IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS (AS DEFINED BELOW) LOCATED OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the attached offering circular (the "**Offering Circular**") following this page and you are therefore advised to read this page carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer (as defined in the Offering Circular) or Deutsche Bank AG, London Branch, Goldman Sachs International, J.P. Morgan Securities plc and Société Générale (together, the "**Joint Lead Managers**") as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE ATTACHED OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED IN THE ATTACHED DOCUMENT.

Restrictions on marketing and sales to retail investors: The Notes discussed in the 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 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 will be deemed to represent, warrant, agree with and undertake to the Issuer and each of the Joint Lead Managers that:

(a) it is not a retail client in the EEA (as defined in the TMR Rules);

(b) 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 the 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 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 or offer to sell Notes to a retail client in any EEA member state other than the United Kingdom, where (x) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Notes and is able to bear the potential losses involved in an investment in the Notes and (y) it has at all times acted in relation to such sale or offer in compliance with the Markets in Financial Instruments Directive (2004/39/EC) ("**MiFID**") to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and

(c) 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.

Confirmation of your representation: In order to be eligible to view the attached Offering Circular or make an investment decision with respect to the securities being offered, prospective investors must be non-U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) located outside the United States. This Offering Circular is being sent to you at your request, and by accessing this Offering Circular you shall be deemed to have represented to the Issuer and each of the Joint Lead Managers that (1) you are purchasing the securities being offered in an offshore transaction (within the meaning of Regulation S) and the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories and possessions, any State of the United States or the District of Columbia and (2) you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person.

The materials relating to this offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer, and any of the Joint Lead Managers or any affiliate of any Joint Lead Manager is a licensed broker or dealer in the relevant jurisdiction, the offering shall be deemed to be made by the Joint Lead Manager(s) or such affiliate on behalf of the Issuer in such jurisdiction.

The attached Offering Circular may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 would not, if the Issuer was not an authorised person, apply to the Issuer.

The attached Offering Circular has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Joint Lead Managers, any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

OFFERING CIRCULAR DATED 24 FEBRUARY 2015

Svenska Handelsbanken AB (publ)

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

Issue of U.S.$1,200,000,000 Additional Tier 1 Notes

under its U.S.$50,000,000,000 Euro Medium Term Note Programme

Issue Price: 100.00 per cent.

The U.S.$1,200,000,000 Additional Tier 1 Notes (the "**Notes**") are being issued by Svenska Handelsbanken AB (publ) (the "**Issuer**" or the "**Bank**") as series 325 under its U.S.$50,000,000,000 Euro Medium Term Note Programme (the "**Programme**").

The Notes are perpetual securities and have no fixed date for redemption. The Bank may redeem the Notes at its discretion in the circumstances described in the Conditions (as defined below), but not otherwise.

As set out in the Terms and Conditions beginning on page 27 of this Offering Circular (the "**Conditions**"), the Notes will bear interest from (and including) 25 February 2015 (the "**Issue Date**") to (but excluding) 1 March 2021 (the "**First Reset Date**") at a fixed rate of 5.25 per cent. per annum. For each Reset Interest Period (as defined in the Conditions), the Notes will bear interest at a fixed rate of 3.335 per cent. per annum (the "**Margin**") above the then applicable mid-swap rate for U.S. dollar fixed-to-floating swap transactions with a maturity of five years determined as described in Condition 4. Interest on the Notes will be payable annually in arrear on 1 March in each year (each an "**Interest Payment Date**") with the first Interest Payment Date being 1 March 2016 in respect of the interest accrued for the period starting from (and including) the Issue Date. Interest on the Notes will be due and payable only at the sole and absolute discretion of the Bank and, accordingly, the Bank shall have sole and absolute discretion at all times to cancel (in whole or in part) any interest payment that would otherwise be due and payable on any Interest Payment Date. Additionally, payments of interest shall be restricted in certain circumstances, as further described in Condition 4(d).

Subject as provided herein and to the prior approval of the Relevant Regulator (as defined in the Conditions), the Notes may be redeemed at the option of the Issuer in whole, but not in part only, (i) on any Optional Redemption Date (as defined in the Conditions), (ii) at any time for certain withholding tax reasons as set out under Condition 5(b) or (iii) upon the occurrence of a Tax Event or a Capital Event (each as defined in the Conditions), at their then prevailing Outstanding Principal Amount (as defined in the Conditions) in accordance with the Conditions. Upon the occurrence of a Capital Event or a Tax Event, the Issuer may substitute, or vary the terms of, the Notes provided that they become or, as appropriate, remain Qualifying Additional Tier 1 Securities (as defined in the Conditions). The Notes are not redeemable at the option of the holders of the Notes ("**Noteholders**").

The Outstanding Principal Amount of the Notes will be written down if the Common Equity Tier 1 Capital Ratio (as defined in the Conditions) of the Bank is less than is 5.125 per cent. or the Common Equity Tier 1 Capital Ratio of the Group (as defined in the Conditions) is less than 8.0 per cent. Following such write down, the Outstanding Principal Amount may, at the Bank's sole and absolute discretion, be reinstated in whole or in part if certain conditions are met. See Condition 6.

This Offering Circular comprises a prospectus for the purposes of Directive 2003/71/EC, as amended, which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area (the "**Prospectus Directive**").

This Offering Circular has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under the Prospectus Directive. The Central Bank only approves this Offering Circular as meeting the requirements imposed under Irish law and European Union ("**EU**") law pursuant to the Prospectus Directive.

Application has been made to the Irish Stock Exchange plc (the "**Irish Stock Exchange**") for the Notes to be admitted to the official list (the "**Official List**") and trading on its regulated market (the "**Main Securities Market**"). The Main Securities Market is a regulated market for the purposes of Directive 2004/39/EC.

The Notes are expected to be rated BBB by Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"), Baa3 by Moody's Investors Services Limited ("**Moody's**") and BBB by Fitch Ratings Ltd ("**Fitch**"). Each of Standard & Poor's, Moody's and Fitch is established in the EU and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") and is, accordingly, included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (*www.esma.europa.eu/page/List-registered-and-certified-CRAs*) in accordance with such Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

An investment in the Notes involves certain risks. For a discussion of these risks see "Risk Factors" beginning on page 6 of this Offering Circular and also the risks set out in "Risk Factors-Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme" on pages 13 to 17 of the Programme offering circular dated 13 June 2014 (the "Programme Offering Circular") which section of the Programme Offering Circular is incorporated herein by reference.

The Notes will be in bearer form and will be initially represented by a global Note which will be delivered on or prior to the Issue Date to a common depositary (the "**Common Depositary**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**").

The Notes are not intended to be sold and should not be sold to retail clients in the European Economic Area ("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 3 of this Offering Circular for further information.

Joint Structuring Advisers

Goldman Sachs International | **Société Générale Corporate & Investment Banking**

Joint Lead Managers

Deutsche Bank | **Goldman Sachs International**

J.P. Morgan | **Société Générale Corporate & Investment Banking**

The Bank accepts responsibility for the information contained in this Offering Circular. Having taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is to the best of the Bank's knowledge, in accordance with the facts and contains no omission likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents or sections of documents which are incorporated herein by reference (see "Documents Incorporated by Reference" on page 25 of this Offering Circular). This Offering Circular shall be read and construed on the basis that such documents or sections of documents are so incorporated and form part of this Offering Circular.

None of Deutsche Bank AG, London Branch, Goldman Sachs International, J.P. Morgan Securities plc and Société Générale (together, the "**Joint Lead Managers**") nor Deutsche Trustee Company Limited (the "**Trustee**") have separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Joint Lead Managers or the Trustee as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Bank in connection with the Notes. None of the Joint Lead Managers or the Trustee accepts any liability in relation to the information contained in this Offering Circular or any other information provided by the Bank in connection with the Notes.

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

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

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

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

The Notes are not deposit liabilities of the Issuer and are not insured by any governmental agency of Sweden or any other jurisdiction.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such

jurisdiction. The distribution of this Offering Circular and the offer or sale of the Notes are subject to the above restrictions and may be restricted by law in certain other jurisdictions. None of the Issuer, the Joint Lead Managers or the Trustee represents that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Joint Lead Managers or the Trustee which is intended to permit a public offering of the Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of the Notes in the United States, the European Economic Area, the United Kingdom, Sweden and Japan (see "Subscription and Sale" below).

The Notes may not be a suitable investment for all investors. It is advisable that each potential investor in the Notes determines the suitability of that investment in light of its own circumstances. In particular, it is advisable that each potential investor (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes and their terms, 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; (ii) 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; (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the potential investor's currency is other than U.S. dollar; (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of the relevant financial markets; and (v) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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 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 will be deemed to represent, warrant, agree with and undertake to the Issuer and each of the Joint Lead Managers that:

(a) it is not a retail client in the EEA (as defined in the TMR Rules);

(b) 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 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 or offer to sell Notes to a retail client in any EEA member state other than the United Kingdom, where (x) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Notes and is able to bear the potential losses involved in an investment in the Notes and (y) it has at all times acted in relation to such sale or offer in compliance with the Markets in Financial Instruments Directive (2004/39/EC) ("**MiFID**") to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and

(c) 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.

In connection with the issue of the Notes, Société Générale (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 the Stabilising Manager) will undertake stabilisation action. Any stabilisation action or over-allotment may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any such stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

In this Offering Circular, references to "€" are to the currency of the Member States of the EU that adopt or have adopted the single currency in accordance with the Treaty on the Functioning of the EU, as amended, and references to "U.S. dollars" or "U.S.$" are to are to United States dollars.

Terms and expressions used and not otherwise defined in this Offering Circular shall have the meanings given in the Programme Offering Circular or the Conditions, except where the context otherwise requires.

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RISK FACTORS

Risk factors which the Bank believes may be material for the purpose of assessing certain structural, market and other risks associated with the Notes are incorporated herein by reference from pages 13 to 17 of the Programme Offering Circular and set out below.

The Bank believes that these risk factors may affect its ability to fulfil its obligations under the Notes and that these risk factors represent the principal risks inherent in investing in the Notes. However, the Bank may be unable to pay interest, principal or other amounts on or in connection with the Notes, or a Trigger Event, Write Down or cancellation of interest may occur, for other reasons which may not be considered significant risks by the Bank based on information currently available to it or which it may not currently anticipate. Accordingly, such risk factors do not purport to be an exhaustive list of all potential risks associated with an investment in the Notes. All such risk factors are contingencies which may or may not occur and the Bank is not in a position to express a view on the likelihood of any such contingency occurring. Prospective investors should also read the detailed information incorporated herein by reference or set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

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

Risks Related to the Structure of the Notes

The Notes may be subject to a Write Down and upon the occurrence of such an event Noteholders may lose substantially all of their investment in the Notes.

Upon the occurrence of a Trigger Event, a Write Down will occur and the Outstanding Principal Amount of any Note may be written down to as low as U.S.$0.01. As a result, Noteholders may lose substantially all of their investment in the Notes. No Noteholder will have any rights against the Bank with respect to the repayment of any principal amount to the extent so written down or the payment of interest on any principal amount that has been so written down or any other amount on or in respect of any principal amount that has been so written down. Moreover, the Bank's obligation to pay any interest on any principal amount that is to be written down on the relevant Write Down Effective Date, in respect of an Interest Period ending on any Interest Payment Date falling between the date of a Trigger Event and the Write Down Effective Date, shall automatically be deemed to have been cancelled upon the occurrence of such Trigger Event and such interest shall, accordingly, not be due and payable. The Write Down shall not constitute an Event of Default or a breach of the Bank's obligations or duties or a failure to perform by the Bank in any manner whatsoever and shall not, of itself, entitle Noteholders to any petition for the insolvency or dissolution of the Bank or otherwise.

A Trigger Event will occur if the Common Equity Tier 1 Capital Ratio of the Bank or the Group as at any Measurement Date is less than at the Trigger Level. The Trigger Level is 5.125 per cent. in the case of the Bank and 8.0 per cent. in the case of the Group. Proximity of the Bank's or the Group's Common Equity Tier 1 Capital Ratio to the applicable Trigger Level will likely cause volatility in and have an adverse effect on the market price of the Notes. This may also be true prior to the occurrence of a Trigger Event, in anticipation of such an event occurring.

Furthermore, upon the occurrence of a Write Down, Noteholders will not (i) receive any shares or other participation rights in the Bank or be entitled to any other participation in the upside potential of any equity or debt securities issued by the Bank or any other member of the Group, or (ii) be entitled to any write-up or any other compensation in the event of a potential recovery of the Bank or any other member of the Group or any subsequent change in the financial condition thereof. A Write Down may occur at any time and on more than one occasion, and may occur even if existing preference shares, participation certificates and ordinary shares of the Bank remain outstanding. Any redemption of the Notes at the option of the Bank (as described in " - The Notes are subject to

optional redemption by the Bank") following any Write Down will be at the then Outstanding Principal Amount of the Notes, which may be lower than their Original Principal Amount. Although the Bank could, in its sole and absolute discretion, reinstate all or a part of any Write Down Amount under certain conditions described in the Conditions, there can be no assurance that such conditions would ever be satisfied or, even if satisfied, that the Bank would exercise its discretion to implement such a Reinstatement.

See "Terms and Conditions of the Notes—Loss Absorption and Reinstatement".

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

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

(i) have 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 in this Offering Circular;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes, such as the provisions governing a Write Down and cancellation of interest, understand under what circumstances a Trigger Event will or may be deemed to occur, and be familiar with the behaviour of any relevant financial markets and their potential impact on the likelihood of a Trigger Event, a Capital Event or a Tax Event occurring; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment, the Write Down of the Notes and its ability to bear the applicable risks.

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

The terms and conditions of other regulatory capital instruments already in issue or to be issued after the date hereof by the Bank may vary and accordingly such instruments may not be written down at the same time, or to the same extent, as the Notes, or at all. Alternatively, such other regulatory capital instruments may provide that they shall convert into equity, or be entitled to a write up or other compensation in the event of a potential recovery of the Bank or any other member of the Group or a subsequent change in the financial condition thereof. Upon the occurrence of a Trigger Event, to the extent the prior (or *pro rata*) write down or conversion of any other regulatory capital instruments issued by the Bank is not applicable under their respective terms, or if applicable, does not occur for any reason, this shall not in any way affect the Write Down of the Notes.

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

The market price of the Notes is expected to be affected by fluctuations in the Common Equity Tier 1 Capital Ratio of the Bank and the Group. Thus, any indication that the Bank's Common Equity Tier 1

Capital Ratio is declining towards 5.125 per cent., or that the Group's Common Equity Tier 1 Capital Ratio is declining towards 8.0 per cent., may have an adverse effect on the market price of the Notes. The level of the Common Equity Tier 1 Capital Ratio of each of the Bank and the Group may significantly affect the trading price of the Notes.

The Common Equity Tier 1 Capital Ratio of each of the Bank and the Group may be calculated as at any date. Consequently, a Trigger Event could occur at any time.

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

The Bank and the Group are subject to the EU Bank Recovery and Resolution Directive and the Notes may be subject to loss absorption pursuant to the exercise of powers thereunder.

The EU Bank Recovery and Resolution Directive (the "**Resolution Directive**" or "**BRRD**") contains resolution tools and powers which may be used alone or in combination if the relevant resolution authority considers that:

- a bank (or its group) is failing or likely to fail;
- there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe; and
- a resolution action is in the public interest.

Those tools and powers allow:

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

The BRRD resolution tools and powers also include a general bail-in tool, which gives the resolution authority the power to write down certain claims of unsecured creditors of a failing bank or group and

to convert certain unsecured debt claims, including the Notes, to equity, which could, in turn, also be subject to any future application of the general bail-in tool.

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

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

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

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

The BRRD provides that it will be applied by Member States of the EU from 1 January 2015, except for the general bail-in tool which is to be applied from 1 January 2016. No Swedish legislation has yet been adopted to implement the BRRD. A legislative proposal for implementation was announced in June 2014, which was then subject to a consultation process among public authorities and market participants during the autumn of 2014. On the basis of the input received during that consultation process, the Swedish Ministry of Finance will announce a final legislative proposal to be voted on in the Swedish Parliament. The timing of this remains uncertain.

The powers set out in the BRRD will impact how banks are managed as well as, in certain circumstances, the rights of creditors. Once the BRRD is implemented, holders of the Notes 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 Bank to satisfy its obligations under the Notes.

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

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

Future changes could include the implementation of statutory resolution, bail-in and/or loss absorption measures, or other regulatory, statutory or tax regimes, any or all of which could materially adversely effect the rights of holders of the Notes and the market price of the Notes.

In particular, CRD IV is a relatively recently set of rules and regulations that imposes a series of new requirements, some of which will be phased in over a number of years. Implementation of important parts of CRD IV in Sweden was delayed until 2 August 2014. Although the CRD IV Regulation is directly applicable in each Member State, CRD IV leaves a number of important interpretational issues to be resolved through binding technical standards that have not yet been adopted, and leaves certain other matters to the discretion of the Relevant Regulator.

Any such changes (including those which may result from the publication of the technical standards which interpret the CRD IV Regulation) could impact the calculation of the Common Equity Tier 1 Capital Ratio of the Bank and/or the Group, which could give rise to the occurrence of the Trigger Event in circumstances where such Trigger Event may not otherwise have occurred. The calculation of the Common Equity Tier 1 Capital Ratio of the Bank and/or the Group may also be affected by other factors, see " - The Common Equity Tier 1 Capital Ratio of each of the Bank and the Group is unpredictable and will fluctuate. Any decline in such ratios may have an adverse effect on the market price of the Notes and could give rise to a Trigger Event".

Such changes could also result in the Bank having the option to redeem the Notes, as referred to in " - The Notes are subject to optional redemption by the Bank" and " - Redemption upon occurrence of a Tax Event or a Capital Event is within the Bank's discretion", or substitute the Notes or vary their terms, as referred to in "—Upon the occurrence of a Capital Event or a Tax Event the Bank may substitute the Notes or vary the terms of the Notes without the consent of Noteholders and such substitution or variation may materially adversely affect the rights of Noteholders" in circumstances which otherwise it might not have such rights.

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

There is no scheduled redemption or maturity of the Notes.

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

The Notes are subject to optional redemption by the Bank.

The Notes may be redeemed at the option of the Bank in whole, but not in part, only (i) on any Optional Redemption Date or (ii) at any time for certain withholding tax reasons as provided in Condition 5(b) or (iii) upon the occurrence of a Tax Event or a Capital Event, in each case only with the prior written consent of the Relevant Regulator in accordance with Condition 5.

Under CRD IV, the competent authority (the Relevant Regulator in the case of the Bank) will give its consent to a redemption or repurchase of the Notes, provided that either of the following conditions is met:

(a) on or before such redemption or repurchase of the Notes, the Bank replaces the Notes with capital instruments of an equal or higher quality on terms that are sustainable for its income capacity; or

(b) the Bank has demonstrated to the satisfaction of the Relevant Regulator that its Tier 1 Capital and Tier 2 Capital (for the purposes of and within the meaning of the Relevant Rules) would, following such redemption or repurchase, exceed the capital ratios required under CRD IV by a margin that the Relevant Regulator may consider appropriate on the basis set out in CRD IV for the determination of the appropriate level of capital of an institution.

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

(A) in the case of redemption due to the occurrence of a Capital Event, (i) the Relevant Regulator considers the relevant change to be sufficiently certain and (ii) the Bank demonstrates to the satisfaction of the Relevant Regulator that the Capital Event was not reasonably foreseeable at the time of the issuance of the Notes; or

(B) in the case of redemption due to the occurrence of a Tax Event or for withholding tax reasons pursuant to Condition 5(b), the Bank demonstrates to the satisfaction of the Relevant Regulator that the relevant event is material and was not reasonably foreseeable at the time of issuance of the Notes.

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

These optional redemption rights are likely to limit the market price at which the Notes trade. During any period when the Bank may elect to redeem the Notes, the market price of the Notes generally will not exceed the price at which they can be redeemed (which, following a Write Down, may be less than the Original Principal Amount). This also may be true prior to any redemption event, in anticipation of such an event occuring.

The Bank may be expected to be more likely to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate that is 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 carefully consider such reinvestment risk.

Redemption upon occurrence of a Tax Event or a Capital Event is within the Bank's discretion.

Upon the occurrence of a Tax Event or a Capital Event but subject to obtaining the prior written consent of the Relevant Regulator (as referred to in "—The Notes are subject to optional redemption by the Bank"), the Bank may, at its option, redeem all (but not some only) of the Notes at the Outstanding Principal Amount (which, following a Write Down, may be less than the Original Principal Amount).

On 12 June, 2014, the Swedish Corporate Taxation Committee (*Sw. Företagsskattekommittén*) (the "**Taxation Committee**") presented a final report in which a new model for the corporate tax treatment of the cost of capital in Sweden was proposed with the stated goal of increasing neutrality in the tax treatment of debt and equity and providing for a more unified corporate tax model. The Taxation Committee has further proposed, as one of the ways in which the contemplated corporate tax changes could be financed, that the deductibility of interest expenses related to certain securities including capital instruments (in the current proposal, only Tier 2 items and instruments) issued by banks be abolished.

The recommendations of the Taxation Committee remain subject to the legislative process and it is not possible to predict whether the changes will be implemented in the form proposed, in a modified form, or at all. Even if such change in applicable tax treatment were to be implemented in respect of such proposals and would otherwise constitute a Tax Event, in the absence of any prior decision of the Relevant Regulator on such matters, it is unclear whether such change would be considered reasonably foreseeable for the purposes of the Relevant Rules and therefore whether the Relevant Regulator would consent to any redemption for the purposes of Condition 5(h).

If the Notes are redeemed in any of the circumstances described above, there can be no assurance that holders of Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return that they would otherwise have received on their investment in the Notes. Potential investors should carefully consider such reinvestment risk.

Upon the occurrence of a Capital Event or a Tax Event the Bank may substitute the Notes or vary the terms of the Notes without the consent of Noteholders and such substitution or variation may materially adversely affect the rights of Noteholders.

Subject to Conditions 5(g) and 5(h), upon the occurrence of a Capital Event or a Tax Event, the Bank may, instead of redeeming the Notes, without the consent of Noteholders at any time substitute them for, or vary their terms provided that they become or, as appropriate, remain Qualifying Additional Tier 1 Securities. Any such substitution or variation may materially adversely affect the rights of the Noteholders and the market price of the Notes. Furthermore, the tax and stamp duty consequences of holding particular securities following a substitution may adversely impact some types of investors. See Condition 5(g) and the definition of Qualifying Additional Tier 1 Securities in Condition 2.

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

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

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

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

Any actual or anticipated cancellation of interest on 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 securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Bank's financial condition.

There are restrictions on interest payments on the Notes.

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

It is currently expected that "discretionary payments" (defined broadly under CRD IV as payments relating to Common Equity Tier 1 capital, payments of variable remuneration and payments on Additional Tier 1 instruments (including payments of interest on the Notes, which would include, for the avoidance of doubt, any additional amounts in respect of interest which may be payable under Condition 4)) will be required to be cancelled, in whole or in part, to the extent that:

(i) Distributable Items are insufficient to make the relevant payment(s) in the then current financial year;

(ii) the combined buffer requirement under the Relevant Rules is not met and, if the relevant payment(s) were made, the amount of such payment(s) would exceed the Maximum Distributable Amount; or

(iii) the Relevant Rules prescribe and/or, as the case may be, the Relevant Regulator requires that the relevant payment(s) shall be cancelled.

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

Any actual or anticipated cancellation of interest payments will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provision 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 Bank's financial condition.

The Bank or the Group may be subject to additional capital requirements in the future. Such additional restrictions may restrict the Bank from making interest payments on the Notes in certain circumstances.

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

In September 2014, the Relevant Regulator clarified that a capital requirement under Pillar 2 is always additional to the minimum own funds requirements. Where a formal Pillar 2 decision has been taken by the Relevant Regulator (as with respect to the Group as described in "Capital Adequacy"), the Pillar 2 capital requirement will also be additional to any buffer requirements, meaning, *inter alia*, that it will affect the level at which the automatic restrictions on distributions linked to the combined buffer requirement come into effect. The additional Pillar 2 requirements will therefore restrict the Bank from making some payments in certain circumstances, which may include payments of interest on the Notes and result in the cancellation of such payments. See "- There are restrictions on interest payments on the Notes".

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

The EBA published guidelines on 19 December 2014 addressed to national competent authorities throughout the EU on, *inter alia*, common procedures and methodologies for the Pillar 2 review. The guidelines relate to, among other things, the amount and composition of additional own funds and are

to be implemented by 1 January 2016. The current Pillar 2 practice of the Relevant Regulator, as described and communicated in the September 2014 announcement referred to above, is broadly aligned with these guidelines. However, certain aspects of the Swedish approach to Pillar 2 capital requirements may have to be reviewed in order to comply with the recently published EBA guidelines, as well as any future guidelines and technical standards.

The interest rate reset could affect the market value of the Notes.

The Notes will initially bear interest at a Rate of Interest of 5.25 per cent. per annum from, and including, the Issue Date to, but excluding, the First Reset Date. On the First Reset Date, and each Subsequent Reset Date thereafter, the interest rate will be reset to the sum of the relevant Mid-Swap Rate and the relevant Margin (as determined by the Agent on the relevant Interest Determination Date (each such interest rate, a "**Reset Rate of Interest**")). The Reset Rate of Interest for any relevant Reset Interest Period could be less than the relevant Initial Rate of Interest or the relevant Reset Rate of Interest for prior Reset Interest Periods, which could affect the market value of an investment in the Notes and reduce the return on the Notes.

The Bank's obligations under the Notes are deeply subordinated.

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

There are very limited events of default under the Notes.

The Conditions of the Notes provide for very limited events of default allowing acceleration of the Notes only in cases of certain insolvency related events in respect of the Bank. Moreover, no Noteholder may proceed directly against the Bank unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing, in which case, the Noteholder shall have only such rights against the Bank as those which the Trustee is entitled to exercise. Accordingly, Noteholders will have very limited remedies.

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

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

Risks Related to the Notes Generally

Modification, waivers and substitution provisions are contained in the Conditions and economic and other basic terms may be amended by less than all the Noteholders or by the Bank.

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

In addition to the Bank's ability to modify the Notes without the consent of the Noteholders as referred to in "Risks Related to the structure of the Notes—Upon the occurrence of a Capital Event or a Tax Event the Bank may substitute the Notes or vary the terms of the Notes without the consent of Noteholders and such substitution or variation may materially adversely affect the rights of Noteholders", the Conditions also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Bank, in the circumstances described in Condition 13 of the Notes.

The EU Savings Directive is applicable.

Under Council Directive 2003/48/EC on the taxation of savings income ("**Directive 2003/48/EC**"), 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 Directive 2003/48/EC, in particular to include additional types of income payable on securities. Directive 2003/48/EC 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 under such system assuming such withholding system is still operated when the changes 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 Bank nor any Paying Agent (as defined in the Conditions) 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 Bank is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to Directive 2003/48/EC.

Payments under the Notes may be subject to withholding tax pursuant to the U.S. Foreign Account Tax Compliance Act.

The U.S. "Foreign Account Tax Compliance Act" (or "**FATCA**") imposes a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. The Bank is classified as a financial institution for these purposes. If an amount in respect of such withholding tax were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Bank nor any paying

agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected. Prospective investors should refer to the section "Taxation – Foreign Account Tax Compliance Act".

There may be a change of English or Swedish law.

The Conditions are based on English law in effect as at the Issue Date except for the provisions relating to subordination and loss absorption and reinstatement, which are based on Swedish law in effect as at the Issue Date. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice or Swedish law or administrative practice, as the case may be, after the Issue Date.

The Notes may be traded in amounts in excess of their denominations and definitive Notes in such amounts may be illiquid.

In relation to the Notes, which have denominations consisting of U.S.$200,000 plus integral multiples of U.S.$1,000 in excess thereof, it is possible that the Notes may be traded in amounts in excess of U.S.$200,000 that are not integral multiples of U.S.$200,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than U.S.$200,000 in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to an authorised denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of U.S.$200,000 may be illiquid and difficult to trade.

Risks Related to the Market Generally

There is currently no established market for the Notes.

The Notes will 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 the Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This may be particularly the case for the Notes given that they are subordinated and include write down features. The Notes may have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Notes.

The Notes are exposed to exchange rate risks and exchange controls.

The Bank 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 the U.S. dollar. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. dollar would decrease, in terms of the Investor's Currency, the yield on the Notes, the value of the principal payable on the Notes and the market value of the Notes.

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

The credit ratings of the Notes may not reflect all risks.

The credit ratings of the Notes may not reflect the potential impact of all risks related to the structure, the market, other additional risk factors discussed above, and other factors that may affect the value of

the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

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

OVERVIEW OF THE NOTES

This overview is not complete and does not contain all the information an investor should consider before investing in the Notes. Any investor should carefully read this Offering Circular in full before investing, including "Risk Factors", the audited or reviewed consolidated financial statements of the Bank incorporated by reference in this Offering Circular and the Conditions. Each decision to invest in the Notes should be based on an assessment of this Offering Circular. The terms defined in the Conditions are used in this overview as so defined.

Issuer:	Svenska Handelsbanken AB (publ).
Notes:	Additional Tier 1 Notes, which will constitute Additional Tier 1 Capital of the Bank.
Description:	Euro Medium Term Note Programme.
Joint Lead Managers:	Deutsche Bank AG, London Branch, Goldman Sachs International, J.P. Morgan Securities plc and Société Générale.
Issuing and Principal Paying Agent:	Deutsche Bank AG, London Branch.
Trustee:	Deutsche Trustee Company Limited.
Currency:	U.S. dollars.
Aggregate Nominal Amount:	U.S.$1,200,000,000.
Issue Date:	25 February 2015.
Issue Price:	100.00 per cent.
Maturity Date:	The Notes will have no scheduled maturity date.
Optional Redemption Dates:	Each of the First Reset Date and any Subsequent Reset Date thereafter.
Status and Subordination of the Notes:	The Notes and the relative Coupons constitute unsecured, subordinated obligations of the Bank. In the event of the voluntary or involuntary liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Bank, the rights of the holders of the Notes to payments of the then Outstanding Principal Amount of the Notes (which shall be reduced by any relevant Write Down in respect of which a Trigger Event has occurred but in respect of which the relevant Write Down Effective Date has not yet occurred) and any other amounts payable in respect of the Notes (including any accrued and uncancelled interest or damages awarded for breach of any obligations under the Conditions), will rank: (i) *pari passu* without any preference among the Notes;

(ii) at least *pari passu* in right of payment with payments to holders of present or future outstanding Parity Securities;

(iii) in priority in right of payment to payments to holders of present or future outstanding Junior Securities; and

(iv) junior in right of payment to the payment of any present or future claims of (a) creditors of the Bank entitled to preference under Swedish law, (b) depositors of the Bank, (c) other unsubordinated creditors of the Bank and (d) creditors of the Bank in respect of Subordinated Indebtedness (other than Parity Securities and Junior Securities).

Rate of Interest:

(a) for the period from (and including) the Issue Date to (but excluding) the First Reset Date 5.25 per cent. per annum; and

(b) for each Reset Interest Period, thereafter (if any) from (and including) the relevant Reset Date to (but excluding) the date on which the Notes are finally redeemed, the rate of interest determined by the Agent on the relevant Interest Determination Date as the sum of (A) the relevant Mid-Swap Rate (calculated as per the Conditions) and (B) the Margin.

Margin: 3.335 per cent.

Reset Dates: 1 March 2021 (the "**First Reset Date**") and any Subsequent Reset Date (being each date which falls five, or an integral multiple of five, years after the First Reset Date) (as applicable).

Interest and Interest Payment Dates: The Notes bear interest on their Outstanding Principal Amount at the applicable Rate of Interest from (and including) the Issue Date. Interest shall be payable annually in arrear on each Interest Payment Date commencing on 1 March 2016, subject in any case as provided below and in the Conditions. There will be a long first Interest Period from (and including) the Issue Date to (but excluding) the first Interest Payment Date.

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

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

the interest payment and, accordingly, such remaining portion of the interest payment shall also not be due and payable.

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

Restriction on Interest Payments:

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

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

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

No Interest Cancellation following a Capital Event:

If a Capital Event has occurred then, beginning on the relevant Capital Event Date, the Bank shall cease to have discretion to cancel its obligation to make interest payments and shall pay amounts of interest accruing on the Notes from and including such Capital Event Date in arrear on each subsequent Interest Payment Date.

Write Down:

If the Bank determines that a Trigger Event has occurred as at any Measurement Date, then the Bank shall Write Down the Outstanding Principal Amount of each Note (in whole or in part, as applicable) on the relevant Write Down Effective Date. Any Write Down Amount

shall only be reinstated as set out under the Conditions. The relevant Write Down shall occur without delay (and in any event within one month or such shorter period as the Relevant Regulator may require) following the occurrence of such Trigger Event.

The Bank may determine that a Trigger Event has occurred on more than one occasion and, accordingly, the Outstanding Principal Amount of each Note may be written down on more than one occasion provided that the Outstanding Principal Amount of a Note may never be reduced to below U.S.$0.01.

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

Reinstatement:

If the Bank records a positive Net Profit or, to the extent permitted by the Relevant Rules, the Group records a positive Net Profit at any time while the Outstanding Principal Amount of the Notes is less than their Original Principal Amount, the Bank may, at its sole and absolute discretion and subject to the Maximum Distributable Amount (when the amount of the Reinstatement (as defined below) is aggregated together with other distributions of the Bank or the Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive (or, if different, any provision of the Relevant Rules implementing Article 141(2) of the CRD IV Directive)) not being exceeded thereby, reinstate all or any part of any Write Down Amount, such that the Outstanding Principal Amount of each Note shall be increased by such amount in accordance with the Reinstatement Procedure (a "Reinstatement") up to a maximum of the Original Principal Amount, on a *pro rata* basis with the other Notes and with any Written Down Loss Absorbing Instruments of the Bank and, in the case of any increase in the Outstanding Principal Amount of the Notes by reference to the Net Profit of the Group, any Written Down Loss Absorbing Instruments of the Group, that, in each case, have terms permitting a principal write up or reinstatement to occur on a basis similar to that set out in Condition 6(e) in the circumstances existing on the date of the relevant Reinstatement, provided that the sum of:

(i) the aggregate amount of the relevant Reinstatement on all the Notes;

(ii) the aggregate amount of any payments of interest in respect of the Notes that were paid on the basis of an Outstanding Principal Amount lower than the Original Principal Amount at any time after the end of the previous financial year;

(iii) the aggregate amount of the increase in principal amount of each such Written Down Loss Absorbing Instrument at the time of the relevant Reinstatement; and

(iv) the aggregate amount of any interest payments or distributions in respect of each such Written Down Loss

Absorbing Instrument that were calculated or paid on the basis of an outstanding principal amount that is lower than the principal amount it was issued with at any time after the end of the previous financial year,

does not exceed the Maximum Reinstatement Amount.

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

Optional Redemption: Subject as provided in the Conditions, the Bank may, on any Optional Redemption Date, redeem all (but not some only) of the Notes then outstanding on such Optional Redemption Date at their Outstanding Principal Amount, together with interest accrued to (but excluding) the date of redemption, if the Bank's obligation to pay interest has not been cancelled or been deemed to have been cancelled.

Redemption for Withholding Tax Reasons: Subject as provided in the Conditions, if the Bank at any time delivers to the Trustee evidence that, as a result of any actual or proposed change in or amendment to the laws of the Kingdom of Sweden or the regulations of any taxing authority therein or thereof, or in or to the application of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the Notes, the Bank would, on the occasion of the next payment due in respect of the Notes, be required to pay additional amounts as provided in the Conditions, the Bank may, at its option, redeem all, but not some only, of the Notes each at its Outstanding Principal Amount, together with interest accrued to (but excluding) the date of redemption if the Bank's obligation to pay interest has not been cancelled or deemed to be cancelled.

Optional Redemption upon a Capital Event or a Tax Event: Upon the occurrence of a Capital Event or a Tax Event (each as defined in the Conditions), but subject to the Conditions, the Bank may, at its option at any time redeem all (but not some only) of the Notes at their Outstanding Principal Amount, together with interest accrued to (but excluding) the date of redemption if the Bank's obligation to pay interest has not been cancelled or been deemed to have been cancelled.

Substitution and Variation Instead of Redemption: If at any time a Capital Event or Tax Event occurs, the Bank may, instead of giving notice to redeem as referred to above, and subject to the Conditions, without any requirement for the consent or approval of the Noteholders or Couponholders, at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes provided that they become or, as appropriate, remain Qualifying Additional Tier 1 Securities.

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

	price.
Conditions to Redemption and Purchase:	Any redemption, variation or substitution or purchase of Notes under the Conditions is subject to the prior written consent of the Relevant Regulator.
Negative Pledge:	None.
Cross Default or Cross Acceleration:	None.
Events of Default:	Each of the following events is an Event of Default: (a) an agency or supervisory authority of the Kingdom of Sweden having jurisdiction in respect of the same institutes a proceeding, or a court in the Kingdom of Sweden enters a decree or order for the appointment of a receiver or liquidator in any insolvency, bankruptcy rehabilitation, readjustment of debt, marshalling of assets and liabilities or similar arrangements involving the Bank or all or substantially all of its property, or for the winding up of or liquidation of its affairs, and such proceeding, decree or order is not vacated or remains in force, undischarged or unstayed for a period of 60 days; or (b) the Bank files a petition to take advantage of any insolvency statute or voluntarily suspends payment of its obligations,
Events of Default following a Capital Event:	If a Capital Event has occurred, then from and including the relevant Capital Event Date, a default in the payment of any principal for a period of seven days or interest for a period of 30 days in respect of the Notes after the same has become due and payable shall also be an Event of Default. Except as provided in the preceding paragraph, default in the payment of interest or principal or the cancellation of interest in accordance with the Conditions, will not constitute an Event of Default.
Form	The Notes will be issued in bearer form.
Denomination	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof up to and including U.S.$399,000. No Notes in definitive form will be issued with a denomination above U.S.$399,000.
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 Main Securities Market**.**
Listing Agent	Arthur Cox Listing Services Limited.
Governing Law	The Trust Deed, the Agency Agreement, the Notes, the Coupons and any non-contractual obligations arising out of or in connection therewith shall be governed by, and shall be construed in accordance with, English law, except that the provisions contained in Condition 3 ("Status of the Notes") and Condition 6 ("Loss Absorption and

	Reinstatement") are governed by, and shall be construed in accordance with, Swedish law.
Ratings	The Notes are expected to be rated BBB by Standard and Poor's, Baa3 by Moody's and BBB by Fitch. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency.
Selling Restrictions	The United States, the EEA, the United Kingdom, Sweden and Japan. See "Subscription and Sale" below.

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) the sections of the Programme Offering Circular as set out in the table below, which can be viewed online at (http://www.ise.ie/debt_documents/Base%20Prospectus_c2398917-5865-4a8a-961d-f1017fa9dc70.PDF?v=912015):

	Page references (inclusive)
Risk Factors—Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme	13 to 17
Form of the Notes	29
Use of Proceeds	104
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(b) the annual report of the Bank and the annual audited consolidated accounts of the Group in respect of the financial year ended 31 December 2014, which can be viewed online at (http://www.handelsbanken.com/shb/inet/icentsv.nsf/vlookuppics/investor_relations_en_hb_14_highlights/$file/hb_14_highlights.pdf); and

(c) the annual report of the Bank and the annual audited consolidated accounts of the Group in respect of the financial year ended 31 December 2013, which can be viewed online at (http://www.handelsbanken.com/shb/inet/icentsv.nsf/vlookuppics/investor_relations_en_hb_13_highlights/$file/hb_13_highlights.pdf),

save that any statement contained herein or in a document or section of a document which is incorporated herein by reference shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any document or section of a document subsequently incorporated herein by reference by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Any information contained in any of the documents listed above which is not expressly incorporated by reference in this Offering Circular does not form part of this Offering Circular and is either not relevant to investors or is covered elsewhere in the Offering Circular.

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

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

In the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Offering Circular which is capable of affecting the assessment of the Notes arising or being noted prior to when trading in the Notes on the Irish Stock Exchange begins, the Bank will prepare a supplement to this Offering Circular.

RECENT DEVELOPMENTS

Changes in the Bank's Management

On 16 February 2015, the Bank called an annual general meeting scheduled for 25 March 2015 (the "**Annual General Meeting**"). In line with proposals previously announced by Industrivärden, one of the Bank's largest shareholders, the Bank's nomination committee has proposed the re-election of Pär Boman, currently President and Group Chief Executive of the Bank, and Anders Nyrén, currently Chairman of the Board, as members of the Board and election of Pär Boman as the new Chairman of the Board.

The Bank's nomination committee has also proposed the re-election of Jon Fredrik Baksaas, Tommy Bylund, Ole Johansson, Fredrik Lundberg, Bente Rathe and Charlotte Skog as members of the Board. Sverker Martin-Löf and Jan Johansson have decided not to stand for re-election. The nomination committee has proposed the election of Lise Kaae and Frank Vang-Jensen as new members of the Board in their place.

Frank Vang-Jensen has been appointed as the new President and Group Chief Executive Officer of the Bank and will succeed Pär Boman with effect from 25 March 2015. Frank Vang-Jensen is currently the Head of the Bank's operations in Sweden and has previously served as the Manager of the Bank's Copenhagen branch, the Chief Executive of Stadshypotek and the Head of the Bank's operations in Denmark.

Lise Kaae has worked as CFO of the Danish company BESTSELLER A/S since 2008. Before taking up this position, Lise Kaae was an auditor at PricewaterhouseCoopers in Denmark for 16 years, the last five of which she was a partner. She holds a degree in Business Administration and Accounting from the Aarhus School of Business. Since 2014, Lise Kaae has been a member of the board of the Danish Financial Supervisory Authority, a position she will vacate if she is elected as a member of the Board.

Anders Öhman has been appointed Head of Central Personnel of the Bank with effect from 15 March 2015. He will also be a member of the Group's senior management team. He currently works as Head of Personnel at Handelsbanken Capital Markets.

Martin Wasteson has been appointed as new Chief Legal Counsel with effect from 1 March 2015. He is currently employed as a lawyer in the Bank's Central Legal Department. He will succeed Ulf Köping-Höggård, who is retiring.

Re-appointment of Auditors

The nomination committee also proposed the re-appointment of KPMG AB and Ernst & Young AB as auditors of the Bank. The two auditing firms have informed the Bank that, should they be re-appointed, George Pettersson (authorised public accountant) will be appointed as the auditor in charge for KPMG AB, while Jesper Nilsson (authorised public accountant) will be appointed as the auditor in charge for Ernst & Young AB.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which, save for any text in italics (which is for information purposes only and does not form part of the Terms and Conditions of the Notes), will be incorporated by reference into each global Note and which will be endorsed upon each definitive Note.

This Note is one of the U.S.$1,200,000,000 Additional Tier 1 Notes (the "**Notes**") under the U.S.$50,000,000,000 Euro Medium Term Note Programme of Svenska Handelsbanken AB (publ) (the "**Bank**"). The Notes are constituted by a Trust Deed dated 26 June 1992, as modified and/or supplemented and/or restated from time to time and as supplemented by a supplemental trust deed dated 25 February 2015 in respect of the Notes (together the "**Trust Deed**"), each made between the Bank and Deutsche Trustee Company Limited (the "**Trustee**", which expression shall wherever the context permits include all other persons or companies for the time being acting as trustee under the Trust Deed). References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean (i) in relation to any Notes represented by a global Note, units of each authorised denomination, (ii) definitive Notes issued in exchange for a global Note and (iii) any global Note. The Notes and the Coupons (as defined below) also have the benefit of an amended and restated Agency Agreement dated 13 June 2014, as amended and/or supplemented and/or restated from time to time, and as supplemented by a supplemental agency agreement dated 25 February 2015 in respect of the Notes (together the "**Agency Agreement**"), each made between the Bank, the Trustee, Deutsche Bank AG, London Branch as issuing and principal paying agent (the "**Agent**", which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, in its capacity as principal paying agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents).

The Notes in definitive form have interest coupons ("**Coupons**") and, if required, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons.

There are no separate final terms in respect of the Notes and these are the Terms and Conditions (the "**Conditions**") of the Notes.

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

As used herein, "**Series**" means the original issue of the Notes together with any further issues expressed to form a single series with the original issue and the terms of which (save for the issue date and/or the issue price) are otherwise identical (including the listing). As used herein, "**Tranche**" means all Notes with the same issue date and interest commencement date.

Copies of the Trust Deed and the Agency Agreement are available for inspection at the specified offices of each of the Trustee, the Agent and each of the other Paying Agents. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the Conditions, which are binding on them.

Words and expressions defined in the Trust Deed or the Agency Agreement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated provided that, in the event of inconsistency between the Agency Agreement and the Trust Deed, the Trust Deed shall prevail.

1. **Form**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof up to

and including U.S.$399,000 (each, an "**authorised denomination**"). No Notes in definitive form will be issued with a denomination above U.S.$399,000.

The Outstanding Principal Amount of any Note may be written down and reinstated as provided in Condition 6 or as otherwise required by then current legislation and/or regulations applicable to the Bank. Any such adjustment to the Outstanding Principal Amount of any Note will not have any effect on the denominations of the Notes.

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

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

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

2. **Definitions**

In these Conditions (unless otherwise provided):

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

"**BRRD**" or "**Resolution Directive**" means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms;

"**Business Day**" means any day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York and London;

"**Capital Event**" means a decision or determination of the Relevant Regulator that the Notes will be excluded in full from the Tier 1 Capital of the Bank or the Group, such decision or determination to be confirmed by the Bank in a certificate signed by two Authorised Signatories (as defined in the Trust Deed) of the Bank and delivered to the Trustee;

"**Capital Event Date**" means the date on which two Authorised Signatories of the Bank sign a certificate addressed to the Trustee confirming that the relevant Capital Event has occurred;

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

"**CRD IV**" means the CRD IV Directive, the CRR and any CRD IV Implementing Measures;

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

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

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

"**Distributable Items**" shall have the meaning assigned to such term in the Relevant Rules;

"**Equal Trigger Loss Absorbing Instrument**" means a Loss Absorbing Instrument that is, or has been, subject to write down or conversion at the Trigger Level;

As at the date of this Offering Circular, no Equal Trigger Loss Absorbing Instruments have been issued by the Bank or any other member of the Group.

"**Equal Trigger Temporary Write Down Instruments**" means an Equal Trigger Loss Absorbing Instrument that is, or has been, subject to write down on a temporary basis and has an outstanding principal amount that is lower than its original principal amount on its issue date;

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

"**Higher Trigger Loss Absorbing Instrument**" means a Loss Absorbing Instrument that is, or has been, subject to write down or conversion at a Common Equity Tier 1 Capital Ratio that is higher than the Trigger Level;

As at the date of this Offering Circular, no Higher Trigger Loss Absorbing Instruments have been issued by the Bank or any other member of the Group.

"**Issue Date**" means 25 February 2015;

"**Junior Securities**" means (i) the share capital of the Bank and (ii) any securities or other obligations of the Bank ranking, or expressed to rank, junior to the Notes;

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

As at the date of this Offering Circular, no Loss Absorbing Instruments have been issued by the Bank or any other member of the Group.

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

"**Maximum Reinstatement Amount**" means in respect of any Reinstatement, the lower of:

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

(ii) the Net Profit of the Bank multiplied by the sum of the aggregate Original Principal Amount of the Notes and the aggregate initial principal amount of all Written Down Loss Absorbing Instruments of the Bank, and divided by the total Tier 1 Capital of the Bank as at the date of the relevant Reinstatement,

or any higher amount permissible pursuant to Relevant Rules;

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

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

"**Optional Redemption Date**" means each of the First Reset Date and any Subsequent Reset Date (as defined below) thereafter;

"**Original Principal Amount**" means, in respect of a Note, the principal amount of the Note on the Issue Date;

"**Outstanding Principal Amount**" means the Original Principal Amount as reduced from time to time by any Write Down Amount and as increased from time to time by any Reinstatement Amount;

"**Parity Securities**" means any (i) subordinated and undated debt instruments or securities of the Bank which are recognised as Additional Tier 1 Capital of the Bank from time to time by the Relevant Regulator and (ii) any securities or other obligations of the Bank which rank, or are expressed to rank, on a voluntary or involuntary liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Bank *pari passu* with the Notes;

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

(i) have terms not materially less favourable to Noteholders (as reasonably determined by the Bank) than the terms of the Notes prior to substitution or variation, as the case may be, provided that the Bank shall have provided a certification to such effect of two Authorised Signatories of the Bank to the Trustee prior to:

(a) in the case of a substitution of the Notes, the issue of the relevant securities; or

(b) in the case of a variation of the terms of the Notes, such variation, as the case may be,

save that the requirements in this paragraph (i) shall not apply to the extent that, following the occurrence of a Capital Event, any substitution or variation has the effect of removing, suspending or reducing the Bank's loss of discretion to cancel its obligation to make interest payments under Condition 4(c)(iv) and/or removing, suspending or reducing the circumstances in which default in the payment of any principal or interest shall be an Event of Default (such circumstances being in the proviso to the second paragraph of Condition 11);

(ii) include a ranking in right of payment at least equal to that of the Notes prior to such substitution or variation, as the case may be;

(iii) have the same interest rate and Interest Payment Dates as those from time to time applying to the Notes prior to such substitution or variation, as the case may be;

(iv) (save as described in paragraph (i) above) have the same redemption rights as the Notes prior to such substitution or variation, as the case may be;

(v) comply with the then current requirements of the Relevant Regulator in relation to Additional Tier 1 Capital; and

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

"**Reinstatement**" has the meaning given to such term in Condition 6(e);

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

"**Reinstatement Effective Date**" means, in respect of a Reinstatement, the date on which the Outstanding Principal Amount of the Notes is (in whole or in part) reinstated and written up on the balance sheet of the Bank, as specified in the relevant Reinstatement Notice;

"**Reinstatement Notice**" means, in respect of a Reinstatement, the notice to be delivered by the Bank to the Noteholders as provided in Condition 6(f) specifying the relevant Reinstatement Amount and the relevant Reinstatement Effective Date;

"**Reinstatement Procedure**" means the procedure relating to Reinstatement set out in Condition 6(f);

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

"**Relevant Rules**" means the laws, regulations, requirements, guidelines and policies relating to capital adequacy in effect at the relevant time in Sweden including, without limitation, the BRRD and the CRD IV Implementing Measures and those regulations, requirements, guidelines and policies relating to capital adequacy adopted by the Relevant Regulator and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Bank), as well as any order implementing any of them;

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

"**Subsidiary**" has the meaning provided in the Swedish Companies Act (*Sw.*

Aktiebolagslagen (ABL) 2005:551);

"**Tax Event**" means the receipt by the Bank and the Trustee of an opinion of counsel in the Kingdom of Sweden (experienced in such matters) to the effect that, as a result of (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws or treaties (or any regulations thereunder) of the Kingdom of Sweden or any political subdivision or taxing authority thereof or therein affecting taxation, (ii) any governmental action or (iii) any amendment to, clarification of, or change in the official position or the interpretation of such governmental action or any interpretation or pronouncement that provides for a position with respect to such governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification, or change is effective or such pronouncement or decision is announced on or after the Issue Date of the Notes or, if the Notes comprise more than one Tranche, the issue date of the last Tranche, there is more than an insubstantial risk that (a) the Bank is, or will be, subject to additional taxes, duties or other governmental charges or civil liabilities with respect to the Notes which were not applicable at the Issue Date or (b) the treatment of any of the Bank's items of income or expense with respect to the Notes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Bank will not be respected by a taxing authority and that subjects the Bank to additional taxes, duties or other governmental charges or civil liabilities which were not applicable at the Issue Date, which additional taxes, duties or other governmental charges or civil liabilities are determined by the Bank to be material in the context of the Notes or the tax treatment thereof or in connection therewith;

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

"**Trigger Event**" shall occur if the Common Equity Tier 1 Capital Ratio of the Bank or the Group, as the case may be, as at any Measurement Date is less than the Trigger Level;

"**Trigger Level**" means 5.125 per cent., in the case of the Bank, or 8.0 per cent., in the case of the Group;

"**Write Down**" means a write down of the Outstanding Principal Amount of each Note (in whole or in part, as applicable) in accordance with the Write Down Procedure;

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

(i) the amount (together with (a) the prior write down or conversion, to the extent possible, of any Higher Trigger Loss Absorbing Instruments and (b) the *pro rata* write down or conversion, to the extent possible, of any other Equal Trigger Loss Absorbing Instruments) that would be sufficient to restore the Common Equity Tier 1 Capital Ratio of the Bank and/or the Group (as applicable) to at least the Trigger Level (but without taking into account for these purposes any further write down or conversion of any Equal Trigger Loss Absorbing Instruments in accordance with their terms by any amount greater than the *pro rata* amount necessary to so restore the Common Equity Tier 1 Capital Ratio of the Bank and/or the Group (as applicable) to the Trigger Level); or

(ii) if that Write Down (together with (a) the prior write down or conversion, to the extent possible, of any Higher Trigger Loss Absorbing Instruments and (b) the *pro rata* write down or conversion, to the extent possible, of any other Equal Trigger Loss Absorbing Instruments) would be insufficient to restore the Common Equity Tier 1 Capital Ratio of the Bank and/or the Group (as applicable) to the Trigger Level, or the Common Equity Tier 1 Capital Ratio of the Bank and/or the Group (as applicable)

is not capable of being so restored, the amount necessary to reduce the Outstanding Principal Amount of each of the Notes to U.S.$0.01,

any such amount being considered to be a conditional capital contribution (*Sw. villkorat kapitaltillskott*). To the extent the prior write down or conversion of any Higher Trigger Loss Absorbing Instrument or Equal Trigger Loss Absorbing Instrument for the purposes of paragraphs (i) and (ii) above is not possible for any reason, this shall not in any way affect any Write Down of the Notes. The only consequence shall be that the Notes will be written-down and the Write Down Amount determined as provided above without taking into account any such write down or conversion of such Higher Trigger Loss Absorbing Instrument or Equal Trigger Absorbing Instrument;

"**Write Down Effective Date**" means, in respect of a Write Down, the date on which such Write Down shall take place, or has taken place, as applicable;

"**Write Down Notice**" means, in respect of a Write Down, the notice to be delivered by the Bank to the Noteholders in accordance with Condition 6(c) specifying (i) that a Trigger Event has or had been deemed to have occurred, (ii) the relevant Write Down Effective Date or expected Write Down Effective Date and (iii), if practicable, the Write Down Amount;

"**Write Down Procedure**" means the write down procedure set out in Condition 6(d); and

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

3. **Status of the Notes**

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

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

(i) *pari passu* without any preference among the Notes;

(ii) at least *pari passu* in right of payment with payments to holders of present or future outstanding Parity Securities;

(iii) in priority in right of payment to payments to holders of present or future outstanding Junior Securities; and

(iv) junior in right of payment to the payment of any present or future claims of (a) creditors of the Bank entitled to preference under Swedish law, (b) depositors of the Bank, (c) other unsubordinated creditors of the Bank and (d) creditors of the Bank in respect of Subordinated Indebtedness (other than Parity Securities and Junior Securities).

4. **Interest**

(a) ***Calculation of Interest***

(i) *Rate of Interest*

The Notes bear interest:

(A) from (and including) the Issue Date to (but excluding) 1 March 2021 (the "**First Reset Date**"), at the Initial Rate of Interest; and

(B) for each Reset Interest Period thereafter (if any) from (and including) the relevant Reset Date to (but excluding) the next Reset Date or, as the case may be, the date on which the Notes are finally redeemed, at the relevant Reset Rate of Interest.

Interest will be payable, in each case, in arrear on 1 March in each year (each an "**Interest Payment Date**"). There will be a long first Interest Period from (and including) the Issue Date to (but excluding) the first Interest Payment Date.

The Interest Amount payable in respect of the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date shall be U.S.$53.375 per U.S.$1,000 of Outstanding Principal Amount. The Interest Amount payable in respect of each Interest Period from the first Interest Payment date to the First Reset Date shall be U.S.$52.50 per U.S.$1,000 of Outstanding Principal Amount.

The Agent will at or as soon as practicable after each time at which a Reset Rate of Interest in respect of a Reset Interest Period is to be determined, determine the relevant Reset Rate of Interest for such Reset Interest Period. The Interest Amount payable in respect of each Interest Period from the First Reset Date will be determined by applying the relevant Reset Rate of Interest to the Outstanding Principal Amount of a Note and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

If interest is required to be paid in respect of a Note on any other date, it shall be determined by applying the relevant Rate of Interest to the Outstanding Principal Amount of a Note, multiplying the product by the Day Count Fraction and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

In this Condition 4:

"**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months);

"**Initial Mid-Swap Rate**" means 1.915 per cent. per annum;

"**Initial Rate of Interest**" means 5.25 per cent. per annum;

"**Interest Amount**" means the amount of interest payable in respect of any Interest Period;

"**Interest Determination Date**" means, in respect of a Reset Interest Period, the second London business day prior to the relevant Reset Date;

"**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;

"**Margin**" means 3.335 per cent. per annum;

"**Mid-Market Swap Rate**" means for any Reset Interest Period the mean of the bid and offered rates in respect of a semi-annual fixed leg (calculated on the basis of a 360-day year of twelve 30-day months), expressed as a percentage rate per annum having been converted from a semi-annual to an annual basis, of a fixed-to-floating interest rate swap transaction in U.S. dollars which transaction (i) has a term equal to five years commencing on the relevant Reset Date, (ii) has a notional amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant market and (iii) has a floating leg based on the three-month U.S. dollar London interbank offered rate (calculated on the basis of the actual number of days elapsed in a 360-day year);

"**Mid-Market Swap Rate Quotation**" means a quotation (expressed as a percentage rate per annum having been converted from a semi-annual to an annual basis) for the relevant Mid-Market Swap Rate;

"**Mid-Swap Rate**" means, in relation to an Interest Determination Date, the five year U.S. dollar mid-market swap rate, expressed as a percentage rate per annum having been converted from a semi-annual to an annual basis, which appears on the Screen Page as of 11:00 a.m. (New York time), on that Interest Determination Date;

"**Rate of Interest**" means the Initial Rate of Interest or the relevant Reset Rate of Interest, as applicable;

"**Reset Date**" means the First Reset Date and each Subsequent Reset Date (as applicable);

"**Reset Interest Period**" means the period from (and including) the First Reset Date to (but excluding) the next Reset Date, and each successive period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date;

"**Reset Rate of Interest**" means, in respect of any Reset Interest Period and subject to Condition 4(a)(ii), the rate of interest determined by the Agent on the relevant Interest Determination Date as the sum of the relevant Mid-Swap Rate and the Margin;

"**Reset Reference Banks**" means the principal office in New York of five major banks in the swap market most closely connected with the relevant Mid-Swap Rate as selected by the Agent in its discretion after consultation with the Bank;

"**Screen Page**" means Reuters screen "ISDAFIX1" or such other page as may replace that page on ISDAFIX or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates; and

"**Subsequent Reset Date**" means a date which falls five, or an integral multiple of five, years after the First Reset Date.

(ii) *Fallbacks*

If on any Interest Determination Date, the Screen Page is not available or the Mid-Swap Rate does not appear on the Screen Page as of 11:00 a.m. New York time on such Interest Determination Date, the Rate of Interest applicable to the Notes in respect of each Interest Period falling in the relevant Reset Interest Period will be determined by the Agent on the following basis:

(A) the Agent shall request each of the Reset Reference Banks to provide the Agent with its Mid-Market Swap Rate Quotation as at approximately 11:00 a.m. (New York time) on the Interest Determination Date in question;

(B) if at least three of the Reset Reference Banks provide the Agent with Mid-Market Swap Rate Quotations, the Reset Rate of Interest for the relevant Reset Interest Period will be equal to the sum of (a) the arithmetic mean (rounded, if necessary, to the fifth decimal place, with 0.0005 per cent. being rounded upwards) of the relevant quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest (or, in the event of equality, one of the lowest) and (b) the Margin, all as determined by the Agent;

(C) if only two relevant quotations are provided, the Reset Rate of Interest for the relevant Reset Interest Period will be equal to the sum of (a) the arithmetic mean (rounded as aforesaid) of the relevant quotations provided and (b) the Margin, all as determined by the Agent;

(D) if only one relevant quotation is provided, the Reset Rate of Interest for the relevant Reset Interest Period will be equal to the sum of (a) the relevant quotation provided and (b) the Margin, all as determined by the Agent; and

(E) if none of the Reset Reference Banks provides the Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 4(a)(ii), the Reset Rate of Interest will be equal to the sum of (a) the Mid-Swap Rate determined on the last preceding Interest Determination Date and (b) the Margin or, in the case of the first Interest Determination Date, the first Reset Rate of Interest will be equal to the sum of (a) the Initial Mid-Swap Rate and (b) the Margin, all as determined by the Agent taking into consideration all available information that it in good faith deems relevant.

(iii) *Notification of Rates of Interest and Interest Amounts*

In respect of each Reset Interest Period, the Agent will cause the Rate of Interest in respect of such Reset Interest Period and the Interest Amount for each Interest Period falling in such Reset Interest Period to be notified to the Bank, the Trustee and any stock exchange or listing authority on which the Notes are for the time being listed and notice thereof to be published in accordance with Condition 16 as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Interest Amount so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of

an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or listing authority on which the Notes are for the time being listed, to the Bank, the Trustee and, in accordance with Condition 16, to the Noteholders.

(iv) *Determination or calculation by Trustee*

If for any reason the Agent does not at any time determine the Rate of Interest in respect of a Reset Interest Period or calculate any Interest Amount in accordance with this Condition 4, the Trustee shall determine the relevant Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 4), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the relevant Rate of Interest or calculate any Interest Amount in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent.

(v) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, whether by the Agent or the Trustee, shall (in the absence of manifest error) be binding on the Bank, the Trustee, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of manifest error) no liability to the Bank, the Noteholders or the Couponholders shall attach to the Agent or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions pursuant to such provisions.

(b) ***Accrual of Interest***

Each Note will cease to bear interest (if any) from the date set for its redemption unless payment of principal is improperly withheld or refused or, the consent of the Relevant Regulator for such payment has not been given or, having been given, has been withdrawn and not replaced and such payment is not made. In such event, interest will continue to accrue as provided in the Trust Deed.

(c) ***Cancellation of Interest***

(i) *Cancellation of Interest*

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

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

accordingly, such remaining portion of the interest payment shall also not be due and payable.

(ii) *Effect of Interest Cancellation*

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

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

(iii) *Notice of Interest Cancellation*

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

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

If a Capital Event has occurred then, beginning on the relevant Capital Event Date, the Bank shall cease to have discretion to cancel its obligation to make interest payments and shall pay amounts of interest accruing on the Notes from and including such Capital Event Date in arrear on each subsequent Interest Payment Date.

(d) ***Restriction on Payment of Interest***

(i) *Restriction*

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

The Bank may, in its sole and absolute discretion, elect to make a partial interest payment on the Notes on any Interest Payment Date, but only to the

extent that such partial interest payment may be made without breaching the restriction set out in the immediately preceding paragraph.

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

(ii) *Notice of Restriction*

If practicable, the Bank shall provide to Noteholders notice of any applicable restriction on its ability to pay interest as set out in Condition 4(d)(i) on or prior to the relevant Interest Payment Date. If practicable, the Bank shall endeavour to provide such notice at least five Business Days prior to the relevant Interest Payment Date. Failure to provide such notice will not have any impact on, or otherwise invalidate, any such restriction on the Bank's ability to pay interest, or give Noteholders any rights as a result of such failure.

5. **Redemption and Purchase**

(a) ***No Maturity***

The Notes are perpetual securities and have no fixed date for redemption. The Bank may redeem the Notes at its discretion in the circumstances described herein. The Notes are not redeemable at the option of the Noteholders at any time.

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

Subject as provided in Condition 5(h), if the Bank at any time delivers to the Trustee immediately prior to the giving of the notice referred to below evidence that, as a result of any actual or proposed change in or amendment to the laws of the Kingdom of Sweden or the regulations of any taxing authority therein or thereof, or in or to the application of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the Notes or, if the Notes comprise more than one Tranche, the issue date of the last Tranche, the Bank would, on the occasion of the next payment due in respect of the Notes, be required to pay additional amounts as provided in Condition 10, the Bank may, at its option, having given not less than 30 days' and not more than 60 days' notice to the Trustee, the Agent and in accordance with Condition 16, the holders of the Notes, at any time redeem all, but not some only, of the Notes each at its Outstanding Principal Amount, together with interest accrued to (but excluding) the date of redemption if the Bank's obligation to pay interest has not been cancelled or deemed to be cancelled. Upon the expiry of such notice period, the Bank shall, subject to Condition 5(i), be bound to redeem the Notes accordingly.

(c) ***Redemption on any Optional Redemption Date***

Subject as provided in Condition 5(h), the Bank may, on any Optional Redemption Date, having given not less than 30 days' and not more than 60 days' notice to the Trustee, the Agent and, in accordance with Condition 16, the holders of the Notes (which notice shall, subject to Condition 5(i), be irrevocable), subject to Condition 5(i), redeem all of the Notes then outstanding on such Optional Redemption Date at their Outstanding Principal Amount, together with interest accrued to (but excluding)

the date of redemption if the Bank's obligation to pay interest has not been cancelled or deemed to be cancelled.

(d) ***Purchases***

Subject as provided in Condition 5(h), the Bank or any of its subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons (if any) appertaining thereto are surrendered therewith) in the open market or otherwise at any price.

(e) ***Cancellation***

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

(f) ***Redemption upon Capital Event or a Tax Event***

Upon the occurrence of a Capital Event or a Tax Event, but subject to Condition 5(h), the Bank may, at its option, having given not less than 30 days' and not more than 60 days' notice to the Trustee, the Agent and, in accordance with Condition 16, the holders of the Notes (which notice shall, subject to Condition 5(i), be irrevocable), at any time redeem all (but not some only) of the Notes at their Outstanding Principal Amount, together with interest accrued to (but excluding) the date of redemption if the Bank's obligation to pay interest has not been cancelled or been deemed to have been cancelled. Upon the expiry of any such notice period and, in the case of a redemption following a Tax Event, upon the relevant additional taxes, duties or other governmental charges or civil liabilities becoming payable or an accrual for such additional taxes, duties or other governmental charges or civil liabilities becoming required pursuant to International Financial Reporting Standards, the Bank shall, subject to Condition 5(i), be bound to redeem the Notes.

(g) ***Variation or Substitution Instead of Redemption***

If at any time a Capital Event or a Tax Event occurs, the Bank may, instead of giving notice to redeem as aforesaid, and subject to Condition 5(h), without any requirement for the consent or approval of the Noteholders or Couponholders, and having given at least 30 days' and not more than 60 days' notice to the Trustee, the Agent and, in accordance with the Conditions, the holders of the Notes (which notice shall, subject to Condition 5(i), be irrevocable), at any time either substitute Qualifying Additional Tier 1 Securities for all (but not some only) of the Notes, or vary the terms of the Notes provided that they become or, as appropriate, remain Qualifying Additional Tier 1 Securities.

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

The Trustee shall (subject to the following provisions of this paragraph) agree to such substitution or variation and shall (at the expense of the Bank) use its reasonable endeavours to participate in or assist the Bank with the substitution of the Notes for, or the variation of the terms of the Notes, provided that they become or, as

appropriate, remain Qualifying Additional Tier 1 Securities, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed Qualifying Additional Tier 1 Securities or the participation in or assistance with such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or reduce its protections. If, notwithstanding the above, the Trustee does not participate or assist as provided above, the Bank may, subject as provided herein, redeem the Notes as provided above.

(h) ***Consent of the Relevant Regulator***

Any redemption, variation or substitution or purchase pursuant to Conditions 5(b), (c), (d), (f) or (g) is subject to the prior written consent of the Relevant Regulator.

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

If the Bank has elected to redeem the Notes in accordance with Conditions 5(b), (c) or (f) or, as the case may be, to substitute or vary the terms of the Notes in accordance with Condition 5(g), but prior to the payment of the redemption amount with respect to such redemption or, as applicable, prior to the substitution or variation becoming effective, a Trigger Event occurs, the relevant redemption notice or, as applicable, relevant notice of substitution or variation, shall be automatically rescinded and shall be of no force and effect, no payment of the redemption amount shall be due and payable or, if applicable, no substitution or variation shall be effected, and a Write Down shall take place pursuant to Condition 6.

(j) ***No Other Redemption, Variation or Substitution***

The Bank shall not be entitled to redeem, purchase, vary or substitute the Notes except as provided in Conditions 5 (b), (c), (d), (f) or (g).

6. **Loss Absorption and Reinstatement**

(a) ***Write Down***

If the Bank determines that a Trigger Event has occurred as at any Measurement Date, then the Bank shall Write Down the Outstanding Principal Amount of each Note (in whole or in part, as applicable) on the relevant Write Down Effective Date. Any Write Down Amount shall only be reinstated as set out under Condition 6(e). The relevant Write Down shall occur without delay (and in any event within one month or such shorter period as the Relevant Regulator may require) following the occurrence of a Trigger Event.

Upon the occurrence of a Trigger Event, the Bank shall immediately inform the Relevant Regulator and shall deliver a notice to the Noteholders in accordance with Condition 16 specifying (i) that a Trigger Event has occurred and (ii) if the Notes will be subject to a Write Down, the relevant Write Down Effective Date or expected Write Down Effective Date.

Except as set out under Condition 6(e), following a Write Down, no Noteholder will have any rights against the Bank with respect to the repayment of any principal amount to the extent so written down or the payment of interest on any principal amount that has been so written down (including any interest which may have accrued on such principal amount prior to such Write Down) or any other amount on or in respect of any principal amount that has been so written down. Furthermore, the Bank's obligation to pay any interest on any principal amount that is to be written down on the relevant Write Down Effective Date, in respect of an Interest Period ending on any Interest Payment Date falling between the date of a Trigger Event and

the Write Down Effective Date shall automatically be deemed to have been cancelled upon the occurrence of such Trigger Event and such interest shall, accordingly, not be due and payable.

The Bank may determine that a Trigger Event has occurred on more than one occasion and, accordingly, the Outstanding Principal Amount of each Note may be written down on more than one occasion provided that the Outstanding Principal Amount of each Note may never be reduced to below U.S.$0.01.

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

(c) ***Write Down Notice***

If the Bank determines that a Trigger Event has or has been deemed to have occurred, it shall publish a Write Down Notice in accordance with Condition 16 as soon as practicable after such determination. The Write Down Notice shall be sufficient evidence of the occurrence of such Trigger Event and will be conclusive and binding on Noteholders. Any delay in delivery or failure to publish a Write Down Notice shall not affect the validity of any Write Down or the timing of any Write Down Effective Date.

(d) ***Write Down Procedure***

On the Write Down Effective Date, the Bank shall write down an aggregate principal amount of each Note equivalent to the relevant Write Down Amount of each Note by writing down the Outstanding Principal Amount of such Note by the relevant Write Down Amount.

(e) ***Reinstatement***

If the Bank records a positive Net Profit or, to the extent permitted by the Relevant Rules, the Group records a positive Net Profit at any time while the Outstanding Principal Amount of the Notes is less than their Original Principal Amount, the Bank may, at its sole and absolute discretion and subject to the Maximum Distributable Amount (when the amount of the Reinstatement (as defined below) is aggregated together with other distributions of the Bank or the Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive (or, if different, any provision of the Relevant Rules implementing Article 141(2) of the CRD IV Directive)) not being exceeded thereby, reinstate all or any part of any Write Down Amount, such that the Outstanding Principal Amount of each Note shall be increased by such amount in accordance with the Reinstatement Procedure (a "**Reinstatement**") up to a maximum of the Original Principal Amount, on a *pro rata* basis with the other Notes and with any Written Down Loss Absorbing Instruments of the Bank and, in the case of any increase in the Outstanding Principal Amount of the Notes by reference to the Net Profit of the Group, any Written Down Loss Absorbing Instruments of the Group, that, in each case, have terms permitting a principal write up or reinstatement to occur on a basis similar to that set out in this Condition 6(e) in the circumstances existing on the date of the relevant Reinstatement, provided that the sum of:

(i) the aggregate amount of the relevant Reinstatement on all the Notes;

(ii) the aggregate amount of any payments of interest in respect of the Notes that were paid on the basis of an Outstanding Principal Amount lower than the Original Principal Amount at any time after the end of the previous financial year;

(iii) the aggregate amount of the increase in principal amount of each such Written Down Loss Absorbing Instrument at the time of the relevant Reinstatement; and

(iv) the aggregate amount of any interest payments or distributions in respect of each such Written Down Loss Absorbing Instrument that were calculated or paid on the basis of an outstanding principal amount that is lower than the principal amount it was issued with at any time after the end of the previous financial year,

does not exceed the Maximum Reinstatement Amount.

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

No Reinstatement may take place if (i) a Trigger Event has occurred in respect of which the Notes are to be subject to Write Down, but such Write Down has not occurred, (ii) a Trigger Event has occurred in respect of which the relevant Write Down has occurred but the Common Equity Tier 1 Capital Ratios of both the Bank and the Group have not been restored to, or above, the Trigger Level or (iii) the relevant Reinstatement (either alone or together with all simultaneous reinstatements of other Equal Trigger Temporary Write Down Instruments) would cause a Trigger Event to occur.

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

(f) ***Reinstatement Procedure***

If the Bank exercises such discretion to effect a Reinstatement it shall so notify the Trustee, the Agent and the Noteholders in accordance with Condition 16.

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

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

7. **Payments**

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

Subject as provided below, payments will be made by credit or transfer to a U.S. dollar account (or any other account to which payments in U.S. dollars may be credited or transferred) specified by the payee or, at the option of the payee, by cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10, 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, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto.

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

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above against surrender of definitive Notes and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States.

Upon any Note in definitive form being redeemed, any unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

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

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

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

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

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

the full amount of interest on the Notes in the manner provided above when due;

(ii) payment of the full amount of such interest at such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions; and

(iii) such payment is then permitted under United States law without involving, in the opinion of the Bank, adverse tax consequences to the Bank.

(c) ***Payment Day***

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 15) is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(x) in the case of Notes in definitive form only, the relevant place of presentation; and

(y) London, United Kingdom; and

(ii) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York.

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

Any reference in these Conditions to principal or interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable under Condition 10 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

8. **Agent and Paying Agents**

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

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

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

(ii) there will at all times be a Paying Agent with a specified office in a city approved by the Trustee in continental Europe outside Sweden;

(iii) there will at all times be an Agent;

(iv) in the circumstances described in the final paragraph of Condition 7(b), the Bank shall forthwith appoint a Paying Agent having a specified office in New York City; and

(v) the Bank undertakes that it will ensure that it maintains a Paying Agent in a Member State of the EU that is not obliged to withhold or deduct tax 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, such Directive.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 days' nor more than 45 days' prior notice thereof shall have been given to the Trustee and the Noteholders in accordance with Condition 16.

9. **Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to, and including, the final date for the payment of interest or penultimate payment of principal, as the case may be, due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 15. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

10. **Taxation**

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

(i) presented for payment by or on behalf of a Noteholder or Couponholder who is liable to such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the Kingdom of Sweden other than the mere holding of such Note or Coupon; or

(ii) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on or before such thirtieth day; or

(iii) presented for payment by or on behalf of a Noteholder or Couponholder who would not be subject to such withholding or deduction if he were to comply with any certification, identification or other reporting requirements concerning nationality or residence or any connection with the Kingdom of Sweden; or

(iv) presented for payment in the Kingdom of Sweden; or

(v) 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, such Directive; or

(vi) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU.

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

As used herein, the "**Relevant Date**" means:

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

(y) if the full amount of the moneys payable has not been received by the Agent or the Trustee on or prior to such due date, the date on which, the full amount of such moneys having been so received, notice to that effect shall have been given to the Noteholders in accordance with Condition 16.

11. **Events of Default**

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

Each of the following events is an "**Event of Default**":

(a) an agency or supervisory authority of the Kingdom of Sweden having jurisdiction in respect of the same institutes a proceeding, or a court in the Kingdom of Sweden enters a decree or order for the appointment of a receiver or liquidator in any insolvency, bankruptcy rehabilitation, readjustment of debt, marshalling of assets and liabilities or similar arrangements involving the Bank or all or substantially all of its property, or for the winding up of or liquidation of its affairs, and such proceeding, decree or order is not vacated or remains in force, undischarged or unstayed for a period of 60 days; or

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

provided that, if a Capital Event has occurred, then from and including the relevant Capital Event Date, a default in the payment of any principal for a period of seven days or interest for a period of 30 days in respect of the Notes after the same has become due and payable shall also be an Event of Default.

Upon a Note becoming due and repayable under this Condition 11 the following restrictions shall apply:

(i) the Trustee (or, subject as provided below, the holder of such Note) may at its discretion and without further notice take such steps, including the obtaining

of a judgment against the Bank in respect of such Note, as it thinks desirable with a view to having the Bank declared bankrupt (*konkurs*) or put into liquidation (*Sw. likvidation*) but not otherwise and consequently if any Note has become due and repayable under this Condition 11 the Bank shall, except with the prior consent of the Relevant Regulator, only be required to make such payment after it has been declared bankrupt (*Sw. konkurs*) or put into liquidation (*Sw. likvidation*);

(ii) the Trustee (or, subject as provided below, the holder of such Note) may at its discretion and without further notice institute such proceedings against the Bank as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Bank under such Note (other than, without prejudice to paragraph (i) above, any obligation for the payment of any principal or interest in respect of such Note) provided that the Bank shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it; and

(iii) no remedy shall be available to the Trustee or the holder of the relevant Note or the holder of any relevant Coupon against the Bank other than as provided in paragraphs (i) or (ii) above or proving or claiming in the bankruptcy (*Sw. konkurs*) or liquidation (*Sw. likvidation*) of the Bank in the Kingdom of Sweden or elsewhere, whether for the recovery of amounts owing in respect of the relevant Note or in respect of any breach by the Bank of any of its obligations or undertakings under the Note or the Trust Deed.

The Trustee shall not be bound to take any of the actions referred to in paragraphs (i), (ii) and (iii) of this Condition 11 to enforce the terms of the Trust Deed and/or the Notes or to take any other action under or pursuant to the Trust Deed unless (x) it shall have been so directed by an Extraordinary Resolution or so requested in writing by holders of Notes holding at least one-fifth in nominal amount of the Notes outstanding and (y) it shall have been indemnified and/or secured to its satisfaction. No Noteholder or Couponholder may proceed directly against the Bank unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing, in which case the Noteholder or Couponholder shall have only such rights against the Bank as those which the Trustee is entitled to exercise.

12. **Indemnification of Trustee**

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

13. **Meetings of Noteholders; Modification; Waiver; Substitution**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions, the Trust Deed, the Notes or the Coupons. An Extraordinary Resolution is defined in the Trust Deed to mean a resolution passed by a majority of not less than 75 per cent. of the votes cast at a meeting or adjourned meeting of the Noteholders convened to consider the relevant Extraordinary Resolution. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing a clear majority of the nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present being or

representing Noteholders whatever the nominal amount of the Notes held or represented by them, except that at any meeting, the business of which includes, *inter alia*, reduction of the amount of, or variation of the currency of or postponement of the date for payment of, principal or interest in respect of the Notes, or a change in the Trigger Level, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the nominal amount of the Notes for the time being outstanding.

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

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

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification (subject to certain exceptions) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, the Notes or the Coupons or determine that any event which would or might otherwise be an Event of Default shall not be treated as such if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby or to any modification which is of a formal, minor or technical nature or which is made to correct a manifest error. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and Couponholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 16.

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

(i) the Notes being unconditionally and irrevocably guaranteed by the Bank, such guarantee being subordinated on a basis considered by the Trustee to be equivalent to that referred to in Condition 3, in respect of the Bank's obligations under the Notes;

(ii) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and

(iii) certain other conditions set out in the Trust Deed being complied with.

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

14. **Replacement of Notes, Coupons and Talons**

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

15. **Prescription**

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 10) relating thereto. Any moneys paid by the Bank to the Agent for the payment of principal or interest in respect of the Notes and remaining unclaimed for two years after the date on which such principal or interest shall have become due shall (at the Bank's request) be repaid by the Agent to the Bank, and the holders of the relevant Notes or Coupons shall thereafter only look to the Bank for any payment which such holders may be entitled to collect.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 15 or any Talon which would be void pursuant to Condition 7(b).

16. **Notices**

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

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

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

17. **Further Issues**

The Bank shall be at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes ranking *pari passu* and having the same terms and conditions as the Notes in all respects (or in all respects save for the first payment of

interest thereon) and so that the same shall be consolidated and form a single Series with the other outstanding Notes.

18. **Contracts (Rights of Third Parties) Act 1999**

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

19. **Governing Law; Submission to Jurisdiction**

The Trust Deed, the Agency Agreement, the Notes, the Coupons and any non-contractual obligations arising out of or in connection therewith shall be governed by, and shall be construed in accordance with, English law, except that the provisions contained in Conditions 3 and 6 are governed by, and shall be construed in accordance with, the laws of the Kingdom of Sweden.

The Bank has in the Trust Deed submitted to the jurisdiction of the courts of England for all purposes in connection with the Trust Deed, the Notes and the Coupons. The address in England for service of process is the London branch of the Bank (being Central Head Office, 3 Thomas More Square, London E1W 1WY United Kingdom).

CAPITAL ADEQUACY

In 2007, the Act on Capital Adequacy and Large Exposures (*Sw. lag* (2006:1371) *om kapitaltäckning och stora exponeringar*) was adopted to implement the Capital Requirements Directive (the "**CRD**") and the Basel II Requirements. The Act implemented transitional rules which were originally intended to expire after 2009 but have been extended until further notice. These transitional rules establish a floor for the capital requirement under Basel II rules and after 2009 the capital requirement may not be less than 80 per cent. of the capital requirements under Basel I rules.

The regulatory requirements demand that a bank's capital base must cover operational, credit and market risk. The exposure to credit risk can, after approval from the Swedish Financial Services Agency (the "**SFSA**"), be calculated according to models that have been developed internally by the bank. The Bank has been approved by the SFSA to use internal risk classification models in this respect. These models allow for two different internal ratings-based approaches ("**IRB**"): the foundation approach and the advanced approach. The Bank uses the advanced approach for retail exposures (household and small companies) in Sweden, Norway, Denmark and Finland and for its subsidiaries Stadshypotek AB, Handelsbanken Finans AB and Rahoitus Oy. In 2010, the Bank received permission from the SFSA to also report certain corporate portfolios according to the advanced approach where the counterparties are medium-sized companies, property companies and housing co-operative associations. In 2012, a supplementary application was submitted to the SFSA for large corporate exposures. The exposures that have been approved for reporting according to the IRB approach but not yet for the advanced approach are currently reported according to the foundation approach.

In 2009, the European Commission proposed revisions to the CRD through a new directive 2009/111 ("**CRD II**") in order to amend the CRD and the Basel Committee on Banking Supervision proposed revisions to the Basel II Capital Framework in response to the global financial crisis. CRD II came into effect from 30 June 2011. In 2010, further revisions to the CRD were adopted through Directive 2010/76/EU ("**CRD III**"). While certain provisions relating to remuneration reforms took effect from 1 January 2011, CRD III was fully implemented by 31 December 2011.

On 16 December 2010, the Basel Committee on Banking Supervision published the main Basel III rules for new capital and liquidity standards for banks. On 13 January 2011, the committee issued minimum requirements to ensure that all classes of regulatory capital instruments absorb losses before taxpayers when banks cease to be viable. The majority of the Basel III requirements are expected to be implemented in the participating countries between 1 January 2013 and 1 January 2019. Trading and securitisation reforms were implemented in 2011 through the implementation of CRD III to the extent they were not already effective. In relation to globally systemically important banks ("**G-SIBs**"), on 4 November 2011, the Basel Committee on Banking Supervision proposed that such financial institutions should be subject to further buffer requirements to be phased in between 2016 and 2018. This is in line with the G20 communiqué following a meeting held on 18 and 19 February 2011, in which it referenced ongoing work regarding a comprehensive multi-pronged framework with more intensive supervisory oversight; effective resolution capacity, including in a cross-border context; higher loss absorbency measures that may include – depending on national circumstances – capital surcharges, contingent capital and bail-in instruments, and other supplementary requirements as determined by the national authorities, including systemic levies.

On 27 June 2013, a revised European capital adequacy and liquidity framework based on the Basel III accord was officially published. The new framework includes one directive, 2013/36/EU ("**CRD IV**"), which must be transposed into national law, and one regulation, (EU) No. 575/2013 ("**CRR**"), which is directly applicable in all Member States of the EU. The changes to the capital adequacy framework include stricter minimum capital requirements for the components in the capital base with the highest quality, i.e., Common Equity Tier 1 capital ("**CET1 capital**") (4.5 per cent.) and Tier 1 capital (6.0 per cent.). The minimum capital requirement is unchanged at 8.0 per cent. In addition to the minimum capital requirements, new buffer requirements are also introduced. The framework also introduces new capital buffers: (i) the capital conservation buffer, (ii) the institution-specific

countercyclical buffer, (ii) the global systemically important institutions buffer, (iv) the other systemically important institutions buffer and (v) the systemic risk buffer. The Bank is currently subject to 2.5 per cent. capital conservation buffer requirement. Breach of the combined buffer requirement will result in restrictions on certain capital distributions from the relevant institution, for example, dividend and coupon payments on CET1 and Tier 1 capital instruments. The new requirements under CRD IV and CRR are applicable as of 1 January 2014. The above mentioned Basel I transitional floors have been extended by the CRR until 31 December 2017, but may be waived by national supervisory authorities under certain conditions.

In Sweden, the SFSA announced on 18 March 2014 that the Basel I transitional floors will not be waived. The legislation package implementing CRD IV into Swedish law was adopted on 25 June 2014, and is applicable as of 2 August 2014. These primary legislative texts include the Supervision of Credit and Investment Institutions Act (*Sw. lag* (2014:968) *om särskild tillsyn över kreditinstitut och värdepappersbolag*) and the Capital Buffers Act (*Sw. lag* (2014:966) *om kapitalbuffertar*). In connection therewith, the Act on Capital Adequacy and Large Exposures has been repealed. The Supervision of Credit and Investment Institutions Act, which regulates how the supervision of credit institutions and securities companies shall be exercised, assumes certain provisions of the Act on Capital Adequacy and Large Exposures and complements the CRR. The Capital Buffers Act stipulates that credit institutions and securities companies shall hold various capital buffers in addition to the fundamental capital requirements and enables intervention by the SFSA should such institution or company not fulfil a buffer requirement.

The Swedish Ministry of Finance, the SFSA and the Riksbank announced in November 2011 that capital standards higher than the minimum set forth in the Basel III framework and the CRD IV proposal would be required from domestic systemically important banks ("**D-SIBs**"). On 10 September 2014, the SFSA announced that this would be achieved through the four major Swedish banks, including the Group, being assigned a systemic risk buffer of 3.0 per cent. of their CET1 capital as of 1 January 2015. A further 2.0 per cent. CET1 capital requirement will apply within the framework of Pillar 2. This clarifies the composition of the previously announced requirement to hold 12.0 per cent CET1 capital ratio as of 1 January 2015.

Furthermore, and in addition to the capital requirements mentioned above, pursuant to the announcement on 10 September 2014, the SFSA considers that given current economic conditions, the countercyclical capital buffer should be activated in Sweden. A buffer level for exposures in Sweden of 1 per cent., will be applicable from 13 September 2015. Moreover, the risk weight floor for Swedish mortgages will be raised from the current level of 15 to 25 per cent. within the framework of Pillar 2. Additionally the same risk weight floor will apply to exposures arising from the Norwegian mortgage loan market. As at the date of this Offering Circular, and according to the SFSA announcement, the Group meets the proposed new capital requirements.

The Basel III Non-Viability Requirements form part of the broader Basel III package and will be implemented in the European Economic Area by way of the BRRD. If such statutory loss absorption at the point of non-viability is not implemented by 31 December 2015 then CRR indicates that the European Commission shall review and report on whether a provision should be included in CRR and, in light of that review, come forward with appropriate legislative proposals.

In June 2014, the Swedish government announced that it would introduce legislation to implement the BRRD in Sweden, including provisions on loss absorption at the point of non-viability. As at the date of this Offering Circular, this legislation has not been enacted.

The following table sets forth an analysis of the Group's capital adequacy as of the dates indicated:

Capital adequacy analysis[(1)]	**31 Dec 2014**	**30 Sep 2014**	**30 Jun 2014**	**31 Mar 2014**	**31 Dec 2013**
			(*%, except SEK millions*)		
Common equity tier 1 ratio, CRD IV	20.4	20.7	20.1	19.5	18.9
Tier 1 ratio, CRD IV	22.1	22.3	21.7	21.1	21.0
Total capital ratio, CRD IV	25.6	25.6	25.0	24.5	21.6

Risk exposure amount CRD IV, SEK millions	480,388	485,263	497,050	487,913	492,785
Capital base in relation to capital requirement according to Basel I floor	138	141	143	141	124
Institution specific capital conservation buffer requirement[(2)]	2.5	2.5			
Common equity tier 1 capital available for use as a buffer	15.9	16.2			

Notes:
(1) The historical comparison figures regarding the key ratios according to CRD IV for 2013 are estimates based on the Bank's interpretation of the regulations at the respective reporting date and assuming full implementation of the regulations.
(2) Information is only provided in relation to the buffer requirements, which have already come into force as of the relevant date.

TAXATION

Swedish Taxation

The following summary outlines certain Swedish tax consequences relating to holders of the Notes. The summary is based on the laws of the Kingdom of Sweden as currently in effect and is intended to provide general information only. The summary does not address, inter alia, situations where the Notes are held in an investment savings account (Sw. investeringssparkonto), the tax consequences in connection with a Write Down of the Notes, the tax consequences following variation or substitution (instead of redemption) of the Notes or the rules regarding reporting obligations for, among others, payers of interest. Investors should consult their professional tax advisers regarding the Swedish tax and other tax consequences (including the applicability and effect of tax treaties for the avoidance of double taxation) of acquiring, owning and disposing of the Notes in their particular circumstances.

Holders not resident in the Kingdom of Sweden

Payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to the holder of any Notes should not be subject to Swedish income tax, provided that such a holder (i) is not resident in the Kingdom of Sweden for Swedish tax purposes and (ii) does not have a permanent establishment in the Kingdom of Sweden to which the Notes are effectively connected.

However, broadly speaking, provided that the value of or the return on the Notes relates to securities taxed as shares, private individuals who have been residents of the Kingdom of Sweden or have had a habitual abode in the Kingdom of Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption, are liable for capital gains taxation in the Kingdom of Sweden upon disposal or redemption of such Notes. In a number of cases though, the applicability of this rule is limited by the applicable tax treaty for the avoidance of double taxation.

Swedish withholding tax, or Swedish tax deduction, is not imposed on payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes, except for certain payments of interest (and other returns on Notes) to a private individual (or an estate of a deceased individual) who is resident in the Kingdom of Sweden for Swedish tax purposes (see "Holders resident in the Kingdom of Sweden" below).

Holders resident in the Kingdom of Sweden

In general, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in the Kingdom of Sweden for Swedish tax purposes, all capital income (for example, income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable. Specific tax consequences may be applicable to certain categories of corporations, for example, life insurance companies. Further, specific tax consequences may be applicable if, and to the extent that, a holder of Notes realises a capital loss on the Notes and to any currency exchange gains or losses.

If amounts that are considered to be interest for Swedish tax purposes are paid by a legal entity domiciled in the Kingdom of Sweden, including a Swedish branch, to a private individual (or an estate of a deceased individual) with residence in the Kingdom of Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by the legal entity on such payments. Swedish preliminary taxes should normally also be withheld on other returns on Notes (but not capital gains), if the return is paid out together with such a payment of interest referred to above.

Foreign Account Tax Compliance Act

Sweden and the United States ("**U.S.**") have reached an agreement in substance to enter into an intergovernmental agreement (an "**IGA**") to help implement Sections 1471 through 1474 of FATCA, for certain Swedish entities. If the IGA is entered into as agreed in substance, payments of U.S.

source income to Swedish "financial institutions", as defined under the IGA, including the Bank, would not be subject to FATCA withholding provided that they are in compliance with the IGA. However, the Bank and other Swedish "financial institutions" would be required to report certain information regarding their respective U.S. account holders to the government of Sweden, which information may ultimately be reported to the U.S. Internal Revenue Service. Although U.S. Treasury Regulations implementing FATCA impose a 30 per cent U.S. withholding tax on all or a portion of payments of principal and interest on the Notes that are treated as "foreign passthru payments", the IGA, if entered into, currently would not require withholding on foreign passthru payments. However, there can be no assurance that Sweden and the United States will in fact enter into an IGA.

If an amount in respect of FATCA were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Bank nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented or entered into in a materially different form. Prospective investors should consult their professional tax advisers on how these rules may apply to the Bank and to payments they may receive in connection with the Notes.

The EU Savings Directive

Under Directive 2003/48/EC, 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 Directive 2003/48/EC, in particular to include additional types of income payable on securities. Directive 2003/48/EC 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 under such system assuming such withholding system is still operated when the changes 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).

The proposed Financial Transactions 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. The issuance and subscription of the Notes should, however, be exempt.

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

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. The FTT, as initially implemented on this basis, may not apply to dealings in the Notes.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate. Prospective Noteholders are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Joint Lead Managers have, in the Syndication Agreement dated 24 February 2015, which is made pursuant to the amended and restated programme agreement dated 13 June 2014, jointly and severally agreed to subscribe for the Notes at a price of 100.00 per cent. of the principal amount of the Notes. The Bank has also agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of Notes.

United States

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

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

Each Joint Lead Manager has agreed that it will not offer, sell or deliver any Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of such Notes, as determined and certified by the relevant Joint Lead Manager, 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 or any other purchaser to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Joint Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Issuer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive,

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor

to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

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 any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Sweden

Each Joint Lead Manager has represented and agreed that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy or sell any Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale in Sweden except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act (*Sw. Lag (1991:980) om handel med finansiella instrument*).

Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(i) (to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the Financial Services Act) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (Regulation No. 11971) and as defined by Article 26, first paragraph, letter d) of CONSOB Regulation No. 16190 of 29 October 2007, as amended; or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the Banking Act); and

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") and each Joint Lead Manager has represented and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Canada

The Notes may be sold only to purchasers purchasing as principal that are both "accredited investors" as defined in National Instrument 45-106 Prospectus and Registration Exemptions and "permitted clients" as defined in National Instrument 31-103 Registration Requirements, Exemption and Ongoing Registrant Obligations.

General

Each Joint Lead Manager has agreed that it will comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and neither the Bank nor any other Joint Lead Manager shall have any responsibility therefor.

GENERAL INFORMATION

Listing of Notes

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Main Securities Market. The Main Securities Market is a regulated market for the purposes of Directive 2004/39/EC.

The estimate of the total expenses related to the admission to trading of the Notes is €5,000.

The listing of the Notes is expected to be granted on or about 25 February 2015.

Authorisation

The issue of Notes is duly authorised pursuant to a resolution of the Board of the Bank passed on 26 March 2014. No consents, approvals, authorisations or other orders of regulatory authorities are required to be obtained by the Bank under the laws of the Kingdom of Sweden, unless otherwise set out herein, in connection with the issue of Notes or to enable the Bank to undertake and perform its obligations under the Notes.

Euroclear and Clearstream, Luxembourg

The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records) with a Common Code of 119405416. The International Securities Identification Number (ISIN) of the Notes is XS1194054166.

The address of Euroclear is 3 Boulevard du Roi Albert III, B.l210 Brussels, Belgium. The address of Clearstream, Luxembourg is 42 Avenue J. F. Kennedy, L-1855 Luxembourg.

No Significant or Materially Adverse Change in Financial or Trading Position

There has been no significant change in the financial or trading position of the Bank or the Group since 31 December 2014 and there has been no material adverse change in the financial position or prospects of the Bank or the Group since 31 December 2014.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware), which may have, or have had during the 12 months prior to the date hereof, significant effects on the financial position or profitability of the Bank and/or the Group.

Statutory Auditors

The auditors of the Bank and the Group named in the following two paragraphs have audited the accounts of the Bank and the Group in accordance with auditing standards generally accepted for banking companies in the Kingdom of Sweden and without qualification for each of the financial years ended 31 December 2013 and 31 December 2014, respectively.

The auditors of the Bank and the Group for the fiscal years ended 31 December 2013 and 31 December 2014 were KPMG AB with Stefan Holmström as auditor in charge, Box 16106, SE-103 23 Stockholm and Ernst & Young AB with Erik Åström as auditor in charge, Box 7850 SE-103 99 Stockholm.

All of the aforementioned auditors are Authorised Public Accountants and are members of FAR, the Swedish Institute of Authorised Public Accountants. None of the auditors named above has a material interest in the Bank.

Principal Shareholders

As of 31 December 2014, the Bank had approximately 100,000 shareholders. The majority of shareholders are private individuals who owned only a small number of shares. Approximately 947 shareholders own more than 20,000 shares, including a number of asset managers who represent foreign private individuals and legal entities. As of 31 December 2014, approximately 48 per cent. of the Bank's shares were owned by investors outside Sweden and approximately 35 per cent. of the shares were owned by 15 Swedish shareholders (comprised of large Swedish institutional investors including insurance companies, investment companies and equity funds mainly representing a large number of private individuals). The Bank is not aware of any shareholder or group of connected shareholders having sufficient voting rights to exercise direct or indirect control the Bank.

Documents Available for Inspection

For the period of 12 months following the date of this Offering Circular, electronic copies in English of the following documents will, when published, be available from the registered office of the Bank in Stockholm and from the specified office of each of the Paying Agents:

(i) an English translation of the Articles of Association of the Bank;

(ii) the annual report of the Bank and the annual audited consolidated accounts of the Group (in English) in respect of the financial years ended 31 December 2013 and 2014, respectively;

(iii) the Programme Agreement, the Trust Deed, (which contains the forms of the global Notes, the definitive Notes and the Coupons) and the Agency Agreement;

(iv) the Programme Offering Circular;

(v) this Offering Circular; and

(vi) any additional amendments to this Offering Circular.

Joint Lead Managers Transacting with the Bank

The Joint Lead Managers and their affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Bank and its affiliates in the ordinary course of business.

Language of this Offering Circular

The language of this Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Irish Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Bank in connection with the Programme and is not itself seeking admission of the Notes to the Official List or trading on the Main Securities Market for the purposes of the Prospectus Directive.

URLs

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 websites or URLs shall not form part of, or be deemed to be incorporates into, this Offering Circular.

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