends, distributions and rights having a record date that occurs on or after the registration of the Conversion Shares

(whether in the form of interim shares or regular shares) with the Share Registrar (the date such registration occurs being the "Registration Date").

(d) *Settlement Procedure*

Subject to the last paragraph of this Condition 5(d), the obligation of the Issuer to issue and deliver Conversion Shares to a Noteholder shall be satisfied by the delivery of the Conversion Shares in respect of the Note(s) of such Noteholder to the Settlement Shares Depositary on the Registration Date. Such delivery will be deemed to have occurred when the Conversion Shares are registered (whether as interim shares or regular shares) in the name of the Settlement Shares Depositary by the Share Registrar. With effect on and from the Registration Date, a Noteholder shall have recourse only to the Settlement Shares Depositary for the delivery of the number of Conversion Shares determined in respect of its Note(s) in accordance with Condition 5(c) (*The Conversion Shares*).

Delivery of the Conversion Shares by the Settlement Shares Depositary to the Noteholders will be made solely by book-entry with the Share Registrar and no physical share certificate will be delivered to any Noteholder in respect of any Conversion Share. Such delivery to a Noteholder will be made in accordance with the following procedures:

- (i) on the Registration Date, the Issuer shall deliver (in accordance with the first paragraph of this Condition 5(d)) to the Settlement Shares Depositary such number of Conversion Shares as is required to satisfy in full its obligation to deliver Conversion Shares on the Registration Date;
- (ii) following the delivery by the Issuer of an Automatic Conversion Notice, each Noteholder shall deliver a duly completed irrevocable Delivery Notice to the Paying and Conversion Agent at its specified office, together with its Notes, within the period of five (5) Business Days (in the relevant place of delivery) from (and including) the delivery of the Automatic Conversion Notice to the Noteholders in accordance with Condition 5(b) (*Automatic Conversion Procedure*) (the date on which such period expires being the "Notice Cut-off Date");
- (iii) the Paying and Conversion Agent shall give instructions to the Settlement Shares Depositary for the relevant Conversion Shares to be delivered by the Settlement Shares Depositary to each Noteholder on the Registration Date or as soon as practicable thereafter in accordance with the instructions given in the relevant Delivery Notice, provided that such duly completed Delivery Notice and the relevant Notes have been so delivered to the Paying and Conversion Agent not later than the Notice Cut-off Date;
- (iv) any determination as to whether any Delivery Notice has been properly completed and delivered together with the relevant Note(s) as provided in these Conditions shall be made by the Settlement Shares Depositary in its sole discretion and shall be conclusive and binding on the relevant Noteholder; and
- (v) in the case of any Noteholder which fails to deliver a valid Delivery Notice prior to the Notice Cut-off Date (each, an "Affected Noteholder"), the relevant Conversion Shares shall, for a period of ten (10) Business Days from (and including) the Notice Cut-Off Date, continue to be held on trust (or other similar arrangement) by the Settlement Shares Depositary for such Noteholder until

such Noteholder delivers a duly completed Delivery Notice and the relevant Note(s) and subject to Condition 5(e)(i) below. Following such ten (10) Business Day period, the Settlement Shares Depositary shall use its reasonable endeavours to sell the relevant Conversion Shares in the open market and it shall hold the cash proceeds (the "Cash Proceeds") received from such sale (after deduction of any costs or expenses incurred by it in relation thereto) on trust (or other similar arrangement) on behalf of the Affected Noteholder until such Affected Noteholder delivers a duly completed Delivery Notice, subject to a ten (10) year prescription period and subject to Condition 5(e)(i) below.

For so long as the Conversion Shares are held by the Settlement Shares Depositary on behalf of each Noteholder, the Settlement Shares Depositary, subject to applicable laws, shall also hold any Cash Dividends and any other dividends or rights distributed to all other Shareholders as a class in respect of such Conversion Shares on trust (or other similar arrangement) for such Noteholder. The Settlement Shares Depositary shall use its reasonable endeavours to sell any such rights in the open market before expiry and it shall hold the cash proceeds received from such sale (after deduction of any costs or expenses incurred by it in relation thereto) on trust (or other similar arrangement) on behalf of each Noteholder. Cash Dividend(s) (and other dividends or rights or proceeds therefrom) shall be paid to the relevant Noteholder in accordance with the instructions given in the relevant Delivery Notice.

If the Issuer has been unable to appoint a Settlement Shares Depositary prior to the last date on which it is permitted to deliver the Automatic Conversion Notice, it shall make such other arrangements for the issuance and/or delivery of the Conversion Shares to the Noteholders as it shall consider reasonable in the circumstances, which may include issuing the Conversion Shares to the Noteholders directly, which issuance shall irrevocably and automatically release all of the Issuer's obligations under the Notes as if the Conversion Shares had been issued to the Settlement Shares Depositary. In such circumstances, the Issuer will specify details about the relevant arrangements in the Automatic Conversion Notice.

(e) *Entitlement to Conversion Shares or Cash Proceeds*

- (i) Any Affected Noteholder delivering a Delivery Notice after the Notice Cut-off Date will have to provide evidence of its entitlement to the relevant Conversion Shares or Cash Proceeds (as the case may be) satisfactory to the Settlement Shares Depositary in its sole and absolute discretion in order to receive delivery of such Conversion Shares or Cash Proceeds (as the case may be).
- (ii) Neither the Settlement Shares Depositary nor the Issuer shall have any liability to any Noteholder for any loss resulting from such Noteholder not receiving any Conversion Shares (or Cash Proceeds) or from any delay in the receipt thereof, in each case as a result of such Noteholder failing to duly submit a Delivery Notice and the relevant Notes, if applicable, on a timely basis or at all.
- (iii) Neither the Issuer nor the Settlement Shares Depositary shall have any liability in respect of the sale of any Conversion Shares or rights, whether for the timing of any such sale or the price at or manner in which any such Conversion Shares or rights are sold or the inability to sell any such Conversion Shares or rights.

(f) *Taxes*

Neither the Issuer, nor any of its Subsidiaries shall be liable for any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a consequence of the delivery of Conversion Shares, which tax shall be borne solely by the Noteholder.

(g) *Adjustment of Floor Price*

Upon the happening of any of the events described below, the Floor Price shall be adjusted as follows, provided always, that the Floor Price shall not be less than the quota value (Sw: *kvotvärde*) of the Ordinary Shares immediately prior to Automatic Conversion translated into USD at the then Prevailing Exchange Rate:

- (i) If and whenever there shall be a consolidation (Sw: *sammanläggning*), reclassification (Sw: *omvandling*) or subdivision (Sw: *uppdelning*) in relation to the Ordinary Shares which alters the number of Ordinary Shares in issue, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to such consolidation, reclassification or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification or subdivision, as the case may be; and

B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation, reclassification or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification or subdivision, as the case may be, takes effect.

- (ii) If and whenever the Issuer shall issue any Ordinary Shares to Shareholders as a class credited as fully paid by way of capitalisation of profits or reserves (Sw: *fondemission*) (including any share premium account or capital redemption reserve), the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such issue; and

B is the aggregate number of Ordinary Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

- (iii) If and whenever the Issuer shall issue Ordinary Shares to all or substantially all Shareholders as a class by way of rights, or the Issuer or any of its Subsidiaries or (at the direction or request or pursuant to arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity shall issue or grant to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase Ordinary Shares, or any Securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued), in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the relevant Effective Date, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the relevant Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue on the relevant Effective Date;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights, or for the Securities issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share on the relevant Effective Date; and
- C is the number of Ordinary Shares to be issued or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase in respect thereof at the initial conversion, exchange, subscription or purchase price or rate,

provided that if, on the relevant Effective Date, such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this Condition 5(g)(iii), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the relevant Effective Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the relevant Effective Date.

Such adjustment shall become effective on the relevant Effective Date.

Notwithstanding the foregoing provisions:

- (A) where the events or circumstances giving rise to any adjustment pursuant to this Condition 5(g) have already resulted or will result in an adjustment to the Floor Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Floor Price or where more than one event which gives rise to an adjustment to the Floor Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Adviser to be in its opinion appropriate to give the intended result;
- (B) such modification shall be made to the operation of these Conditions as may be determined in good faith by an Independent Adviser to be in its opinion appropriate (i) to ensure that an adjustment to the Floor Price or the economic effect thereof shall not be taken into account more than once, and (ii) to reflect a redenomination of the issued Ordinary Shares for the time being into a new currency; and
- (C) for the avoidance of doubt, the issue of Ordinary Shares upon an Automatic Conversion or upon any conversion or exchange in respect of any other Securities or the exercise of any other options, warrants or other rights shall not result in an adjustment to the Floor Price.

(h) *Determination of Consideration Receivable*

For the purpose of any calculation of the consideration receivable or price pursuant to Condition 5(g)(iii), the following provisions shall apply:

- (i) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (ii) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Issuer to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant Effective Date, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights of subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate

consideration or price referred to in (x) or (y) above (as the case may be) divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;

- (iii) if the consideration or price determined pursuant to (i) or (ii) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency, it shall be translated into the Relevant Currency at the Prevailing Exchange Rate on the relevant Effective Date (in the case of (i) above) or the relevant date of first public announcement (in the case of (ii) above);
- (iv) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith; and
- (v) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to the Issuer or another entity.

(i) *Decision of an Independent Adviser*

If any doubt shall arise as to whether an adjustment shall be made to the Floor Price or as to the appropriate adjustment to the Floor Price, the Issuer may at its discretion appoint an Independent Adviser and, following consultation between the Issuer and such Independent Adviser, a written opinion of such Independent Adviser in respect thereof shall be conclusive and binding on the Issuer and the Noteholders, save in the case of manifest error.

(j) *Share Option Schemes, Dividend Reinvestment Plans*

No adjustment will be made to the Floor Price where Ordinary Shares or other Securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Issuer or any of its subsidiaries or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme.

(k) *Rounding Down and Notice of Adjustment to the Floor Price*

On any adjustment, if the resultant Floor Price has more decimal places than the initial Floor Price, it shall be rounded to the same number of decimal places as the initial Floor Price. No adjustment shall be made to the Floor Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Floor Price then in effect. Any adjustment not required to be made, and/or any amount by which the Floor Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notice of any adjustments to the Floor Price shall be given by the Issuer to Noteholders promptly after the determination thereof in accordance with Condition 17 (*Notices*) and to the Paying and Conversion Agent.

The Floor Price shall not in any event be reduced to below the quota value (*Sw: kvotvärde*) of an Ordinary Share for the time being. The Issuer undertakes that it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Floor Price to below the quota value (*Sw: kvotvärde*) of the Ordinary Shares immediately prior to Automatic Conversion translated into USD at the then Prevailing Exchange Rate.

6. Redemption and Purchase

- (a) *No scheduled redemption:* The Notes are perpetual securities and have no fixed date for redemption. The Issuer shall (subject to Condition 2 (*Status*) and Condition 10 (*Events of Default*)) and without prejudice to the provisions of Condition 11 (*Prescription*) only have the right to redeem or repurchase the Notes in the circumstances described herein. The Notes are not redeemable at the option of the Noteholders at any time.
- (b) *Redemption for Capital Event:* Subject to Condition 6(e) (*Conditions to Redemption*), if a Capital Event occurs, the Issuer may, at its option, at any time redeem the Notes, in whole but not in part, at their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled in accordance with Condition 4 (*Interest Cancellation*)) to (but excluding) the date fixed for redemption.
- (c) *Redemption for Tax Event:* Subject to Condition 6(e) (*Conditions to Redemption*), if a Tax Event occurs, the Issuer may, at its option, at any time redeem the Notes, in whole but not in part, at their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled in accordance with Condition 4 (*Interest Cancellation*)) to (but excluding) the date fixed for redemption.
- (d) *Redemption at the option of the Issuer:* Subject to Condition 6(e) (*Conditions to Redemption*), the Issuer may, at its option redeem the Notes, in whole but not in part, on any Optional Redemption Date at their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled in accordance with Condition 4 (*Interest Cancellation*)) to (but excluding) the date fixed for redemption.
- (e) *Conditions to Redemption:*
 - (i) *Consent:* notwithstanding any other provision, the Issuer may redeem the Notes (and give notice thereof to the Noteholders) as provided in Condition 6(b) (*Redemption for Capital Event*), 6(c) (*Redemption for Tax Event*) or 6(d) (*Redemption at the option of the Issuer*), as the case may be, only if it has obtained the prior consent of the Relevant Regulator for the redemption of the Notes;
 - (ii) *Notification of Tax Event or Capital Event:* the Issuer, having satisfied itself that a Tax Event or a Capital Event has occurred, as the case may be, shall notify the Noteholders in accordance with Condition 17 (*Notices*) of the occurrence of such Tax Event or Capital Event, as the case may be;

- (iii) *Notice for redemption:* any redemption of the Notes shall be subject to the Issuer providing not less than thirty (30) days' nor more than sixty (60) days' prior notice to the Noteholders in accordance with Condition 17 (*Notices*) and to the Fiscal Agent (such notice being irrevocable except in the limited circumstances set out in Condition 6(e)(iv) (*Trigger Event*)) specifying the Issuer's election to redeem the Notes and the date fixed for such redemption, *provided however* that where there has been a Tax Event due to the occurrence of an event falling under limb (A) of that definition, no such notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay any Additional Amounts (as defined below); and
- (iv) *Trigger Event:* if:
 - (A) the Issuer has elected to redeem the Notes but prior to the payment of the redemption amount with respect to such redemption a Trigger Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, no payment of the relevant redemption amount will be due and payable and an Automatic Conversion shall occur in accordance with Condition 5 (*Loss Absorption Mechanism*); or
 - (B) the Issuer has given notice of its intention to substitute or vary the terms of the Notes in accordance with Condition 15 (*Substitution or Variation instead of Redemption*) but prior to such substitution or variation, as the case may be, a Trigger Event occurs, the relevant substitution or variation notice shall be automatically rescinded and shall be of no force and effect and an Automatic Conversion shall occur in accordance with Condition 5 (*Loss Absorption Mechanism*).
- (f) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 6(b) (*Redemption for Capital Event*) to 6(d)(*Redemption at the option of the Issuer*) above.
- (g) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons and unexchanged Talons are purchased therewith and that such purchase shall be subject to the Relevant Rules in force at the relevant time and to the prior consent of the Relevant Regulator (if such consent is required by the Relevant Rules) and to applicable law and regulation.
- (h) *Cancellation:* Subject to all applicable laws and regulations, all Notes redeemed or purchased by the Issuer or any of its Subsidiaries pursuant to this Condition 6 and any unmatured Coupons or unexchanged Talons attached to or surrendered with them may be cancelled and may not be reissued or resold.

7. Payments

- (a) *Principal:* Save as provided in Condition 7(c) (*Payments in New York City*) below, payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by U.S. dollar cheque drawn on, or by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City.

- (b) *Interest:* Save as provided in Condition 7(c) (*Payments in New York City*) below, payments of interest shall, subject to Condition 7(g) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 7(a) (*Principal*) above.
- (c) *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in U.S. dollars when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*); 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). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Unmatured Coupons void:* On the due date for redemption of any Note pursuant to Condition 6(b) (*Redemption for Capital Event*), Condition 6(c) (*Redemption for Tax Event*) or Condition 6(d) (*Redemption at the option of the Issuer*) or Condition 10 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (f) *Payments on Payment Business Days:* If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (g) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 7(c) (*Payments in New York City*) above.
- (h) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.
- (i) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a coupon sheet relating to the Notes (each, a "Coupon Sheet"), the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet including a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 11 (*Prescription*). Upon the due date for redemption of any Note, any unexchanged

Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

8. Undertakings

So long as any Note remains outstanding, the Issuer will, save with the approval of an Extraordinary Resolution:

- (a) not make any issue, grant or distribution or take or omit to take any other action if the effect thereof would be that, upon Automatic Conversion, Conversion Shares could not, under any applicable law then in effect, be legally issued as fully paid;
- (b) deliver Conversion Shares upon Automatic Conversion, subject to and as provided in Condition 5 (*Loss Absorption Mechanism*);
- (c) use all reasonable endeavours to ensure that its issued and outstanding Ordinary Shares and Conversion Shares, as the case may be, will be admitted to listing and trading on the Relevant Stock Exchange;
- (d) at all times keep available sufficient authorised share capital to enable Automatic Conversion, and all rights of subscription and exchange for Ordinary Shares, to be satisfied in full;
- (e) as soon as reasonably practicable (and not later than one month following the occurrence of a Trigger Event) (i) request and procure the registration of the Conversion Shares with the SCRO, and (ii) request and procure the registration of the Conversion Shares with the Share Registrar; and
- (f) where the provisions of Condition 5 require or provide for a determination by an Independent Adviser or a role to be performed by a Settlement Shares Depositary, the Issuer shall use all reasonable endeavours promptly to appoint such person for such purpose.

9. Taxation

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and 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 that event the Issuer shall pay such additional amounts ("Additional Amounts") as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Amounts shall be payable in respect of any Note:

- (a) held by a Noteholder or by a third party on behalf of a Noteholder, which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Kingdom of Sweden other than the mere holding of the Note; or
- (b) 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 on the taxation

of savings income or any law implementing or complying with, or introduced in order to conform to, this Directive; or

- (c) presented for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another Paying Agent in a member state of the European Union; or
- (d) where (in the case of a payment of principal or interest on redemption) the relevant Note is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Noteholder would have been entitled to any Additional Amounts if it had surrendered the relevant Note on the last day of such period of 30 days; or
- (e) held by a Noteholder, or by a third party on behalf of a Noteholder 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.

If the Issuer becomes subject at any time to any taxing jurisdiction other than or in addition to the Kingdom of Sweden, references in these Conditions to the Kingdom of Sweden shall be construed as references to the Kingdom of Sweden and/or such other jurisdiction.

10. Events of Default

- (a) *Winding-up*: If a Winding-up Event occurs before the occurrence of a Trigger Event, the Notes will become immediately due and payable at their principal amount, but subject to the Noteholders only being able to claim payment in respect of the Notes in the Bankruptcy or Liquidation of the Issuer.

A "Winding-up Event" with respect to the Notes shall result if a court or agency in the Kingdom of Sweden or the Relevant Regulator shall have resolved to declare the Issuer bankrupt (Sw: *konkurs*) ("Bankrupt") or if a duly convened shareholders meeting of the Issuer or the SCRO or the Relevant Regulator or a court in the Kingdom of Sweden (having jurisdiction in respect of the same) shall have declared the Issuer to enter into Liquidation or if any similar event under applicable laws from time to time having the same effect shall have occurred.

- (b) *Non-payment*: If the Issuer fails to pay any amount that has become due and payable under the Notes and the failure continues for fourteen (14) days, each Noteholder may, subject to the Swedish Bankruptcy Act (1987:672) institute proceedings in the Kingdom of Sweden (or such other jurisdiction in which the Issuer may be organised) (but not elsewhere) for the Issuer to be declared Bankrupt and/or prove or claim in the Bankruptcy or Liquidation of the Issuer.

No interest will be due and payable if such interest has been cancelled or is deemed cancelled (in each case, in whole or in part) as provided in Condition 4 (*Interest Cancellation*). Accordingly, no default in payment under the Notes will have occurred or be deemed to have occurred in such circumstances.

- (c) *Limited remedies for breach of obligations (other than non-payment)*: In addition to the remedies for non-payment provided above, a Noteholder may institute such proceedings against the Issuer as it may think fit to enforce any term, obligation or condition binding on the Issuer under the Notes (other than any payment obligation of the Issuer under or arising from the Notes, including payment of any principal or interest, including Additional Amounts); provided always that the Noteholders shall not enforce, and shall not be

entitled to enforce or otherwise claim, against the Issuer any judgement or other award given in such proceedings that requires the payment of money by the Issuer, whether by way of damages or otherwise, except by proving and/or claiming in a Liquidation and/or Bankruptcy of the Issuer.

- (d) *No other remedies:* Other than the limited remedies specified in this Condition 10 or proving in the Liquidation and/or Bankruptcy of the Issuer, no remedy against the Issuer shall be available to the Noteholders whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its other obligations under or in respect of such Notes.

11. Prescription

Claims arising, to the extent permitted, for principal shall become void unless the relevant Notes are presented for payment within ten (10) years of the appropriate Relevant Date. Claims arising, to the extent permitted, for interest shall become void unless the relevant Coupons are presented for payment within five (5) years of the appropriate Relevant Date.

12. Replacement of Notes, Coupons and Talons

If any Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

13. Paying Agents

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents, the Paying and Conversion Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed in the Agency Agreement. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent, the Paying and Conversion Agent or the Calculation Agent and to appoint a successor fiscal agent, paying and conversion agent, calculation agent and additional or successor paying agents; *provided, however, that* the Issuer shall at all times maintain (a) a fiscal agent, a paying and conversion agent and a calculation agent, and (b) a paying agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC.

Notice of any change in any of the Paying Agents, the Paying and Conversion Agent or the Calculation Agent or in their Specified Offices shall promptly be given to the Noteholders.

14. Meetings of Noteholders; Modification

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not

less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* certain proposals (including any proposal to change any interest payment date in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes, to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution and to modify any provisions of Condition 5 (*Loss Absorption Mechanism*) (each, a "Reserved Matter")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more persons holding or representing not less than three-quarters or, at any adjourned meeting, half of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification:* Subject to Condition 14(c) (*Relevant Regulator notice or consent*), the Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.
- (c) *Relevant Regulator notice or consent:* These Conditions shall only be capable of modification or waiver, if the Issuer has notified the Relevant Regulator of such modification, waiver or obtained the prior consent of the Relevant Regulator, as the case may be, (if such notice or consent is required by the Relevant Rules).

15. Substitution or Variation instead of Redemption

If at any time a Capital Event or a Tax Event occurs, the Issuer may, instead of giving notice to redeem in accordance with Conditions 6(b) (*Redemption for Capital Event*) or 6(c) (*Redemption for Tax Event*) respectively, but solely to the extent permitted at any time by the Relevant Rules and subject to the approval of the Relevant Regulator, (without any requirement for the consent or approval of the Noteholders) and having given not less than thirty (30) nor more than sixty (60) days' notice to the Fiscal Agent and, in accordance with these Conditions, the Noteholders (which notice shall be irrevocable except in the limited circumstances set out in Condition 6(e)(iv) (*Trigger Event*)), at any time either substitute and replace all (but not some only) of the Notes for Qualifying Additional Tier 1 Securities, or vary the terms of the Notes accordingly, provided that they remain or, as appropriate, so that they become, Qualifying Additional Tier 1 Securities and provided in each case that such substitution or variation does not itself give rise to any right of the Issuer to redeem the substituted or varied securities that are inconsistent with the redemption provisions of the Notes and provided that, in the case of a substitution, the Notes will be fully replaced by the

Qualifying Additional Tier 1 Securities and all rights under the Notes, including the right to receive Conversion Shares upon Automatic Conversion, shall be cancelled.

16. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

17. Notices

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

18. Governing Law and Jurisdiction

- (a) *Governing law:* The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law, except that the provisions of Condition 2 (*Status*) and all non-contractual obligations arising out of or in connection with Condition 2 (*Status*), the conversion (if any) of the Notes into Conversion Shares and any Compulsory Acquisition Proceedings are governed by, and shall be construed in accordance with, the laws of Sweden.
- (b) *English courts:* The Issuer agrees for the benefit of the Noteholders that the courts of England shall have exclusive jurisdiction to settle any dispute (a "Dispute") arising out of or in connection with the Notes (including a dispute regarding any non-contractual obligation arising out of or in connection with the Notes), except for any Compulsory Acquisition Proceedings which shall be determined in accordance with Chapter 22 of the Swedish Companies Act.
- (c) *Appropriate forum:* The Issuer agrees that the courts referred to in Condition 18(b) (*English courts*) are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient.
- (d) *Rights of Noteholders to take proceedings outside England:* Condition 18(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 18 prevents any Noteholder from taking proceedings relating to a Dispute ("Proceedings") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Service of Process:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Business Sweden, The Swedish Trade & Invest Council at its office at 5 Upper Montagu Street, London W1H 2AG or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer may specify by notice in writing to the Noteholders. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner

permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

19. Interpretation

(a) Definitions

In these Conditions, the following expressions have the following meanings:

"5-year Mid-Swap Rate" means, in relation to a Reset Interest Period and the Reference Rate Determination Date in relation to such Reset Interest Period:

- (a) the rate for U.S. dollar swaps with a term of five (5) years which appears on the Relevant Page as of 11:00 a.m. (New York City time) on such Reference Rate Determination Date; or
- (b) if such rate does not appear on the Relevant Page at such time on such Reference Rate Determination Date, the Reset Reference Bank Rate on such Reference Rate Determination Date;

"5-year Mid-Swap Rate Quotations" means the arithmetic mean of the bid and offered rates for the semi-annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating U.S. dollar interest rate swap transaction which:

- (a) has a term of five (5) years commencing on the relevant Reset Date; and
- (b) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and
- (c) has a floating leg based on 3-month U.S. dollar LIBOR (calculated on an Actual/360 day count basis);

"Accounting Currency" means SEK or such other primary currency used in the presentation of either the Issuer or the Group's accounts (as the case may be) from time to time;

"Additional Tier 1 Capital" means additional tier 1 capital for the purposes of the Relevant Rules;

"Automatic Conversion" means the automatic conversion of the Notes into the Conversion Shares at the Conversion Price, in accordance with Condition 5 (*Loss Absorption Mechanism*);

"Automatic Conversion Notice" means the written notice to be delivered by the Issuer to the Noteholders in accordance with Condition 17 (*Notices*) specifying (i) that a Trigger Event has occurred, (ii) the CET1 Ratio as at the relevant time, (iii) the Conversion Date and the expected Registration Date, (iv) the Conversion Price then prevailing and (v) instructions for Noteholders to receive the relevant Conversion Shares from the Settlement Shares Depositary as described in Condition 5(d) (*Settlement Procedure*) or, if the Issuer has been unable to appoint the Settlement Shares Depositary, the other arrangements for the Noteholders to receive the relevant Conversion Shares as referred to in the last paragraph of Condition 5(d) (*Settlement Procedure*);

"Business Day" means a day on which commercial banks and foreign exchange markets settle payments in U.S. dollars in London and New York City;

"Calculation Amount" means U.S.\$200,000;

"Calculation Period" means the relevant period for which interest is to be calculated from (and including) the first day in such period to (but excluding) the last day in such period;

"Capital Event" means the determination by the Issuer, after consultation with the Relevant Regulator, that by reason of non-compliance of the Notes with the criteria for Additional Tier 1 Capital as a result of change in the Relevant Rules or any change in the official application or interpretation thereof becoming effective on or after the Issue Date, the Notes are fully excluded from the Additional Tier 1 Capital of the Issuer or the Group (other than as a result of any applicable limitation on the amount of such capital), such determination to be confirmed by the Issuer to the Fiscal Agent in a certificate signed by two authorised signatories of the Issuer;

"Cash Dividend" means any dividend or distribution in respect of the Ordinary Shares which is to be paid or made to Shareholders as a class in cash (in whatever currency) and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to Shareholders upon or in connection with a reduction of capital.

"CET1 Capital" means in respect of either the Issuer or the Group (as the case may be), the sum at any time, expressed in the relevant Accounting Currency, of all amounts that constitute common equity tier 1 capital of either the Issuer or the Group (as the case may be) as at such time, less any deductions from common equity tier 1 capital required to be made as at such time, in each case as calculated by the Issuer in accordance with the Relevant Rules applicable to either the Issuer or the Group (as the case may be) (which calculation shall be binding on the Noteholders). For the purposes of this definition, the term "common equity tier 1 capital" shall have the meaning assigned to such term in CRD IV as interpreted and applied in accordance with the Relevant Rules then applicable to either the Issuer or the Group (as the case may be);

"CET1 Ratio" means, as at any time, the ratio of CET1 Capital of the Issuer or the Group, as applicable, as at such time to the Risk Exposure Amount of the Issuer or the Group, as applicable, as at the same time, expressed as a percentage and calculated in accordance with the Relevant Rules then applicable to either the Issuer or the Group (as the case may be) and without regards to the Automatic Conversion that shall occur at such time in case of a Trigger Event;

"Compulsory Acquisition Proceedings" means any proceedings for the compulsory acquisition of the Notes pursuant to Chapter 22 of the Swedish Companies Act;

"Conversion Date" means the date on which an Automatic Conversion takes place, as set out in Condition 5(a)(i) (*Automatic Conversion*);

"Conversion Price" means, if the Ordinary Shares are:

- (a) then admitted to trading on a Relevant Stock Exchange, the greater of:
 - (i) the Current Market Price of an Ordinary Share on the Conversion Date translated into USD at the then Prevailing Exchange Rate; and
 - (ii) the Floor Price on the Conversion Date; or
- (b) not then admitted to trading on a Relevant Stock Exchange, the Floor Price on the Conversion Date;

"Conversion Shares" means the Ordinary Shares which are issued automatically upon an Automatic Conversion;

"Couponholders" means the holders of the Coupons;

"Coupons" has the meaning given to such term in Condition 1 (*Form, Denomination and Title*);

"CRD IV" means the legislative package consisting of the CRD IV Directive and CRR and any CRD IV Implementing Measures;

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

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

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

"Current Market Price" means, in respect of an Ordinary Share at a particular date, the average of the daily Volume Weighted Average Price of an Ordinary Share on each of the five consecutive dealing days ending on the dealing day immediately preceding such date; provided that, if at any time during the said five (5) dealing-day period the Volume Weighted Average Price shall have been based on a price ex-dividend (or ex- any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-dividend (or cum- any other entitlement), then:

- (i) if the Ordinary Shares to be issued and delivered do not rank for the Cash Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price cum-dividend (or cum- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit; or
- (ii) if the Ordinary Shares to be issued and delivered do rank for the Cash Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price ex-dividend (or ex- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit, and provided further that, if on each of the said five dealing days the Volume Weighted Average Price shall have been based on a price cum-dividend (or cum- any other entitlement) in respect of a dividend (or other entitlement) which has been declared or announced but the Ordinary Shares to be

issued and delivered do not rank for that dividend (or other entitlement), the Volume Weighted Average Price on each of such dates shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit,

and provided further that, if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the said five (5) dealing days (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in that five (5) dealing-day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period, the Current Market Price shall be determined in good faith by an Independent Adviser;

"Day Count Fraction" means, in respect of any Calculation Period, the number of days in the relevant Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

"dealing day" means a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is open for business and on which Ordinary Shares, Securities, options, warrants or other rights (as the case may be) may be dealt in (other than a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time);

"Delivery Notice" means a notice in the form for the time being currently available from the specified office of the Paying and Conversion Agent, which contains the relevant accounts and related details for the delivery of any Conversion Shares (and for the payment of any Cash Dividend and Cash Proceeds as provided in Condition 5(d) (*Settlement Procedure*)) and all relevant certifications and/or representations as may be required by applicable law and regulations

(or is deemed to constitute the confirmation thereof), and which are required to be delivered in connection with the delivery of the Conversion Shares and/or payment of any Cash Dividend and Cash Proceeds;

"Distributable Items" shall have the meaning assigned to such term in CRR as interpreted and applied in accordance with the Relevant Rules then applicable to the Issuer;

"Effective Date" means, in the case of an adjustment to the Floor Price pursuant to Condition 5(g)(iii), the first day on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange;

"Extraordinary Resolution" has the meaning given to such term in the Agency Agreement.

"Fair Market Value" means with respect to any property on any date, the fair market value of that property as determined by an Independent Adviser in good faith, provided that (i) the Fair Market Value of any cash amount shall be the amount of such cash; (ii) where Securities, options, warrants or other rights are publicly traded on a stock exchange or securities market of adequate liquidity (as determined in good faith by an Independent Adviser), the Fair Market Value (a) of such Securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such Securities and (b) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of (a) and (b), during the period of five dealing days on the relevant stock exchange or securities market commencing on such date (or, if later, the first such dealing day such Securities, options, warrants or other rights are publicly traded) or such shorter period as such Securities, options, warrants or other rights are publicly traded; (iv) where Securities, options, warrants or other rights are not publicly traded on a stock exchange or securities market of adequate liquidity (as aforesaid), the Fair Market Value of such Securities, options, warrants or other rights shall be determined in good faith by an Independent Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such Securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof. Such amounts shall, in the case of (i) above, be translated into the Relevant Currency (if declared, announced, made, paid or payable in a currency other than the Relevant Currency, and if the relevant dividend is payable at the option of the Issuer or a Shareholder in any currency additional to the Relevant Currency, the relevant dividend shall be treated as payable in the Relevant Currency) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the Cash Dividend in the Relevant Currency; and, in any other case, shall be translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Exchange Rate on that date. In addition, in the case of (i) and (ii) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit;

"First Call Date" means 17 March 2020;

"Floor Price" means U.S.\$15.70, subject to adjustment thereafter in accordance with Condition 5(g) (*Adjustment of Floor Price*), provided that the Floor Price shall not be less than the quota value (*Sw: kvotvärde*) of the Ordinary Shares immediately prior to the Automatic Conversion translated into USD at the then Prevailing Exchange Rate;

"Group" means the Issuer and its subsidiaries on a consolidated basis, where "on a consolidated basis" has the meaning assigned to such term in CRR as interpreted and applied in accordance with the Relevant Rules then applicable to the Issuer;

"Independent Adviser" means an independent financial institution of international repute appointed by the Issuer at its own expense;

"Initial Period" means the period beginning on (and including) the Issue Date and ending on (but excluding) the First Call Date;

"Initial Rate of Interest" means 5.50 per cent. per annum;

"Interest Payment Date" has the meaning given to such term in Condition 3(b) (*Interest Payment Dates*);

"Interest Period" means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"Issue Date" has the meaning given to such term in Condition 3(a) (*Interest Rate*);

"Junior Securities" means (i) all classes of ordinary shares of the Issuer and (ii) any securities or other obligations of the Issuer ranking or, expressed to rank, junior to the Notes;

"Margin" means 3.767 per cent.;

"Optional Redemption Date" means the First Call Date or any Reset Date thereafter;

"Ordinary Shares" means fully paid ordinary shares in the capital of the Issuer;

"Parity Securities" means (i) any subordinated and undated debt instruments or securities of the Issuer which are recognised, at the Issue Date and from time to time, as Additional Tier 1 Capital of the Issuer, by the Relevant Regulator and (ii) any securities or other obligations of the Issuer which rank, or are expressed to rank, on a Liquidation or Bankruptcy of the Issuer, *pari passu* with the Notes;

"Payment Business Day" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a U.S. dollar account as referred to above, on which dealings in foreign currencies may be carried on both in New York City and in such place of presentation;

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"Prevailing Exchange Rate" means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12 noon (CET or CEST, as the case may be) on that date as appearing on or derived from the Relevant Screen Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12 noon (CET or CEST, as the case may be) on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined by reference to the Relevant Screen Page, the rate determined in such other manner as an Independent Adviser shall in good faith prescribe;

"Qualifying Additional Tier 1 Securities" means notes, whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by the Issuer that:

- (a) have terms not materially less favourable to a Noteholder, as reasonably determined by the Issuer following consultation with an investment bank or financial adviser of

international standing which is independent of the Issuer and its Subsidiaries, than the terms of the Notes, provided that they shall (1) include a ranking at least equal to that of the Notes prior to such substitution or variation, as the case may be, (2) have the same interest rate and Interest Payment Dates as those from time to time applying to the Notes prior to such substitution or variation, as the case may be, (3) have the same redemption rights and obligations as the Notes prior to such substitution or variation, as the case may be, (4) comply with the then current requirements of the Relevant Rules in relation to Additional Tier 1 Capital, (5) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation (or, if the date of substitution or variation falls before 17 September 2015, the Issue Date), as the case may be, and (6) are assigned (or maintain) at least the same credit ratings as were assigned to the Notes immediately prior to such substitution or variation, as the case may be; and

- (b) are listed on a recognised stock exchange if the Notes were so listed immediately prior to such substitution or variation;

"Rate of Interest" means:

- (i) in the case of each Interest Period falling in the Initial Period, the Initial Rate of Interest; or
- (ii) in the case of each Interest Period thereafter, the sum of (A) the Reference Rate in respect of the Reset Interest Period in which such Interest Period falls and (B) the Margin,

all as determined by the Calculation Agent (in conjunction with the Issuer, where applicable) in accordance with Condition 3 (*Interest*);

"Reference Rate" means, in relation to a Reset Interest Period, the 5-year Mid Swap Rate determined for such Reset Interest Period by the Calculation Agent on the relevant Reference Rate Determination Date;

"Reference Rate Determination Date" means, in relation to a Reset Interest Period, the day falling two U.S. Government Securities Business Days prior to the Reset Date on which such Reset Interest Period commences;

"Registration Date" has the meaning given to such term in Condition 5(c) (*The Conversion Shares*);

"Relevant Currency" means the currency in which the Ordinary Shares are quoted or dealt in on the Relevant Stock Exchange at such time;

"Relevant Date" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in New York City by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with Condition 17 (*Notices*);

"Relevant Page" means Reuters Screen "ISDAFIX1" or such other page as may replace it on Reuters or, as the case may be, on such other information service that may replace Reuters, in

each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the 5-year Mid-Swap Rate;

"Relevant Regulator" means the Swedish Financial Supervisory Authority (Sw: *Finansinspektionen*) or any competent authority or successor entity with primary responsibility for the regulatory supervision of the Issuer;

"Relevant Rules" means at any time the laws, regulations, requirements, standards, guidelines and policies relating to capital adequacy then in effect in Sweden including, without limitation to the generality of the foregoing, CRD IV and those regulations, requirements, standard, guidelines and policies relating to capital adequacy adopted by the Relevant Regulator from time to time and then in effect (whether or not such requirements, standards, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group);

"Relevant Screen Page" means the relevant page on Bloomberg or such other information service provider that displays the relevant information;

"Relevant Stock Exchange" means Nasdaq Stockholm or, if at the relevant time the Ordinary Shares are not at that time listed and admitted to trading on Nasdaq Stockholm, the principal stock exchange or securities market (if any) on which the Ordinary Shares are then listed, admitted to trading or quoted or accepted for dealing;

"Reset Date" means the First Call Date and each day which falls on the fifth anniversary of the immediately preceding Reset Date;

"Reset Interest Amount" has the meaning given to such term in Condition 3(f) (*Determination of Reference Rate in relation to a Reset Interest Period*);

"Reset Interest Period" means each period from (and including) the First Call Date or any Reset Date and ending on (but excluding) the next Reset Date;

"Reset Reference Bank Rate" means, in relation to a Reset Interest Period and the Reference Rate Determination Date in relation to such Reset Interest Period, the percentage rate determined on the basis of the 5-year Mid-Swap Rate Quotations provided by the Reset Reference Banks to the Calculation Agent at approximately 11:00 a.m. (New York City time) on such Reference Rate Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate for the relevant Reset Interest Period will be (i) in the case of each Reset Interest Period other than the Reset Interest Period commencing on the First Call Date, the 5-year Mid-Swap Rate in respect of the immediately preceding Reset Interest Period or (ii) in the case of the Reset Interest Period commencing on the First Call Date, 1.722 per cent. per annum;

"Reset Reference Banks" means five major banks in the swap, money, securities or other market most closely connected with the Reference Rate, as selected by the Issuer on the advice of an investment bank of international repute;

"Risk Exposure Amount" means, as at any time, the aggregate amount, expressed in the relevant Accounting Currency, of the risk weighted assets of either the Issuer or the Group (as the case may be), as at such time, as calculated by the Issuer in accordance with the Relevant Rules

applicable to either the Issuer and/or the Group (as the case may be), at such time (which calculation shall be binding on the Noteholders). For the purposes of this definition, the term "risk weighted assets" means the risk weighted assets or total risk exposure amount, as calculated by the Issuer, in accordance with the Relevant Rules applicable to either the Issuer and/or the Group (as the case may be) and for the avoidance of doubt shall exclude the Basel 1 transitional calculation calculated in accordance with Article 500(1) of the CRR;

"SCRO" means the Swedish Companies Registration Office (*Sw: Bolagsverket*) or such other person or authority that is responsible for registering any changes in the share capital of the Issuer;

"Securities" means any securities including, without limitation, shares in the capital of the Issuer, or options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of the Issuer (and each a "Security");

"SEK" means the lawful currency of the Kingdom of Sweden;

"Settlement Shares Depositary" means a reputable independent financial institution, trust company, account manager, nominee entity, depository entity, or similar entity to be appointed by the Issuer on or prior to any date when a function ascribed to the Settlement Shares Depositary in these Conditions is required to be performed to perform such functions and who will hold Conversion Shares (whether in the form of interim shares or regular shares) in a designated trust or custody account for the benefit of the Noteholders and otherwise on terms consistent with these Conditions;

"Shareholders" means the holders of Ordinary Shares;

"Share Registrar" means Euroclear Sweden AB or any other person appointed by the Issuer to carry out the duties of registrar for the Ordinary Shares, and any successor thereto;

"Subordinated Indebtedness" means any obligation, whether dated or perpetual/undated, of the Issuer which by its terms is, or is expressed to be, subordinated in the event of Liquidation or Bankruptcy of the Issuer to the claims of depositors and all other unsubordinated creditors of the Issuer;

"Subsidiaries" has the meaning provided in the Swedish Companies Act;

"Swedish Companies Act" means the Swedish companies act (*Sw: aktiebolagslagen (2005:551)*);

"Talon" has the meaning given to such term in Condition 1 (*Form, Denomination and Title*);

"Tax Event" means:

- (A) the receipt by the Issuer of an opinion of counsel in the Kingdom of Sweden (experienced in such matters) to the effect that, as a result of:
 - (i) any governmental policy or any amendment to, clarification of, or change in, the laws, treaties, regulations or government policy of the Kingdom of Sweden or any political subdivision or taxing authority thereof or therein (including any announced prospective policy or amendment, clarification or change), or
 - (ii) any interpretation, court decision or official pronouncement in respect of any governmental policy, law, treaty or regulation of the Kingdom of Sweden or any political subdivision or taxing authority thereof or therein, that provides for a

position with respect to such policy, law, treaty or regulation that differs from the theretofore generally accepted position,

in each case, by any legislative body, court, governmental or tax authority or regulatory body, irrespective of the manner in which such policy, change, amendment, clarification, interpretation or pronouncement is made known, which policy, change, amendment, clarification is effective or such pronouncement, interpretation or decision is announced on or after the Issue Date, there is more than an insubstantial risk that on the occasion of the next payment due in respect of such Notes the Issuer would be required to pay Additional Amounts as provided in Condition 9 (*Taxation*); or

- (B) the receipt by the Issuer of an opinion of counsel in the Kingdom of Sweden (experienced in such matters) to the effect that, as a result of:
- (i) any governmental policy or any amendment to, clarification of, or change in, the laws, treaties, regulations or government policy of the Kingdom of Sweden or any political subdivision or taxing authority thereof or therein (including any announced prospective policy or amendment, clarification or change), or
 - (ii) any interpretation, court decision or official pronouncement in respect of any governmental policy, law, treaty or regulation of the Kingdom of Sweden or any political subdivision or taxing authority thereof or therein, that provides for a position with respect to such policy, law, treaty or regulation that differs from the theretofore generally accepted position,

in each case, by any legislative body, court, governmental or tax authority or regulatory body, irrespective of the manner in which such policy, change, amendment, clarification, interpretation or pronouncement is made known, which policy, change, amendment, clarification is effective or such pronouncement, interpretation or decision is announced on or after the Issue Date, there is more than an insubstantial risk that (A) the Issuer is, or will be, subject to more than a *de minimis* amount of other additional taxes, duties or other governmental charges or civil liabilities with respect to the Notes or is not, or will not be entitled to claim a deduction in respect of the Notes in computing its taxation liabilities (or such deduction would be materially reduced) or (B) the treatment of any of the Issuer's items of income or expense with respect to the Notes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by a taxing authority, which subjects the Issuer to more than a *de minimis* amount of additional taxes, duties or other governmental charges provided that a change in law which results from the proposal by the Swedish Committee on Corporate Taxation (*Sw. Företagsskattekommittén*) on 12 June 2014 shall not be regarded as a Tax Event insofar as it relates to the non-deductibility of interest payments on subordinated debt instruments;

"Tier 1 Capital" means tier 1 capital for the purposes of the Relevant Rules;

"Trigger Event" shall occur if the CET1 Ratio of either the (i) Issuer or (ii) the Group, as the case may be, is at any time less than the Trigger Level;

"Trigger Level" means (i) in the case of the Issuer, 5.125 per cent. or (ii) in the case of the Group 8.00 per cent.;

"U.S. Government Securities Business Day" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed

income departments of its members be closed for the entire day for purposes of trading in U.S. government securities;

"USD" or "U.S.\$" means United States dollars; and

"Volume Weighted Average Price" means, in respect of an Ordinary Share or Security on any dealing day, the order book volume-weighted average price of an Ordinary Share or Security published by or derived (in the case of an Ordinary Share) from the relevant Bloomberg page or (in the case of a Security (other than Ordinary Shares), options, warrants or other rights) from the principal stock exchange or securities market on which such Securities, options, warrants or other rights are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined in good faith to be appropriate by an Independent Adviser on such dealing day, provided that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share, Security, option, warrant or other right, as the case may be, in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined or determined as an Independent Adviser might otherwise determine in good faith to be appropriate.

(b) *Construction of certain references*

In these Conditions, unless otherwise specified or unless the context otherwise requires:

- (i) "Notes" and "Noteholders" shall respectively be deemed to include references to Coupons and Couponholders, if relevant;
- (ii) references to Coupons shall be deemed to include reference to Talons;
- (iii) any reference to principal shall be deemed to include any Additional Amounts in respect of principal which may be payable under Condition 9 (*Taxation*) and any other amount in the nature of principal payable pursuant to these Conditions;
- (iv) any reference to principal or interest shall be deemed to include any Additional Amounts in respect of interest which may be payable under Condition 9 (*Taxation*) and any other amount in the nature of principal or interest pursuant to these Conditions;
- (v) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;
- (vi) references to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment; and
- (vii) headings and sub-headings are for ease of reference only and shall not affect the construction of these Conditions.

5 Use of Proceeds

The issue of Notes will form part of the Issuer's capital base and the net proceeds of the issue of the Notes will be applied by the Issuer to meet part of its general financing requirements.

6 Summary of Provisions Relating to the Notes while in Global Form

Words and expressions defined in “Terms and Conditions of the Notes” herein shall have the same meanings in this “Summary of the Provisions relating to the Notes while in Global Form”.

The following is a summary of the provisions to be contained in the Temporary Global Note and the Permanent Global Note (together the Global Notes) which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.

1. Exchange

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Issue Date with a common depository for Euroclear and Clearstream, Luxembourg. Interests in the Temporary Global Note will be exchangeable, in whole or in part, for interests in the Permanent Global Note which will also be deposited on or around the Issue Date with a common depository for Euroclear and Clearstream, Luxembourg, on or after the Exchange Date, upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in the Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of the Permanent Global Note, duly authenticated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange of a part of the Temporary Global Note) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (ii) in either case, receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership,

within seven days of the bearer requesting such exchange.

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only:

- (a) If an event as set out in Condition 10 (*Events of Default*) has occurred and is continuing;
- (b) if either of Euroclear or Clearstream, Luxembourg or any other clearing system by which the Notes have been accepted for clearing 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
- (c) at the option of the Issuer if the Issuer 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 Notes which would not be required if such Notes were in definitive form.

Thereupon (in the case of (a) and (b) above) the holder of the Permanent Global Note (acting on the instructions of one or more of the Accountholders (as defined below)) may give notice to the

Issuer and (in the case of (c) above) the Issuer may give notice to the Fiscal Agent and the Noteholders, of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note may or, in the case of (c) above, shall surrender the Permanent Global Note to or to the order of the Fiscal Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Agency Agreement. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, "Exchange Date" means a day specified in the notice requiring exchange falling not less than 45 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

2. Payments

On and after 1 April 2015, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of such Global Note to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Fiscal Agent, which endorsement shall be prima facie evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders (as defined below) rather than by publication as required by Condition 17 (*Notices*), provided that, the Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Notes are for the time being listed. Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Fiscal Agent and Euroclear and Clearstream, Luxembourg may approve for this purpose.

4. Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an “Accountholder”) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notices to the Issuer pursuant to Condition 10 (*Events of Default*)) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer, solely in the bearer of the relevant Global Note in accordance with and subject to its terms. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

5. Prescription

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 19 (*Interpretation*)).

6. Cancellation

Cancellation of any Note represented by a Global Note and required by the Terms and Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Fiscal Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

7. Delivery Notices

Notwithstanding the provisions of Condition 5 (*Loss Absorption Mechanism*), if the Notes are represented by the Global Note and held through Euroclear or Clearstream, Luxembourg, the Noteholder shall give a Delivery Notice to the Settlement Shares Depositary in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg prior to the Notice Cut-off Date (which may include notice being given on its instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Settlement Shares Depositary by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time with the following details: (1) the name of the Noteholder; (2) the principal amount of Notes held by it; (3) the Euroclear Sweden account details; and (4) such other details as Euroclear or Clearstream, Luxembourg may require. Any reference in the Terms and Conditions of the Notes to the delivery of Delivery Notices shall be construed accordingly.

8. Euroclear and Clearstream, Luxembourg

Notes represented by a Global Note are transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as appropriate. References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system through which interests in the Notes are held.

7 Swedbank

References herein to (i) the full year end 31 December 2014 numbers or (ii) to the quarterly numbers for the three month period ended 31 December 2014 are references to unaudited numbers.

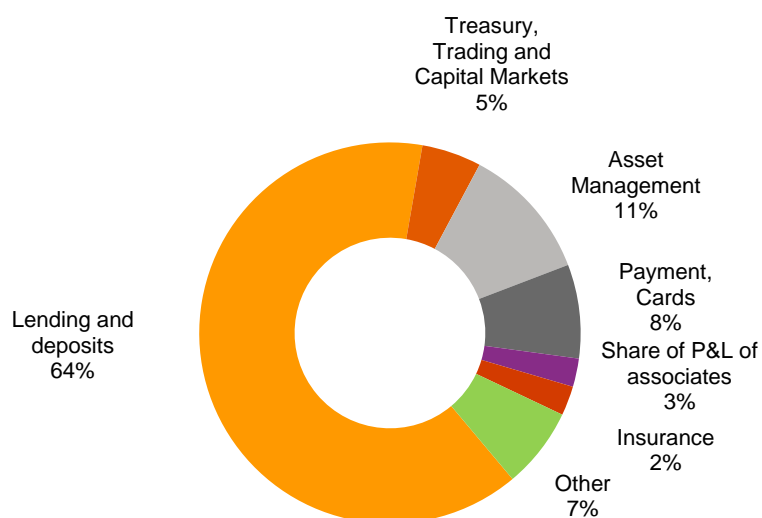
7.1 Overview

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 address at SE-105 34 Stockholm and its telephone number is +46 (0)8 5859 0000. It 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 2014, the Swedbank Group served a total of 8 million private customers and more than 500,000 corporate customers through more than 500 branches in 12 countries, primarily in its principal markets of Sweden, Estonia, Latvia and Lithuania. This includes customers reached through 61 associated independent savings banks.

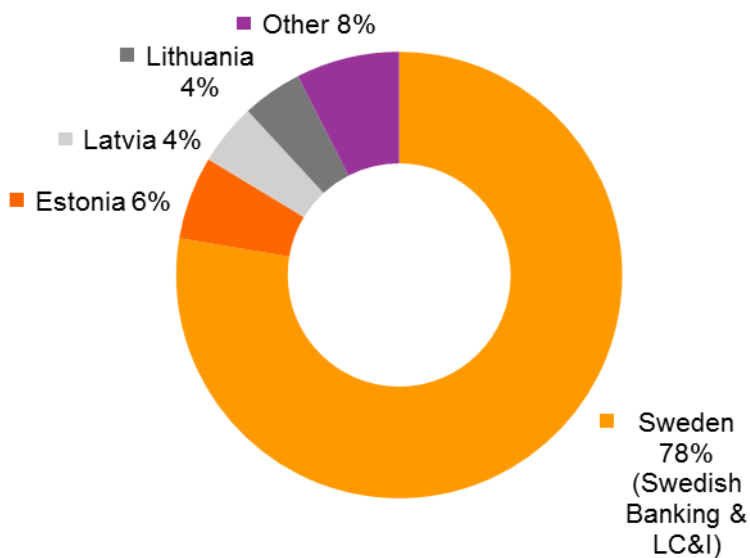
As set out in Article 1 of the Issuer's Articles of Association, the purpose of the Issuer is to conduct banking business and financing operations, and operations naturally connected therewith. The Swedbank Group offers a broad range of products and services, including retail banking, corporate and investment banking, asset management and insurance products, and the majority of the Swedbank Group's income in 2013 derived from its Swedish banking services. As of 31 December 2014, the Swedbank Group's loans to the public amounted to SEK 1,325 billion, excluding repurchase agreements and loans to the Swedish National Debt Office amounting to SEK 79 billion. The Swedbank Group recorded SEK 21,702 million in profit before impairments for the year ended 31 December 2014. As of 31 December 2014, the Swedbank Group had 14,583 full-time employees. The below chart provides geographical and sector split of total income.

Total Income Distribution by Business Area for the 12 month period ending 31 December 2014



Source: Swedbank interim reporting, Q4 2014

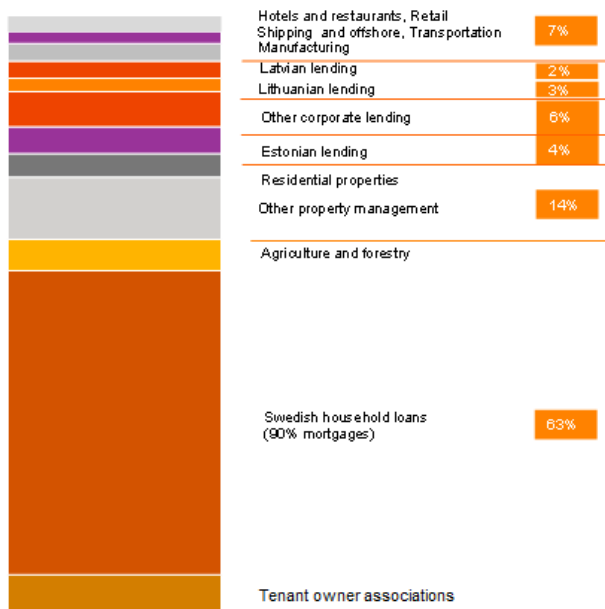
Total Income Distribution by Geography for the 12 month period ending 31 December 2014



Source: Swedbank interim reporting, Q4 2014

The below chart shows the percentage of loans to the public per sector for the 12 month period ending 31 December 2014.

Group loan book distribution, total SEK 1 325bn



Source: Swedbank interim reporting, Q4 2014

The Swedbank 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). The Swedbank Group has been active in Russia and Ukraine in previous years, but has been implementing a strategy for exiting from the retail market in Russia and Ukraine. Its Russian and Ukrainian operations are reported as discontinued operations for 2012 and 2013. During the second quarter 2013 the sale of the Swedbank Group's Ukrainian subsidiary was finalised. The Swedbank Group also decided to wind-down the remaining operations in Russia. In October 2013, the Russian central bank approved Swedbank's application to revoke Swedbank's banking licence in Russia.

In February 2014, Swedbank entered into an agreement to acquire all the outstanding shares of Sparbanken Öresund AB (publ) as part of a restructuring of the savings banks in Skåne, Sweden's southernmost region. The restructuring also included a merger of Färs & Frosta Sparbank AB (publ) and Sparbanken 1826 under the name Sparbanken Skåne, in which Swedbank has a 22 per cent. ownership. Following these changes, there was a sale of branch offices from Sparbanken Öresund to Sparbanken Skåne. The transactions were approved by the SFSA and the Swedish Competition Authority. On 20 May Swedbank AB acquired all the shares in Sparbanken Öresund AB. On the same date, immediately after the share purchase, Sparbanken Öresund AB sold a number of bank branches to Sparbanken Skåne AB. Because certain assets and liabilities in the combination were acquired to be immediately divested, they were classified as held for sale on the acquisition date.

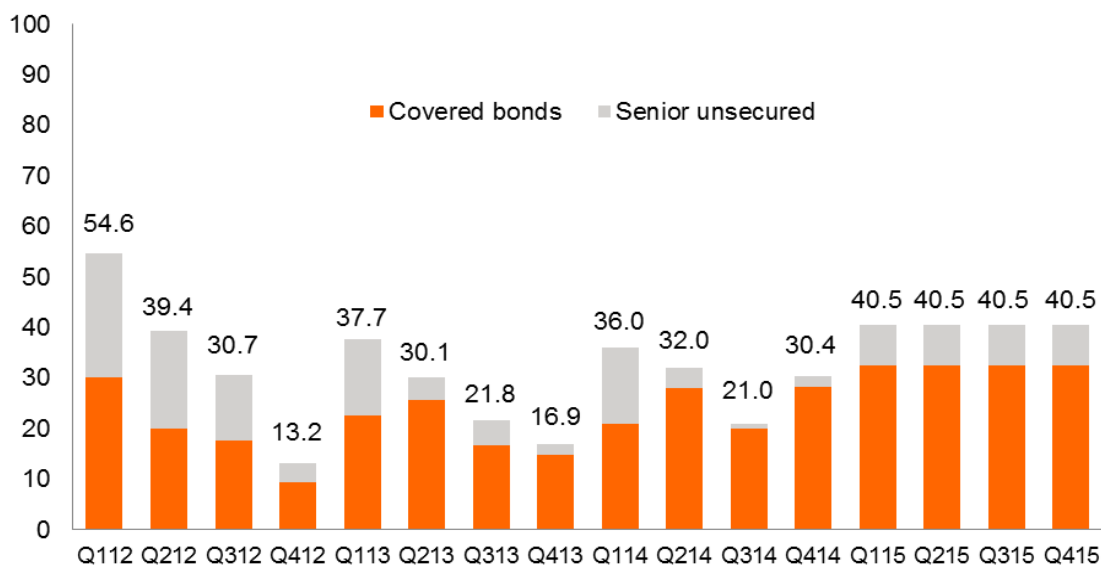
7.2 Funding

Swedbank's funding strategy is based on the structure of its assets. More than half of its lending consists of Swedish mortgages, which are primarily financed through covered bonds. Swedbank is one of the leading savings banks in its home markets. Deposit volumes, together with covered bonds and shareholder equity, nearly cover Swedbank's total funding requirements. Therefore, Swedbank has a limited structural need for senior unsecured funding. Swedbank's funding strategy is also closely linked to the credit quality of the assets on its balance sheet. One of Swedbank's areas of focus for managing liquidity risk is to ensure that it maintains high quality lending activities. Swedbank strives to match unsecured funding against assets of an equivalent amount and maturity.

The Swedbank Group's share of unsecured funding is mainly determined by its liquidity needs and the buffer it wants to maintain in its cover pool in the form of overcollateralisation in order to withstand fluctuations in housing prices. Both the Swedbank Group and Swedbank Mortgage have a well-diversified investor base.

The below tables show funding issuance and funding requirements from Q1 2012 to Q4 2015.

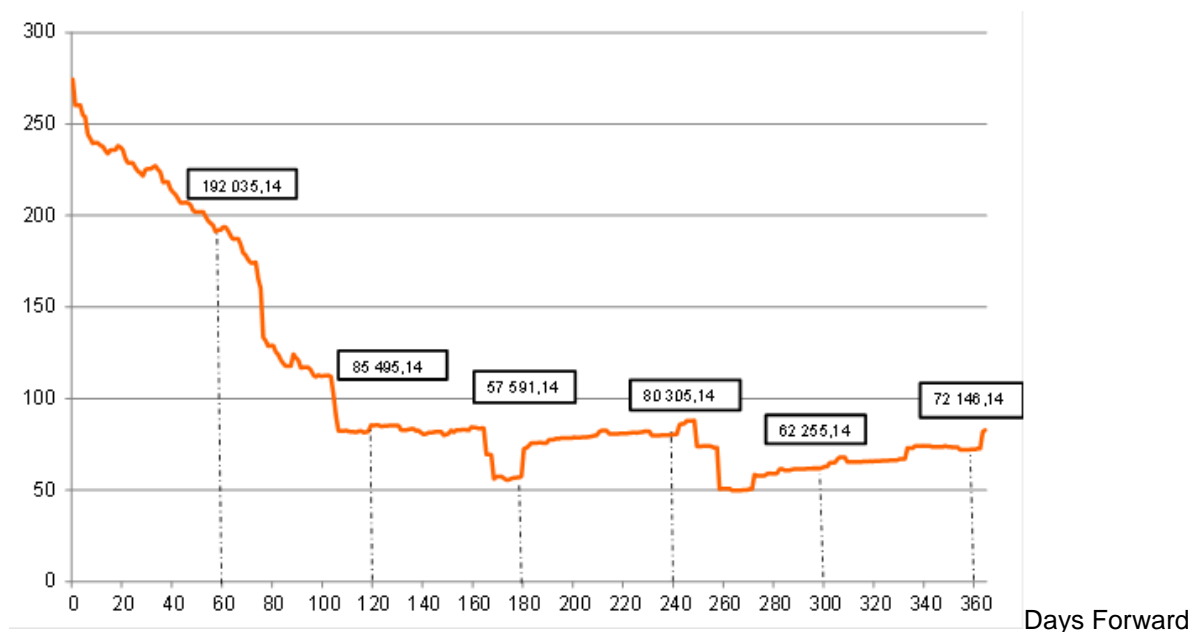
SEKbn



Source: Swedbank interim reports

The table below shows Swedbank's survival horizon which represents the number of days with positive cumulative net cash flows taking into consideration the Swedbank Group's future contractual cash flows and assuming no access to wholesale funding markets. The survival horizon is hence considered as a base stress scenario.

SEKbn



Source: Swedbank Interim reports and internal funding plan 2015

7.3 Shareholders

The largest shareholders in Swedbank as of 31 December 2014, were: *, **

	Per cent. of capital and votes
Folksam	9.27
Sparbanks-Gruppen – Members	8.55
AMF – Insurance and funds	4.39
ALECTA PENSIONSFÖRSÄKRING	4.15
Swedbank Robur Fonder	3.46
Savings bank foundations – not Sparbanks-Gruppen	3.08
JPM CHASE NA	2.67
Swedbank AB	2.63
CLEARSTREAM BANKING S.A., W8IMY	1.58
CITIBANK NA NEW YORK	1.55
10 largest shareholders	41.34
Number of shareholders	307,974

Notes:

* Shareholders in lowercase letters are grouped.

** Source: Euroclear Sweden AB.

7.4 Strategy

Swedbank's core strategy is to provide customer value and build sustainable value. By being a stable profitable bank with low risk, Swedbank is able to build relationships that meet its customers' long-term needs. The aim of its strategy is to create sustainable value for its customers, society, its shareholders and its employees. Swedbank has chosen to create long-term customer and shareholder value. This goal reflects Swedbank's purpose, values and vision.

7.4.1 Accessible Full-Service Bank

Swedbank offers households and businesses a range of banking services; everything from basic transaction services to sophisticated advisory services. Swedbank's goal is to provide these services in a sustainable way that creates customer value while promoting sound financial practices. Swedbank's products and services are based on and adapted to its customers' needs and preferences. By being an accessible bank, Swedbank increases the overall value it can offer local communities. Swedbank is an inclusive bank with services that cater to a variety of needs. Many basic services that can be automated are carried out through self-service channels. More complex services that require specialty advice are provided by Swedbank employees directly to customers.

7.4.2 With Decision-Making Close to Customers

Swedbank's products are designed with customers in mind, so all decisions are made as close to customers as possible. This reduces unnecessary lead times and local knowledge of the markets increases customer satisfaction. Employees with direct customer responsibility decide which products and services to offer in their market and take responsibility for pricing those products, as well as responsibility for the risk levels of their business, profit and loss and their balance sheet. Swedbank believes that customers also benefit from employees who are engaged and have opportunities for personal development. Good leadership at every level of the Swedbank Group is essential. While adapting to local needs, Swedbank is also developing solutions to improve accessibility.

7.4.3 Low Risk

Swedbank's mortgages and other loan products are financed by accessing credit in the market. Stable profitability and a low risk profile are essential in order to achieve the best lending rates. A low risk level is also needed in order for earnings to remain stable. A low risk profile facilitates low funding costs, which, in turn, benefit all of Swedbank's stakeholders. Swedbank aims to keep risk low through the quality of Swedbank's lending; each borrower's solvency, solidity and collateral is carefully assessed before a loan is approved. Moreover, Swedbank aims to maintain a sustainable balance between deposits and lending while aiming to match maturities, as well. This falls in line with Swedbank's priority of sustainable growth. The Swedbank Group's credit impairments amounted to SEK 419 million, corresponding to a credit impairment ratio of 0.03 per cent. for the year ended December 31, 2014 compared to a credit impairment of SEK 60 million, corresponding to a credit impairment ratio of (0.00) per cent. for the year ended 31 December, 2013.

7.4.4 Cost Efficiency

Given current market conditions, it is essential that capital and expenses are efficiently managed. In order to achieve capital efficiency, Swedbank's employees are required to understand the effect of changes in risk weighted assets and tied-up capital on Swedbank's business. Swedbank's aim is to be the market leader in cost efficiency and therefore Swedbank's products are developed cooperatively at the Swedbank Group level. Swedbank also promotes a corporate culture where employees are aware of and cautious about expenses. Swedbank continuously adapts in order to operate more effectively, simply and efficiently. Swedbank believes that its large customer base gives it the economies of scale and opportunities to create cost-effective solutions with the help of new technology. The more cost-effective Swedbank is, the more value it believes it can create for customers through greater investment opportunities. Cost/income ratio was 0.45 for 2014, 0.45 in 2013 and 0.46 in 2012.

7.5 Business Segments

At 31 December 2013, the Swedbank Group was comprised of four business segments.

- *Swedish Banking:* As of 31 December 2013, Swedish Banking was the Swedbank Group's largest business segment, offering a complete range of financial products and services to private customers as well as small and medium-sized companies through 305 branches as well as through telephone and internet banking. Through co-operation with local associated independent savings banks and partly-owned banks, the Swedbank Group also offers its products through 245 additional branches, as of 31 December 2013. Swedish Banking is supported by a number of subsidiaries in Sweden, for example, Swedbank Mortgage (responsible for long-term mortgage lending), Swedbank Robur (fund management and institutional and discretionary asset management) and Swedbank Finans (leasing products). The subsidiary bank in Luxembourg, the branch in Denmark and the representative office in Spain are also included in this business segment.
- *Large Corporates & Institutions ("LC&I"):* In LC&I, the Swedbank Group has consolidated its services for large Nordic and Baltic customers with revenues exceeding SEK 2 billion and those whose needs are considered complex due to multinational operations or a need for sophisticated financing solutions. This business segment is also responsible for developing corporate and capital market products for other parts of the Swedbank Group. This business segment was established in 2010 and has fully integrated the former group, Swedbank Markets. The same applies to First Securities, which has been wholly-owned by Swedbank since November 2011. Operations are carried out by Swedbank in Sweden, through branches in Norway, Finland, the U.S. and China, and through the wholly-owned subsidiaries First Securities in Norway and Swedbank First Securities LLC in New York, in addition to the trading and capital market operations in subsidiaries 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 181 branches as of 31 December 2013 as well as through telephone and internet banking.

The Swedbank Group holds leading positions in several key market segments in its Baltic home markets.¹

- *Group Functions & Other:* Group Functions & Other consists of Group Functions and Ektornet (the repossessed property management and development division). Group Functions consists of Group Finance (including Group Treasury) Risk, Compliance, Public Affairs (which covers communication, strategic marketing and community relations), Human Resources, Legal, Group Product, Group IT and the Group Executive Committee. Group Functions operates across all of the business segments and provides strategic and administrative support to all segments.

7.6 Products and Services

7.6.1 Mortgage Lending Products

The products offered 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 85 per cent. loan-to-value ratio, whereas Swedbank is responsible for originating loans which exceed a 85 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 Swedbank 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.

7.6.2 Corporate Banking Products

The Swedbank 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 Swedbank 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.

7.6.3 Investment Banking Products

The Swedbank Group offers equity, fixed income and currency trading, project, export and acquisition financing and corporate services as part of its LC&I business.

7.6.4 Consumer Lending Products

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.

The Swedbank 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.

7.6.5 *Savings and Investment Products*

The Swedbank 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 Swedbank Group offers its customers a comprehensive range of investment products, including equity funds, fixed income funds, insurance products and individual pension savings products.

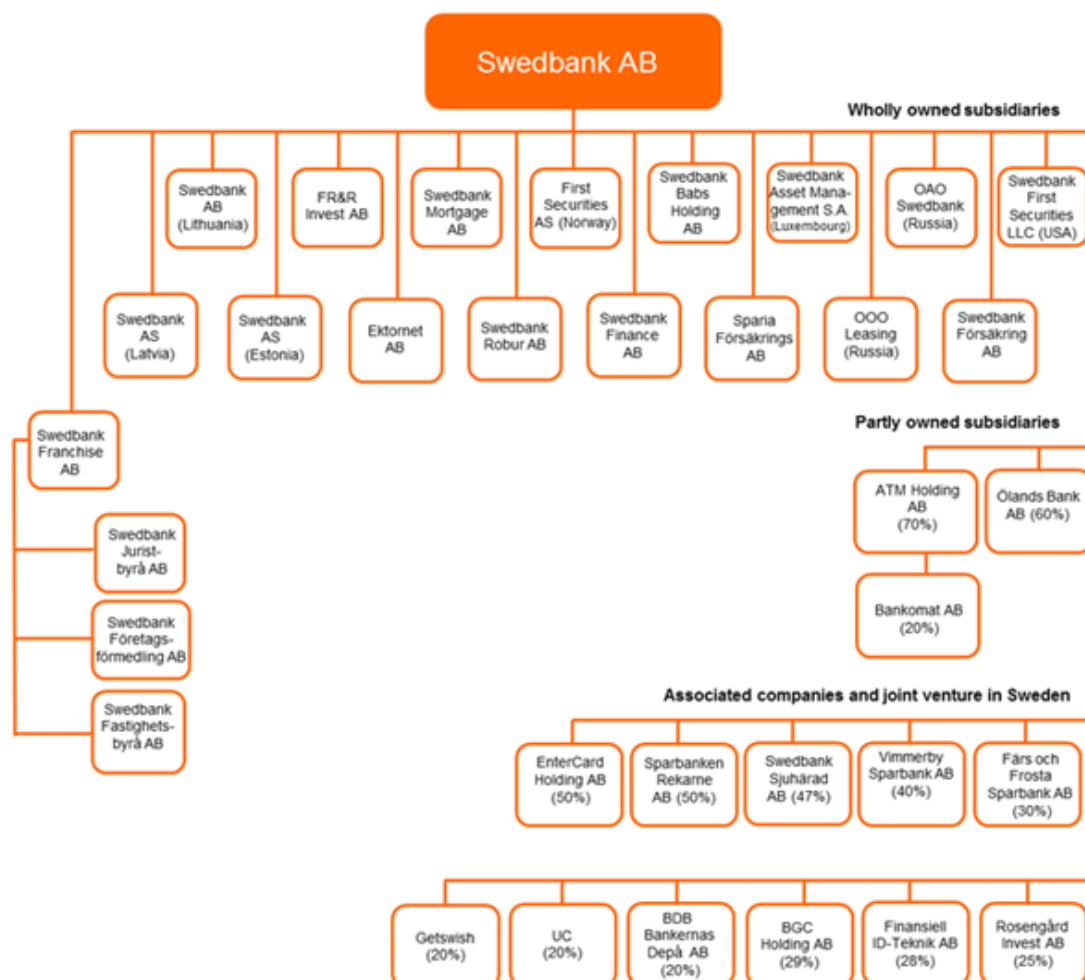
7.6.6 *Payment Services*

The Swedbank Group offers a broad range of payment products, including debit, transaction services and card infrastructure. In retail transactions, the Swedbank Group emphasises convenience and time saving by making automatic payment options available to the Swedbank 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 a packaged and integrated solution.

7.7 *Key Geographic Markets*

The Swedbank Group currently operates in four geographic home markets: Sweden, Estonia, Latvia and Lithuania. To support business in these markets, the Swedbank 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 Swedbank Group has both a branch and a subsidiary) and China (where the Swedbank Group has a branch). The Swedbank Group also has a branch in Luxembourg and a representative office in Spain and South Africa.

Below is a chart showing Swedbank's corporate structure.



7.7.1 Sweden

The banking sector is fairly concentrated in the Swedbank Group's home markets. In Sweden, the Swedbank Group, Handelsbanken, Nordea and SEB accounted for approximately 70 per cent. of deposits and lending in 2013, 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 Swedbank Group is the largest retail bank and has a leading market position in private mortgage lending (25 per cent.) and deposits from private customers (21 per cent.) as of 31 December 2013.¹ The Swedbank Group believes consumers have been more willing to change banks in recent years in a generally stable market. During the past year, banking customers have shown a tendency to turn to the major banks due to perceived volatility among smaller players.

7.7.2 Estonia

The Estonian banking sector is even more concentrated than Sweden's. The market is dominated by foreign banks. In Estonia, the Swedbank Group had a market share of 54 per cent. for deposits and private customers and 46 per cent. for lending as of 31 December 2013. In the Estonian corporate market, the Swedbank Group's share was 35 per cent. for lending and 37 per cent. for deposits as of 31 December 2013.¹

7.7.3 Latvia

¹ Statistics Sweden.

¹ Estonian Banking Association.

Latvia has a more fragmented market where local banks account for 30 to 70 per cent. of the various segments. As of 31 December 2013, the Swedbank Group accounted for 29 per cent. of private deposits and 29 per cent. of private lending. In the corporate market, the market share was 17 per cent. for lending and 14 per cent. for deposits as of 31 December 2013.¹

7.7.4 *Lithuania*

Like Sweden, the banking market in Lithuania is dominated by a few major players. As of 31 December 2013, the Swedbank Group accounted for 37 per cent. of private deposits and 27 per cent. of private lending. In the corporate market, the Swedbank Group's share was 21 per cent. for lending and 25 per cent. for deposits as of 31 December 2013.² In all the Baltic countries, competition has begun to increase again as the economy appears to recover.

7.8 **Information Technology**

7.8.1 *Overview*

Group IT is a common Swedbank Group function serving the Swedbank Group in Sweden, Norway, Denmark, Finland and the Baltic countries. In addition, Group IT provides IT services to those associated independent savings banks in Sweden co-operating with the Swedbank 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 Swedbank Group's internet bank service reaches approximately 7.2 million customers as of 31 December 2014 and, since its launch in 2009, the Swedbank Group's mobile bank services have added nearly half a million users. Through information and a differentiated pricing model, the Swedbank Group intends to make it easier for customers to select the most effective way to communicate with Swedbank for a variety of matters.

¹ Association of Latvian Commercial Banks.

² Association of Lithuanian Banks.

8 Risk Management

Swedbank defines risk as a potential negative impact on the value of the Swedbank Group that may arise from current internal processes or from internal or external future events. The concept of risk combines the probability of an event occurring with the impact that such an event would have on profit and loss, equity and the value of the Swedbank Group.

Risk arises in all financial operations, and managing it well is central for success. A strong common risk culture within Swedbank, with decision-making and responsibility kept close to the customer, serves as the foundation for efficient risk management and, consequently, a strong risk-adjusted return.

The Board has the ultimate responsibility for the Swedbank Group's risk-taking and capital assessment. Through an Enterprise Risk Management Policy ("ERM Policy"), the Board provides guidelines for the CEO on risk management and risk control, and how these functions should support the business strategy. The ERM Policy specifies the risk appetite, the concept of three lines of defence, the fundamental principles of risk management, as well as roles and responsibilities.

8.1 The Swedbank Group's Risk Management Builds on Three Lines of Defence

Successful risk management requires a strong risk culture and a common approach that permeates the entire Swedbank Group. Swedbank builds its approach to risk management on the concept of three lines of defence, signifying a clear division of responsibilities between the risk owner (the business units), the control functions (Group Risk) and Internal Audit.

Swedbank's risk management

Swedbank's risk management is built on a sophisticated risk process with three lines of defence.

First line of defence	Second line of defence	Third line of defence
Risk management by business operations Swedbank's business units and subsidiaries bear full responsibility for the risks that arise in their operations. Their employees have the best understanding of the customer and specific market. The customer's cash flow, solidity and collateral are always the decisive factors in the loan approval process. Standardised risk classification tools are in place to support the lending process.	Independent risk control The risk organisation is independent of the business operations and is responsible for identification, quantification, analysis and reporting of all risks. It upholds principles and frameworks for risk management to facilitate risk assessments. The credit risk function issues internal lending guidelines, such as cash flow and collateral requirements for customers as well as mandate structures for credit decisions within the organisation. For loans exceeding certain levels, the decisions are taken in credit committees to create a duality with the business operations. The committees also promote a sound risk culture by supporting and training employees in the business areas.	Internal Audit Internal Audit, an independent review function directly subordinate to the Board of Directors, conducts reviews of the first and second lines of defence. It identifies potential improvements in operations by evaluating risk management, governance and internal control. Internal Audit has also been tasked with identifying and helping to minimise activities that do not add value. When flaws are identified, the operations in question, in consultation with Internal Audit, formulate an action plan that clearly defines responsibilities and sets a timetable. The agreed-upon actions are followed up, and Internal Audit reports on their status to the Board of Directors and executive management on a quarterly basis until the work is completed.

8.2 Three levels of risk management

8.2.1 First Line of Defence – Risk Management by Business Operations

Each of Swedbank's business units and subsidiaries bear full responsibility for the risks that arise in their operations. Their employees have the best understanding of their customers and specific markets.

A customer's cash flow, solvency and collateral are always the decisive factors in the loan approval process and standardised risk classification tools are in place to support and facilitate the lending process.

During 2014, dedicated efforts were made to improve overall governance and control in relation to operating risks. This was primarily done through strengthening risk management capabilities in the first line of defence by facilitating first line risk ownership and contributing to a strong risk culture.

8.2.2 *Second Line of Defence – Risk and Control Functions*

Group Risk is independent of the Swedbank Group's business operations and is responsible for the identification, quantification, analysis and reporting of all risks. It upholds principles and the risk management framework in order to facilitate risk assessments. Group Risk is also responsible for providing operational guidance and support to the business organisation by promoting a sound risk culture within the Swedbank Group.

Group Risk issues internal lending guidelines, such as cash flow and collateral requirements for customers, as well as structures used in making credit decisions within the organisation. For loans exceeding a certain level, decisions are also taken by credit committees, separately from the business organisation, in order to ensure prudent decision-making. Such committees also promote a sound risk culture by supporting and training employees in the business organisation.

8.2.3 *Third Line of Defence – Internal Audit*

Internal Audit, an independent review function reporting directly to the Board of Directors, conducts reviews of the first and second lines of defence. It identifies potential improvements in operations by evaluating risk management, governance and internal controls. Internal Audit has also been tasked with identifying and helping to minimise activities that do not create value.

When flaws are identified, the operations in question, in consultation with Internal Audit, formulate an action plan that clearly defines responsibilities and sets a timetable for implementing such action plan. The agreed-upon plan is implemented and Internal Audit reports on its status to the Board of Directors and executive management on a quarterly basis until the work is complete.

8.3 **Management**

8.3.1 *Board of Directors*

The Swedbank Board of Directors (the "Board") has overall responsibility for managing the Swedbank Group's affairs in the interest of both Swedbank and the shareholders. The Board consists of ten members elected at the Annual General Meeting (the "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 "SCCG"), 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
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
Karl-Henrik Sundström	1960	2009	Member	Independent
Siv Svensson	1957	2010	Member	Independent
Maj-Charlotte Wallin	1953	2014	Member	Independent
Kristina Kjell	1953	2009	Employee	--
			Representative	
Jimmy Johnsson	1976	2010	Employee	--
			Representative	

Details as to the education and experience of the Board members are listed below:

Anders Sundström: Mr. Sundström has 12 years of bank specific board experience, and four years operative experience. He completed his university studies in Social Sciences. Mr. Sundström has been the President and CEO of Folksam, Minister for Employment, Minister for Enterprise and Energy and Minister for Social Affairs. He has been a Local Government Commissioner for the Piteå municipality, a Member of Parliament and the CEO and Chair of Sparbanken Nord (the Savings Bank Nord). Mr. Sundström is also Deputy Chair of European Savings Banks Group, Chair of the International Cooperative and Mutual Insurance Federation, Chair of Kooperativa Förbundet ("KF") and Coop AB, and Chair of NMI Holding.

Lars Idermark: Mr. Idermark has 14 years of bank specific board experience, and nine years operative experience. He earned his Masters of Business Administration. Mr. Idermark is the President and board member of Södra Skogsägarna AB. Before that, he was the President and CEO of PostNord AB the President and CEO of KF/Coop (the Swedish Cooperative Union), President of the Second Swedish National Pension Fund, Deputy President and CEO of Capio AB, Executive Vice President, Deputy President and CEO of FöreningsSparbanken, which is part of the Swedbank Group, Chief Financial Officer and Executive Vice President at Föreningsbanken and President and CEO of LRF Holding AB. Mr Idermark is also Chair of Aleris AB.

Ulrika Francke: Ms. Francke has 20 years of bank specific board experience. She completed her university studies. Ms. Francke is the President and CEO of Tyréns AB and also Chair in the group companies. Prior to that, she was the President and CEO of SBC Sveriges Bostadsrättscentrum AB, the Head of Administration of the City of Stockholm and President and CEO of Fastighets AB Brommastaden. Ms. Francke is also a board member of Hexagon AB, Chair of BIM Alliance, board member of IQ Samhällsbyggnad, board member of Almega Tjänsteförbunden, and a board member of Stockholms Stadsteater (the Stockholm City Theatre).

Göran Hedman: Mr. Hedman has 13 years of bank specific board experience, and 41 years operative experience. Mr. Hedman is the CEO of Sparbanken in Enköping. Before that he was the Head of Research 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 six 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 that Mr. Igel was the President and CEO of Telia Sonera AB, the President and CEO of Esselte AB and was the Executive Vice President of Telefonaktiebolaget LM Ericsson. Mr. Igel is the Chair of Ventelo ASA and Igel Insight AB. Mr Igel is also a board member of Broadnet AS and Finewineandtable Sweden.

Pia Rudengren: Ms. Rudengren has been a member of the Board for six 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, Social Initiative AB, Tikkurila Oyj, WeMind Digital Psykologi AB, Ulla Litzén AB and Kappahl AB.

Karl-Henrik Sundström: Mr. Sundström has been a member of the Board for six years. He earned his Bachelor of Science in Business and Administration. Mr. Sundström is the CEO 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. He has also been the Chief Financial Officer of Stora Enso. Mr Sundström is also a board member of Swedish Securities Council.

Siv Svensson: Ms. Svensson has been a member of the Board for five years and 27 years of operative bank specific experience. 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 AB, Alba Holding AB, Karolinska Sjukhuset and InlandsInnovation AB.

Maj-Charlotte Wallin: Ms. Wallin has been a member of the Board since 2014 and she has 20 years of operative bank specific experience. She earned her Bachelor of Science in Business and Economics. Previously, Ms. Wallin was the CEO of AFA Försäkring, Vice President and CFO of Alecia Pensionsförsäkring, CFO of Stockholms läns landsting, CEO of Jones Lang LaSalle Asset Management Services AB and Head of Business Area Management at Skandia Fastighet. She is also a board member of Fjärde AP-fonden and a member of Kammarkollegiets fonddelegation and Försäkringskassans Insynsråd.

Kristina Kjell: Ms. Kjell has been an employee representative to the Board since 2009 and has 42 years of operative bank specific experience. Ms. Kjell 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. Kjell 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 16 years of operative bank specific experience. 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 office for each of the members of the Board is c/o Swedbank (publ) at Landsvägen 40 SE-172 63 Sundbyberg, Sweden.

There are no potential conflicts of interest between any duties owed to Swedbank by any member of the Board of Swedbank, listed above, 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.

8.3.2 *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 CEO	2008
Mikael Björknert	1966	Head of SAMA	2010
Birgitte Bonnesen	1956	Head of Swedish Banking	1987
Göran Bronner	1962	CFO, Chief Financial Officer	2009
Ulf Ejelöv	1959	Head of North region	2009
Anders Ekedahl	1960	Head of Group IT	1987
Björn Elfstrand	1964	Head of Region Stockholm	1989
Jonas Erikson	1974	Head of Group Products	2009
Lars Friberg	1962	Head of Group Human Resources	2009
Magnus Gagner-Geeber	1969	Head of Large Corporates & Institutions	1990
Annika Hellström	1965	Head of Central region	1991
Cecilia Hernqvist	1960	Head of Group Communications	1990
Anders Karlsson	1966	CRO, Chief Risk Officer	1999
Lars Ljungälv	1969	Head of South Region	2014
Helo Meigas	1965	Head of Group Treasury	2004
Priit Perens	1964	Head of Baltic Banking	2003
Lena Smeby-Udesen	1961	Head of West region	2012
Viveka Strangert	1967	Head of Group Compliance	2010
Christer Trägårdh	1963	Head of Eastern region	2014

The office address of the members of the Group Executive Committee is c/o Swedbank (publ) at Landsvägen 40, SE-172 63 Sundbyberg, 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.

8.4 Auditor

The auditor is appointed by the AGM 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 held at the 2018 AGM.

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 Swedbank Group since 2010.

8.5 Corporate Governance

Swedbank's corporate governance policies are designed to create a sound and effective corporate culture that fosters trust as well as customer and shareholder value. To be successful, Swedbank's governance requires that our employees are familiar with, and work together to achieve, its common goals. For this purpose, the Swedbank Group's Board of Directors prepares a corporate governance report in accordance with the SCCG.

Swedbank considers good corporate governance, risk management and internal control to be key elements for a successful business. They are prerequisites for maintaining the trust of customers, shareholders, governmental or regulatory authorities and other stakeholders. Swedbank defines corporate governance as

the relationship between shareholders, executive management, employees, the Swedbank Group and other stakeholders.

Swedbank's governance model and operational structure are designed to ensure that all employees work towards Swedbank's common goals that support its purpose: achieving sound and sustainable financial situations for households and businesses.

8.6 Annual General Meeting

The AGM is the Swedbank Group's highest decision-making body, where the shareholders exercise their rights. The AGM is normally held before the end of April, or under special circumstances not later than 30 June. The 2015 AGM will be held in Stockholm on 26 March 2015.

9 Capital Management

9.1 Capital Adequacy

The following tables set out the Issuer's and the Group's capital adequacy data as of the dates indicated. The Group, as of 31 December 2014, comprised the Issuer and its subsidiaries with the exception of insurance companies. EnterCard Group was included according to the proportional consolidation method.

Capital adequacy Basel 3 ¹⁾		Basel 3	Basel 3		
SEKm		2014	2013		
Common Equity Tier 1 capital		87 916	80 826		
Additional Tier 1 capital		4 998	5 545		
Tier 1 capital		92 914	86 371		
Tier 2 capital		12 674	4 655		
Total capital		105 588	91 026		
Risk exposure amount		414 214	440 620		
Common Equity Tier 1 capital ratio, %		21,2%	18,3%		
Tier 1 capital ratio		22,4%	19,6%		
Total capital ratio, %		25,5%	20,7%		
Capital adequacy ²⁾		Basel 3	Basel 2	Basel 2	Basel 2
SEKm		2014	2013	2012	2011
Shareholders' equity according to the Group's balance sheet		117 203	109 540	103 032	97 993
Non-controlling interests		46	165	154	140
Anticipated dividend		-12 511	-11 100	-10 880	-5 825
Deconsolidation of insurance companies		-692	-1 982	-2 444	-1 980
Associated companies consolidated according to purchase method			2 251	1 864	1 742
Value changes in own financial liabilities		74	92	92	-23
Cash flow hedges		103	139	42	-268
Additional value adjustments		0			
Goodwill		-12 434	-11 198	-10 894	-11 085
Deferred tax assets		-166	-399	-567	-843
Intangible assets		-1 698	-1 943	-1 880	-1 767
Net provisions for reported IRB credit exposures		-1 599	-959	-938	-748
Shares deducted from CET1 capital		-410	0	-36	-34
Common Equity Tier 1 capital		87 916	84 606	77 545	77 302
Tier 1 capital contributions		4 998	5 536	6 270	7 553
Shares deducted from Tier 1 capital			-1 527	0	0
Total Tier 1 capital		92 914	88 615	83 815	84 855
Tier 2 instrument		12 674	4 643	8 056	12 005
Net provisions for reported IRB credit exposures			-959	-938	-748
Shares deducted from Tier 2 capital			-1 527	-2 930	-2 939
Total Tier 2 capital		12 674	2 157	4 188	8 318
Total capital		105 588	90 772	88 003	93 173
Capital requirement for credit risks, standardised approach		4 295	1 936	2 276	2 427
Capital requirement for credit risks, IRB		21 988	28 041	28 819	30 850
Capital requirement for credit risk, default fund contribution		3			
Capital requirement for settlement risks		2	3	3	1
Capital requirement for market risks		1 525	1 688	1 723	1 750
Capital requirement for credit value adjustment		579			
Capital requirement for operational risks		4 745	4 486	4 326	4 359
Capital requirement		33 137	36 154	37 147	39 387
Risk exposure amount credit risks		328 574	374 711	388 688	415 957
Risk exposure amount settlement risks		30	40	26	13
Risk exposure amount market risks		19 059	21 103	21 544	21 880
Risk exposure amount credit value adjustment		7 241			
Risk exposure amount operational risks		59 310	56 077	54 081	54 487
Risk exposure amount		414 214	451 931	464 339	492 337
Common Equity Tier 1 capital ratio, %		21,2	18,7	16,7	15,7
Tier 1 capital ratio, %		22,4	19,6	18,1	17,2
Total capital ratio, %		25,5	20,1	19,0	18,9
Capital buffer requirement ³⁾ , %					
CET1 capital requirement including buffer requirements		7,0			
of which capital conservation buffer		2,5			
of which countercyclical capital buffer					
of which systemic risk buffer					
CET1 capital available to meet buffer requirements ⁴⁾		16,4			
Capital adequacy Basel 1 floor		2014	2013	2012	2011
SEKm					
Capital requirement Basel 1 floor		66 092	64 769	63 405	62 037
Own funds Basel 3 adjusted according to rules for Basel 1 floor ⁵⁾		107 187	92 690	89 879	94 669
Surplus of capital according to Basel 1 floor		41 095	27 921	26 474	32 632

Notes:

1) Figures for 2013 according to Swedbank's previous calculations under the new framework. From 1 January, 2014 according to current regulations (Basel 3).

2) Reporting as of 2014 according to current regulation (Basel 3). Comparative figures as of 2013 according to previous regulation (Basel 2).

3) New buffer requirement according to Swedish implementation of CRD IV.

4) CET1 capital ratio as reported, less minimum req of 4.5% (excluding buffer reqs) and less any CET1 items used to meet the Tier 1 and total capital reqs.

5) Own funds Basel 3 adjusted to rules for Basel 1 floor is estimated by excluding Net provision for reported IRB credit exposures

Capital adequacy, Parent company ¹⁾				
SEKm	2014	2013	2012	2011
Common Equity Tier 1 capital	65 453	56 147	55 945	57 521
Additional Tier 1 capital	4 989	4 041	6 270	7 553
Tier 1 capital	70 442	60 188	62 215	65 074
Tier 2 capital	12 402	2 560	4 805	8 670
Total capital	82 844	62 748	67 020	73 744
Capital requirement Basel 1 floor	25 593	25 831	26 387	29 201
Capital requirement	25 593	25 831	26 387	29 201
Risk exposure amount	319 908	322 882	329 837	365 013
Common Equity Tier 1 capital ratio, %	20,5	17,4	17,0	15,8
Tier 1 capital ratio, %	22,0	18,6	18,9	17,8
Total capital ratio, %	25,9	19,4	20,3	20,2

Capital buffer requirement ²⁾				
%	2014	2013	2012	2011
CET1 capital requirement including buffer requirements	7,0			
of which capital conservation buffer	2,5			
of which countercyclical capital buffer	0,0			
of which systemic risk buffer	0,0			
CET1 capital available to meet buffer requirements ³⁾	16,0			

1) Reporting as of 2014 according to the current Basel 3 regulation (Basel 3). The figures for the years 2011-2013 are according to previous regulation (Basel 2).

2) New buffer requirement according to Swedish implementation of CRD IV.

3) CET1 capital ratio as reported, less minimum requirement of 4.5% (excluding buffer requirements) and less any CET1 items used to meet the Tier 1 and total capital requirements.

The table below shows the distributable items of Swedbank as at 31 December 2014. The Board of Directors has proposed a dividend of SEK 11.35 per share. In total, the proposed dividend amounts to SEK 12.5 billion.

Significant available distributable items, SEKm

Swedbank AB (parent company)	2014
Share premium reserve	13 206
Cash flow hedges	-3
Retained earnings	31 907
Available distributable items	45 110

Source: Swedbank interim reporting Q4 2014
(parent company)

9.1.1 Basel 3 capital requirements (Pillar 1)

The CET1 capital ratio according to Basel 3 (fully phased-in), i.e. the CET1 capital in relation to the risk exposure amount ("REA") was 21.2 per cent. at the end of 2014 (18.3 per cent. at 31 December 2013). The SFSA's approval for Swedbank to use the advanced IRB (A-IRB) approach for corporate exposures in Sweden and Norway affected the CET1 capital ratio positively by 3.8 per cent. calculated as of 30 June 2014. In the second quarter of 2014, the acquisition of Sparbanken Öresund was finalised, which reduced the CET1 capital ratio by 0.8 per cent.

CET1 capital increased by SEK 7.1 billion to SEK 87.9 billion. The change is mainly attributable to earnings, net of proposed dividend. The change in the accounting for employee benefits (IAS 19), which came into force in 2013, creates volatility in the estimated pension liabilities and increased the CET1 capital by approximately SEK 0.4 billion during 2014. Subordinated debt included in the total capital increased by SEK 7.5 billion, mainly as a result of Swedbank's issuance of EUR 750m Tier 2 instruments in mid-February 2014.

The REA decreased during 2014 to SEK 414.2 billion (SEK 440.6 billion as of 31 December 2013). The SFSA's approval allowing Swedbank to use A-IRB for corporate exposures reduced the REA by SEK 72.9

billion, while the acquisition of Sparbanken Öresund and investments in Sparbanken Skåne increased the REA by SEK 16.3 billion (of which SEK 14.9 billion affected REA for credit risks and SEK 1.4 billion affected REA for operational risks).

Credit risk REA decreased by SEK 34.3 billion during the year. Excluding the above mentioned one-off effects of the adoption of the A-IRB approach and the acquisition of Sparbanken Öresund, REA increased by SEK 23.8 billion. Increased exposures, mainly to mortgage loans and corporate customers in Swedish Banking and LC&I, made credit risk REA rise, while positive rating migrations, both in PD and LGD-dimension, reduced REA. Fluctuations in exchange rates, mainly attributable to the Baltic credit portfolio, increased the REA for credit risks due to the depreciation of the Swedish krona against the euro.

The REA for credit valuation adjustment was essentially unchanged. The REA for market risks increased by SEK 2 billion, due to higher interest rate risk and volatilities. The REA for operational risks increased by SEK 4.0 billion (excluding effects from acquisition of Sparbanken Öresund) compared with the previous year-end, due to Swedbank's revenue being higher in 2013 than in 2010. This affected the capital requirement for operational risks, which is calculated based on a rolling three-year average of revenues.

9.1.2 Swedish Capital Requirements regulation

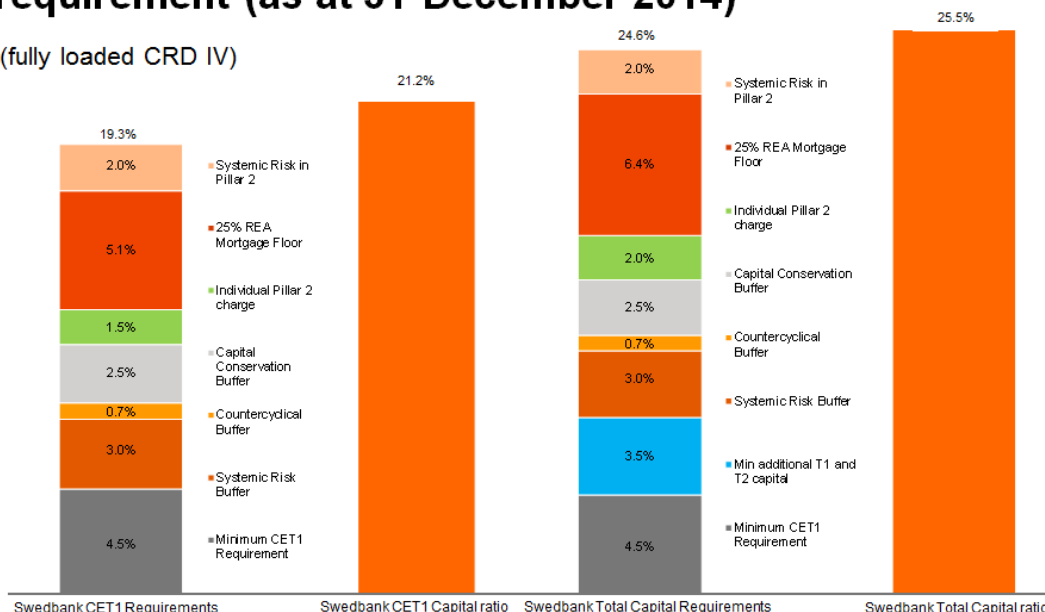
In early September 2014, the SFSA decided which capital requirements would apply to Swedish banks beyond the minimum level of 7 per cent. CET1 capital (including the mandatory capital conservation buffer of 2.5 per cent) in accordance with EU rules. As of 1 January 2015 the four major Swedish banks are assigned a systemic risk buffer of 3 per cent. in CET1 capital within the framework of Pillar 1 and a further 2 per cent. within the framework of Pillar 2. The countercyclical buffer for Swedish exposures will be 1 per cent. from 13 September 2015.

Due to the increase in the risk weight floor for the Swedish mortgage portfolio from 15 to 25 per cent. and the addition of a countercyclical buffer as of September 2015, Swedbank has to maintain additional CET1 capital of SEK 21 billion for Swedish mortgages within the framework of Pillar 2 corresponding to 5.1 per cent. of the CET1 ratio according to Pillar 1. In its internal controls Swedbank allocates capital to its mortgage business equivalent to a 25 per cent. risk weight floor as from the fourth quarter 2014.

The SFSA presented at the end of 2014 proposals for standardised models for Pillar 2 risks, which are expected to be implemented in 2015. The capital requirements of Pillar 2 risks are likely to be elucidated in 2015, including the level of Swedish banks' total capital requirements.

Composition of Swedbank's CET1 and total capital ratio requirement (as at 31 December 2014)

(fully loaded CRD IV)



Source: Estimated CET1 and total Capital Requirement based upon the Swedish FSA's Memorandum (08/09/2014). This will likely be adjusted in the future, in particular as under the SFSA's Memorandum the CET1 capital requirement is calculated utilising a standardised 1.5% charge for individual Pillar 2 requirements excluding mortgage and systemic risk, and this will likely vary.

The capital requirement for Swedbank, calculated as per 31 December 2014 based on current information and assuming that Swedbank's capital requirement for Pillar 2 risks are in line with SFSA's standard value for Swedish banks (1.5 per cent.), is equivalent to a CET1 capital ratio of 19.3 per cent. In these figures account is taken of the forthcoming introduction of systemic risk buffer (in January 2015) and the countercyclical buffer (in September 2015). Swedbank's actual CET1 ratio at the end of 2014 was 21.2 per cent. This means that there is an adequate buffer above the fully implemented capital requirement to manage volatilities in capital and REA already in place.

10 Market Information

The Shares (as defined under “Description of the Shares”) are listed on Nasdaq Stockholm. The ISIN for the Shares is SE0000242455. Information about the past performance of the Shares and their volatility can be obtained from the website of Nasdaq Stockholm at www.nasdaqomxnordic.com. Nasdaq Stockholm can trace its roots from the foundation of the Stockholm stock exchange in 1863 and is the major stock exchange in Sweden with status as a regulated market as defined in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments. It is supervised by the SFSA.

The total share trading volume of Nasdaq Stockholm during 2014 was more than SEK 3,300 billion. Prices are published on the website of Nasdaq Stockholm, and they are published within 15 minutes of a change occurring.

11 Description of the Shares

Form and denomination

Under its Articles of Association, as presently adopted, there is only one class of shares, (the "Shares") in the capital of the Issuer. The Shares are denominated in SEK and their quota value is SEK 21 per share as at the date of this Offering Circular.

The Shares are issued in electronic form and presently registered in the electronic securities system of Euroclear Sweden AB which also maintains the Issuer's share register. No share certificates are issued with respect to the Shares. The address of Euroclear Sweden AB is Box 191, SE-10123 Stockholm, Sweden.

The Shares have been issued, and any new Shares will be issued, in accordance with Swedish law. The rights associated with the Shares that are set forth in the Articles of Association of the Issuer, can only be changed in accordance with the procedures stipulated in the Swedish Companies Act (*Sw: aktiebolagslagen (2005:551)*) and the Swedish Banking and Financing Business Act (*Sw: lagen (2004:297) om bank- och finansieringsrörelse*). Furthermore any amendments to the Issuer's Articles of Association will be subject to the approval of the SFSA.

Supervisory approval for certain acquisitions of Shares

Under Swedish law, direct or indirect acquisitions of Shares require approval from the SFSA when resulting in a qualified holding. A holding is qualified if it amounts to 10 per cent. or more of the capital or of all the voting rights in the Issuer or otherwise renders it possible to exercise a significant influence over the management of the Issuer. Approval is also required each time a qualified holding increases so that it amounts to or exceeds 20, 30 or 50 per cent. of the capital or of all voting rights in the Issuer or such that it causes the Issuer to become a subsidiary pursuant to Swedish law. These rules apply to purchases as well as other methods of acquiring Shares, for example conversion of the Notes into Shares. If approval is granted by the SFSA, the direct or indirect shareholder will have continuous obligations in respect of its holding, among others a requirement to notify the SFSA about changes in its holding of Shares and changes in its management. Also, the SFSA may order the shareholder to sell all or part of its Shares.

Non-compliance with such disclosure and/or approval requirements may lead to the incurrence by the Noteholder of substantial fines and/or suspension of voting rights associated with the Shares.

Reporting requirements at certain levels of shareholding

As long as the Shares are listed on a regulated market in the EEA anyone acquiring or disposing of Shares must report its holding to the Issuer and to the SFSA each time the number of Shares or voting rights of that shareholder reaches, exceeds or falls below 5, 10, 15, 20, 25, 30, 50, 66 2/3 or 90 per cent. This applies regardless of whether the shareholder has acquired the Shares by way of a conversion of the Notes or in any other way. When calculating the number of Shares or voting rights the shareholder must include Shares held by certain other related persons or entities as further detailed in Swedish legislation.

Non-compliance with such disclosure and/or approval requirements may lead to the incurrence by the Noteholder of substantial fines and/or suspension of voting rights associated with the Shares.

Mandatory bids

A holder of less than 30 per cent. of the voting rights of the Issuer (or someone holding no voting rights) who acquires enough Shares such that its total holding amounts to at least 30 per cent. of the voting rights of the Issuer is obliged pursuant to the Swedish Stock Market (Takeover Bids) Act (2006:451) (as amended or

replaced from time to time) implementing Directive 2004/25/EC of the European Parliament and of the Council to publish immediately the size of its holding (together with those of related parties) and, no later than four weeks thereafter, make a public offering for the remaining outstanding Shares.

Right to attend general meetings of shareholders

At general meetings of shareholders each Share carries one vote. Each shareholder is entitled to participate in general meetings and vote for the full number of Shares held by such shareholder. A shareholder is entitled to bring not more than two assistants and to be represented by proxy. on a general meeting of shareholders. A shareholder who wishes to attend a general meeting and vote for its Shares must be registered in the share register of the Issuer on the record date determined for such purpose. Notices convening general meetings shall be made by public notice in Post och Inrikes Tidningar (the Swedish Official Gazette) and by way of the notice being made available on the Issuer's web site. Information that the notice has been issued shall be made public in the Swedish daily newspaper Dagens Nyheter at the time of the notice. Notice of a general meeting must not be made earlier than 6 weeks prior to the date of the meeting and no later than 3 or in some cases 4 weeks before the date of the meeting.

Resolutions of general meetings of shareholders can usually be made by a majority of more than 50 per cent. of the votes cast but in some cases higher majority requirements apply, in particular if the rights of shareholders will be affected.

Notices of general meetings of the Issuer are given in the manner described above.

Pursuant to the Swedish Companies Act, at general meetings of the Issuer the Board of Directors and the CEO are under a duty to, upon request by any shareholder and where the Board of Directors believes that such may take place without material damage to the Issuer and without any appreciable inconvenience to any person, provide information regarding any circumstances which may affect the assessment of a matter on the agenda or of the Issuer's financial situation (the latter normally only at the annual general meeting). Such duty to provide information applies also to the Issuer's relation to other group companies, the consolidated accounts and such circumstances regarding subsidiaries as specified in the foregoing sentence.

Right to receive dividends

Any declaration of dividends under Swedish law must be adopted by the general meeting. Dividends may only be declared to the extent there are distributable funds in the Issuer and to the extent that such declaration is prudent taking into consideration the demands, with respect to size of shareholders' equity, which are imposed by the nature, scope and risks associated with operations and the Issuer's need to strengthen its balance sheet, liquidity and financial position. The shareholders may not, as a general rule, declare higher dividends than the Board of Directors has proposed or approved.

Shareholders owning in aggregate a tenth of all outstanding Shares have the right to demand payment of dividends from the profits of the Issuer. Following such request, the Annual General Meeting shall resolve upon the distribution of one-half of the remaining profit for the year pursuant to the adopted balance sheet after certain deductions have been made. The general meeting is not, however, obliged to resolve upon dividends in excess of 5 per cent. of the Issuer's shareholders' equity. Further, the general meeting may never declare dividends in excess of distributable funds nor in violation of the prudence rule described above.

Dividends are normally paid in cash but may also be paid in kind. Persons registered as owners of the Shares in the share register on the record date established by the general meeting will be entitled to receive dividends.

Neither the Swedish Companies Act nor the Issuer's Articles of Association contain any restrictions regarding the dividend rights of shareholders resident outside Sweden. With the exception of any restrictions pursuant to the bank and clearing system, payment to such shareholders is executed in the same manner as for shareholders resident in Sweden. However, shareholders with a tax domicile outside Sweden are normally subject to Swedish withholding tax. See "Taxation – Sweden Taxation".

Preferential rights in case of new share issues

In the event that the Issuer resolves to issue new Shares, whether in a cash issue or an issue where the new Shares shall be paid for by way of set-off, all shareholders will typically have preferential rights to the new Shares in relation to the number of Shares held in the Issuer. For details of circumstances in which there will be an adjustment to the Floor Price in connection with any Automatic Conversion, please see the "Terms and Conditions of the Notes". For the avoidance of doubt, any new Shares issued pursuant to the conversion of the Notes (in accordance with their terms) will not be subject to the preferential rights of the shareholders mentioned above.

Share repurchases by the Issuer

Since the Shares are listed on a regulated market, the Swedish Companies Act allows the Issuer to repurchase Shares in a total number not exceeding 10 per cent. of the outstanding shares, either by purchasing them on a regulated market or by way of a public offering. Any decision by the Issuer to repurchase Shares must be made by a general meeting of shareholders or by the board of directors following a mandate given by a general meeting of shareholders, in both cases requiring a majority of at least 2/3 of the votes cast as well as of the Shares represented at the meeting.

Information to shareholders

The Issuer normally discloses information to its shareholders by publication of press releases and/or by making the information available on its website.

Compulsory acquisition proceedings

Pursuant to the Swedish Companies Act, a shareholder that directly or indirectly holds more than 90 per cent. of the Shares is entitled to acquire the other shareholders' Shares and each minority shareholder is entitled to require such majority shareholder to acquire its Shares. A majority shareholder that exercises such right to acquire the outstanding Shares in the Issuer is also entitled to acquire any convertibles (including the Notes) or warrants issued by the Issuer. Each holder of such convertibles or warrants (including the Noteholders) is entitled to require the majority shareholder to acquire its convertibles (including the Notes) or warrants notwithstanding that the majority shareholder does not exercise its right to acquire the outstanding Shares. If an agreement on the purchase price cannot be reached between the parties, the purchase price shall be determined through arbitration and generally be the price which could be expected in a sale under normal circumstances. A shareholder or a holder of a convertible or a warrant who does not participate in the arbitration will be represented by a trustee appointed by the Swedish Companies Registration Office.

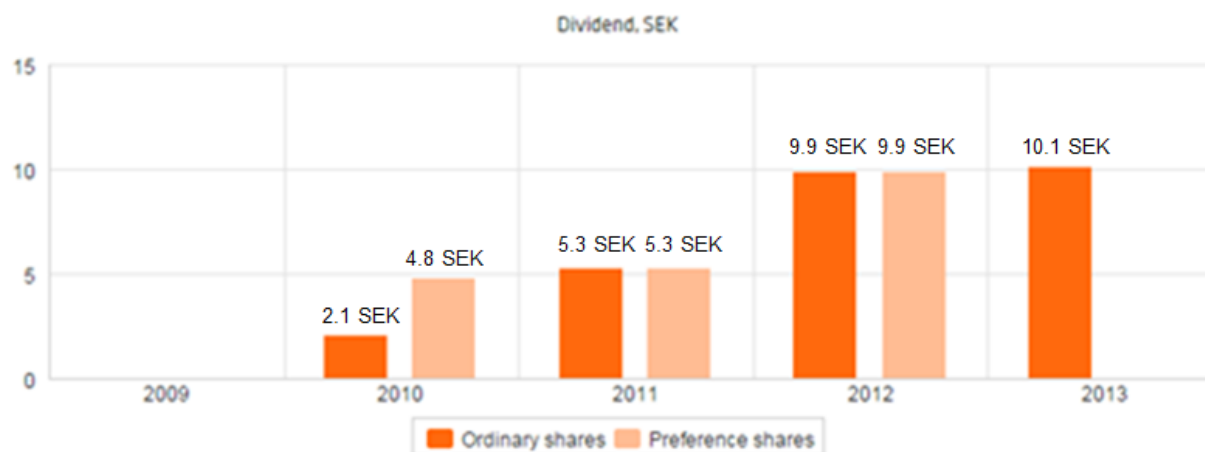
Transfers of Shares

A transfer of Shares must be registered in the electronic securities system of Euroclear Sweden AB to give the transferee shareholder rights in relation to the Issuer. Transfers are usually made through one or more financial intermediaries such as banks, stockbrokers etc. who are connected to Euroclear Sweden AB and may register the transfer.

Trading and historic performance

The ticker name of the Shares is "SWED A" and the ISIN code is SE0000242455.

The following chart and table show the dividends on the Shares (and on preference shares that were converted into ordinary Shares during 2013) for the previous four years:



Source: Swedbank Annual Report 2013.

Dividend period	2013	2012	2011	2010
Cash dividend per A share, SEK	10.1	9.90	5.3	2.1
Cash dividend per preference share, SEK		9.90	5.3	4.8
Dividend ratio, %	75	75	50	40
Dividend growth, %	2	87	95	n.a.
Yield per year-end, A shares, per cent*	5.58	7.80	5.95	2.2
Yield per year-end, preference shares, per cent*		7.81	5.95	5

Source: Swedbank Annual Report 2013.

The following chart shows the market price of the Shares during the previous three years:

SEK



Source: Nasdaq Stockholm

12 Taxation

12.1 Swedish Taxation

The following summary is a general description of certain Swedish tax considerations in relation to the Notes and Conversion Shares for holders who are not residents of Sweden for income tax purposes. It does not purport to be a complete analysis of all potential aspects of Swedish taxation and is neither intended to be nor should it be construed as legal or tax advice. Prospective purchasers of the Notes are urged to consult their professional advisers as to the tax consequences of acquiring, holding or disposing of Notes and Conversion Shares. This summary is based upon the laws of Sweden as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.

Under Swedish law payments of any principal or any amount that is considered to be interest for Swedish tax purposes to a Noteholder 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 Notes are effectively connected.

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

Subject to what is set out below, a holder of a Note or a Conversion Share that 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 Notes or Conversion Shares are effectively connected will not be the subject of any Swedish income taxes in connection with the conversion of any Note into Conversion Shares or in connection with the disposal of any Note or Conversion Share. However, such a holder of a Conversion Share will be subject to Swedish withholding tax on any dividend payments and certain other distributions in relation to the Conversion Shares (*Sw: kupongskatt*) at a tax rate of 30 per cent. (subject to any exemptions under Swedish law or exemptions or reduced tax rates under any applicable tax treaty for the avoidance of double taxation).

Private individuals who have been residents of Sweden or have had a habitual abode in Sweden at any time during a particular calendar year of a disposal or redemption, or during the preceding ten calendar years, are liable for capital gains taxation in Sweden upon a disposal of Conversion Shares and upon a disposal or redemption of Notes if the Notes were to be deemed equity related for Swedish tax purposes. Further, the conversion of the Notes into Conversion Shares may trigger capital gains taxation for such private individuals. In a number of cases though, the applicability of these rules is limited by the applicable tax treaty for the avoidance of double taxation.

12.2 European Union Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State

must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the EU.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which operate a withholding system when they are implemented.

The end of the transitional period is 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 adopted similar measures (a withholding system in the case of Switzerland).

12.3 The Proposed Financial Transaction Tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “Commission’s Proposal”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”).

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements by the participating Member States indicate an intention to implement the FTT by 1 January 2016.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

13 Subscription and Sale

The Joint Lead Managers have, pursuant to a Subscription Agreement (the “Subscription Agreement”) dated 17 February 2015, jointly and severally agreed to subscribe and pay or, in the case of Swedbank AB (publ) (in its capacity as a joint lead manager), to procure subscribers, for the Notes at the issue price of 100.00 per cent. of the principal amount of the Notes. The Issuer will pay a commission to the Joint Lead Managers pursuant to the Subscription Agreement. The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

13.1 General

Other than with respect to the admission to trading and listing of the Notes on the Irish Stock Exchange, no action has been or will be taken in any country or jurisdiction by the Issuer or the Joint Lead Managers that would permit a public offering of the Notes, 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 Offering Circular comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver the Notes or have in their possession or distribute such offering material, in all cases at their own expense.

13.2 United States of America

Regulation S Category 2; TEFRA D

The Notes and any Conversion Shares to be delivered following the occurrence of a Trigger Event have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S, each Joint Lead Manager has represented and agreed that it will not offer, sell or deliver such Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant lead manager, of such Notes, within the United States or to, or for the account or benefit of, U.S. persons. Each Joint Lead Manager has further agreed that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of the Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

13.3 **United Kingdom**

Each Joint Lead Manager has represented and agreed that:

- (a) 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 the Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

14 General Information

1. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange and trading on the Global Exchange Market of the Irish Stock Exchange with effect from the Issue Date.

The Issuer estimates that the amount of expenses related to the admission to trading of the Notes on the Global Exchange Market of the Irish Stock Exchange will be approximately €5,000.

2. The issue of the Notes was duly authorised by the Issuer at a meeting of the board of directors held on 12 February 2015.
3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN in respect of the Notes is XS1190655776 and the Common Code in respect of the Notes is 119065577. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. Euroclear and Clearstream, Luxembourg are the entities in charge of keeping the records.
4. There has been no significant change in the financial or trading position of the Issuer or the Swedbank Group since 31 December 2014. There has been no material adverse change in the financial position or prospects of the Issuer or the Swedbank Group since 31 December 2013.
5. In 2013 allegations were made in the media that actively managed funds in the Swedish asset management sector, specifically including Swedbank Robur, are not actively managed. In January 2014 the Swedish Consumer Board initiated an investigation of the marketing of the Swedbank Robur funds and in March 2014 they announced that they had concluded their review without further action. In December 2014 the Swedish Shareholders Association (*Sw: Aktiespararna*) took legal action against Swedbank Robur on behalf of fund investors in the form of a class action complaint (*Sw: grupptalan*) to the National Board for Consumer Disputes (*Sw: Allmänna Reklamationsnämnden*). At the date of this Offering Circular, the size and outcome of this legal action remain uncertain.
6. Except for the proceedings mentioned in paragraph 5 of General Information (above), there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer 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 Issuer or the Swedbank Group.
7. Deloitte AB (Authorised Public Accountants) of Rehnsgatan 11, SE-113 79 Stockholm, Sweden, have audited the financial statements of the Issuer for the financial years ended 31 December 2013 and 31 December 2012.

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.
8. For so long as Notes 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 offices of the Issuer (which, at the date of this Offering Circular, are at Landsvägen 40 SE-172 63 Sundbyberg, Sweden) and the specified office of the Fiscal Agent in London:

- (a) Certificate of Registration and Articles of Association of the Issuer;
 - (b) the Agency Agreement;
 - (c) the Deed of Covenant;
 - (d) the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2013 and 2012 in each case together with the audit reports prepared in connection therewith; and
 - (e) the unaudited financial information in the published unaudited interim report of the Issuer as at 31 December 2014.
9. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Offering Circular and is not itself seeking admission of the Notes to the Official List or to trading on the Global Exchange Market of the Irish Stock Exchange.
 10. Some of the Joint Lead Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers 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 Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers 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.
 11. The indication of the yield of the Notes is 5.50 per cent. per annum and is calculated as at the date of this Offering Circular on the basis of the issue price. It is not an indication of future yield.
 12. The language of this Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

THE ISSUER

Swedbank AB (publ)

Registered address: SE-105 34 Stockholm, Sweden
Visitors' address: Landsvägen 40, SE-172 63 Sundbyberg, Sweden

JOINT LEAD MANAGERS

BNP Paribas

10 Harewood Avenue
London NW1 6AA
United Kingdom

HSBC Bank plc

8 Canada Square
London E14 5HQ
United Kingdom

J.P. Morgan Securities plc

25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Merrill Lynch International

2 King Edward Street
London EC1A 1HQ
United Kingdom

Société Générale

29, boulevard Haussmann
75009 Paris
France

Swedbank AB (publ)

SE-105 34 Stockholm
Sweden

AUDITOR OF THE ISSUER

Deloitte AB

Rehngatan 11
SE-113 79 Stockholm
Sweden

FISCAL AGENT, PAYING AGENT and PAYING AND CONVERSION AGENT

Citibank, N.A., London Branch

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

LEGAL ADVISERS

to the Issuer as to English law:

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

to the Issuer as to Swedish law:

Gernandt & Danielsson Advokatbyrå KB
Hamngatan 2
P.O. Box 5747
SE-114 87 Stockholm
Sweden

to the Joint Lead Managers as to English law:

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

to the Joint Lead Managers as to Swedish law:

Wistrand Advokatbyrå
Regeringsgatan 65
P.O. Box 7543
SE-103 93 Stockholm
Sweden

LISTING AGENT

Arthur Cox Listing Services Limited
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland