

IMPORTANT NOTICE

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THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THE OFFERING CIRCULAR MAY ONLY BE DISTRIBUTED OUTSIDE THE UNITED STATES TO PERSONS THAT ARE NOT U.S. PERSONS AS DEFINED IN REGULATIONS UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). 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.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION. THE SECURITIES DESCRIBED IN THE OFFERING CIRCULAR HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS.

THE SECURITIES DESCRIBED IN THE OFFERING CIRCULAR ARE NOT INTENDED TO BE SOLD AND SHOULD NOT BE SOLD TO RETAIL CLIENTS IN THE EUROPEAN ECONOMIC AREA, AS DEFINED IN DIRECTIVE 2014/65/EU (AS AMENDED).

INVESTORS IN HONG KONG SHOULD NOT PURCHASE THE NOTES IN THE PRIMARY OR SECONDARY MARKETS UNLESS THEY ARE PROFESSIONAL INVESTORS (AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP. 571, LAWS OF HONG KONG) AND ITS SUBSIDIARY LEGISLATION) ONLY AND UNDERSTAND THE RISKS INVOLVED. THE NOTES ARE GENERALLY NOT SUITABLE FOR RETAIL INVESTORS.

PROSPECTIVE INVESTORS ARE REFERRED TO THE SECTION HEADED "RESTRICTIONS ON MARKETING AND SALES TO RETAIL INVESTORS" IN THE OFFERING CIRCULAR FOR FURTHER INFORMATION.

Confirmation of your Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities described in the Offering Circular, you must be a person other than a U.S. person (within the meaning of Regulation S under the Securities Act) who is outside the United States.

By accepting the email and accessing the Offering Circular, you shall be deemed to have represented to each of Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Merrill Lynch International, Swedbank AB (publ) (in its capacity as a joint lead manager) and UBS Europe SE (together, the "Joint Lead Managers") that you are not, and that any customer represented by you is not, a U.S. person; the electronic mail address that you have given to us and to which this email has been delivered is not located in the U.S., its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia; and that you consent to delivery of the Offering Circular by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the 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 the Offering Circular to any other person.

Any materials relating to the potential 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 potential offering be made by a licensed broker or dealer and any Joint Lead Manager or any affiliate of any Joint Lead Manager is a licensed broker or dealer in that jurisdiction, any offering shall be deemed to be made by the relevant Joint Lead Manager or such affiliate on behalf of Swedbank AB (publ) in such jurisdiction.

Under no circumstances shall the Offering Circular constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction. Recipients of the Offering Circular who intend to subscribe for or purchase the securities are reminded that any subscription or purchase may only be made on the basis of the information contained in the final Offering Circular. The 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 does not apply.

The Offering Circular has been sent to you in an 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 Joint Lead Managers, any person who controls any of them, or any of their respective directors, officers, employees, agents or affiliates

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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 any of the Joint Lead Managers.



Swedbank AB (publ)

(Incorporated with limited liability in the Kingdom of Sweden)

U.S.\$500,000,000 Fixed Rate Reset Additional Tier 1 Convertible Notes

The U.S.\$500,000,000 Fixed Rate Reset Additional Tier 1 Convertible Notes (the "Notes") will be issued by Swedbank AB (publ) (the "Issuer"). Subject as provided in "Terms and Conditions of the Notes", the Notes will constitute direct, unsecured and subordinated debt obligations of the Issuer, as described in Condition 2 (*Status*) in "Terms and Conditions of the Notes".

The Notes will bear interest, payable semi-annually in arrear on 17 September and 17 March in each year (each, an "Interest Payment Date"), from (and including) 29 August 2019 (the "Issue Date") to (but excluding) 17 September 2024 (the "First Call Date") at the rate of 5.625 per cent. per annum. There will be a long first Interest Period. The first payment of interest will be made on 17 March 2020 in respect of the period from (and including) the Issue Date to (but excluding) such Interest Payment Date. The rate of interest will reset on the First Call Date and on each Reset Date (as defined in Condition 19 (*Interpretation*) in "Terms and Conditions of the Notes"). See Condition 3 (*Interest*) in "Terms and Conditions of the Notes".

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

The Notes are perpetual securities and have no fixed date for redemption and holders of the Notes ("Noteholders") do not have the right to call for their redemption. Subject as provided herein, the Issuer may, at its option, redeem the Notes, in whole but not in part, on the First Call Date or on any Reset Date thereafter at their principal amount, together with accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled). Subject as provided herein, the Issuer may also, at its option, redeem the Notes, in whole but not in part, at any time at their principal amount, together with accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled) upon the occurrence of a Tax Event or Capital Event (each as defined in Condition 19 (*Interpretation*) in "Terms and Conditions of the Notes"). Any such redemption is subject to certain conditions. See Condition 6 (*Redemption and Purchase*) in "Terms and Conditions of the Notes". If at any time a Capital Event or a Tax Event occurs or in order to ensure the effectiveness and enforceability of Condition 18(f), the Issuer may either substitute all (but not some only) of the Notes or vary the terms of the Notes accordingly, without any requirement for the consent or approval of the Noteholders, so that they remain or become Qualifying Additional Tier 1 Securities (as defined in Condition 19 (*Interpretation*) in "Terms and Conditions of the Notes"). See Condition 15 (*Substitution or Variation instead of Redemption*).

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

This Offering Circular does not comprise a prospectus for the purposes of Regulation (EU) 2017/1129.

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

The Notes will be subject to Swedish Statutory Loss Absorption Powers (as defined below), as described in "Terms and Conditions of the Notes – Governing Law and Jurisdiction; Acknowledgement of Swedish Statutory Loss Absorption Powers".

The Notes are not intended to be sold and should not be sold to retail clients (as defined in Directive 2014/65/EU (as amended) ("MiFID II")) in the European Economic Area ("EEA").

Investors in Hong Kong should not purchase the Notes in the primary or secondary markets unless they are professional investors (as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and its subsidiary legislation, "Professional Investors") only and understand the risks involved. The Notes are generally not suitable for retail investors.

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.

The Notes and any Conversion Shares to be delivered following the occurrence of a Trigger Event have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and the Notes 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, or for the account or benefit of, U.S. persons. The Notes are being offered and sold outside the United States to persons other than U.S. persons in reliance on Regulation S ("Regulation S") under the Securities Act. For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of this Offering Circular and other offering material relating to the Notes, see "Subscription and Sale".

The Notes are expected to be rated BBB by S&P Global Markets Europe Limited ("S&P"), BBB by Fitch Ratings Ltd. ("Fitch") and Ba1 by Moody's Investors Service (Nordics) AB ("Moody's"). Each of S&P, Fitch and Moody's is established in the European Union (the "EU") and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation") and is included in the list of credit rating agencies registered in accordance with the CRA Regulation as of the date of this Offering Circular. This list is available on the European Securities and Markets Authority's website at www.esma.europa.eu/page/List-registered-and-certified-CRAs. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes will initially be in the form of a temporary global note (the "Temporary Global Note"), without interest coupons ("Coupons"), which will be deposited on or around the Issue Date with a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg"). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the "Permanent Global Note" and, together with the Temporary Global Note, the "Global Notes"), without Coupons, on or after 8 October 2019 (the "Exchange Date"), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for Notes in definitive form ("Definitive Notes") only in certain limited circumstances in accordance with the terms of the Permanent Global Note.

Definitive Notes will have attached Coupons and, if necessary, talons ("Talons") for further Coupons - see "Summary of Provisions Relating to the Notes while in Global Form".

The Notes are complex and high risk. There are risks inherent in the holding of the Notes, including the risks in relation to their subordination, the circumstances in which the Notes may be written down or converted to ordinary shares and the implications on Noteholders (such as a substantial loss), the circumstances in which Noteholders may suffer loss as a result of holding the Notes are difficult to predict and the quantum of any loss incurred by investors in the Notes in such circumstances is also highly uncertain. Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. For a discussion of these risks see "Risk Factors" below.

Sole Structuring Adviser

BofA Merrill Lynch

Joint Lead Managers

**Barclays
BofA Merrill Lynch
Swedbank**

**BNP PARIBAS
Citigroup
UBS Investment Bank**

The date of this Offering Circular is 27 August 2019

IMPORTANT NOTICES

Restrictions on marketing and sales to retail investors

The Notes discussed in this Offering Circular are complex financial instruments with high risk 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 June 2015, the United Kingdom Financial Conduct Authority (the “FCA”) published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015 which took effect on 1 October 2015 (the “PI Instrument”). In addition, (i) on 1 January 2018, the provisions of Regulation (EU) No. 1286/2014 on key information documents for packaged and retail and insurance-based investment products (as amended) (the “PRIIPs Regulation”) became directly applicable in all EEA member states and (ii) MiFID II was required to be implemented in EEA member states by 3 January 2018. Together, the PI Instrument, the PRIIPs Regulation and MiFID II are referred to as the “Regulations”.

The Regulations set out various obligations in relation to (i) the manufacturing and distribution of financial instruments and (ii) the offering, sale and distribution of packaged retail and insurance-based investment products and certain contingent write down or convertible securities, such as the Notes.

In addition, in October 2018, the Hong Kong Monetary Authority (the “HKMA”) issued guidance on enhanced investor protection measures on the sale and distribution of debt instruments with loss-absorption features (such as the Notes) and related products (the “HKMA Circular”). Under the HKMA Circular, debt instruments with loss absorption features, being subject to the risk of being written-down or converted to ordinary shares, and investment products that invest mainly in, or whose returns are closely linked to the performance of such instruments (together, “Loss Absorption Products”), are to be targeted in Hong Kong at Professional Investors only and are generally not suitable for retail investors in either the primary or secondary markets.

Potential investors should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein), including the Regulations and the HKMA Circular.

The Issuer and each of Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Merrill Lynch International, Swedbank AB (publ) (in its capacity as a joint lead manager) and UBS Europe SE (together, the “Joint Lead Managers”) are required to comply with some or all of the Regulations and/or the HKMA Circular. In addition, by purchasing, or making or accepting an offer to purchase, any Notes from the Issuer and/or any of the Joint Lead Managers, each prospective investor in relation to the Notes represents, warrants, agrees with and undertakes to the Issuer and each of the Joint Lead Managers that:

- (i) it is not a retail client (as defined in MiFID II);
- (ii) if it is in Hong Kong, it is a Professional Investor;
- (iii) whether or not it is subject to the Regulations or the HKMA Circular, it will not:
 - (a) sell or offer the Notes (or any beneficial interests therein) to retail clients (as defined in MiFID II) (including, without limitation, retail investors in Hong Kong); or
 - (b) communicate (including the distribution of this Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client (as defined in MiFID II) (including, for the avoidance of doubt, any customer in Hong Kong who is not a Professional Investor). In selling or offering the Notes (or any beneficial interests therein) or making or approving communications relating to

the Notes (or any beneficial interests therein), it may not rely on the limited exemptions set out in the PI Instrument; and

- (iv) it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or Hong Kong) relating to the promotion, offering, distribution and/or sale of the Notes, including (without limitation) MiFID II and the HKMA Circular and any other applicable laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) 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 (or any beneficial interests therein) 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.

Each prospective investor further acknowledges that:

- (i) the identified target market for the Notes (for the purposes of the product governance obligations in MiFID II) is eligible counterparties and professional clients; and
- (ii) no key information document (KID) under the PRIIPs Regulation has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of sales to EEA retail investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II product governance / professional investors and eligible counterparties only target market

Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Prohibition of sales and distributions to Hong Kong retail investors

The Notes are intended to be offered, sold, distributed or otherwise made available in Hong Kong to Professional Investors only in the primary and secondary markets and are generally not suitable for retail investors.

Product Classification Pursuant to Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the "SFA")

The Issuer has determined and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Canada

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Other important information

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

This Offering Circular contains information sourced from third parties – including Statistics Sweden, Nasdaq Stockholm, the Estonian Central Bank, the Association of Commercial Banks of Latvia, the Financial and Capital Market Commission (Latvia) and the Association of Lithuanian Banks – where indicated with references to third party sources herein. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Offering Circular is to be read in conjunction with any amendment or supplement hereto and all information which is deemed to be incorporated herein by reference (see "Information Incorporated by Reference"). This Offering Circular shall be read and construed on the basis that such information is incorporated and forms part of this Offering Circular.

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

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

This Offering Circular is to be used by the recipient hereof solely in connection with evaluating an investment in the Notes and for no other purpose. Copies of this Offering Circular and any related offering documents must not be mailed or otherwise distributed or transmitted in or into the United States.

Neither the delivery of this Offering Circular, nor the offering, sale or delivery of the Notes shall, in any circumstances, create any implication that there has been no adverse change in the financial situation of the Issuer since the date hereof or, as the case may be, the date upon which this Offering Circular has been most recently amended or supplemented. No representation or warranty is made or implied by the Joint Lead Managers or any of their respective affiliates or the Fiscal Agent, and neither the Joint Lead Managers nor any of their respective affiliates nor the Fiscal Agent makes any representation or warranty or accepts any responsibility, as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the issue of the Notes.

Neither the Issuer nor any of the Joint Lead Managers nor the Fiscal Agent represents that this Offering Circular may be lawfully distributed, or that the Notes may be offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. The distribution of this Offering Circular and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain

restrictions on offers, sales and deliveries of the Notes and on the distribution of this Offering Circular and other offering material relating to the Notes, see "Subscription and Sale". This Offering Circular may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

The Notes are complex and high risk. The Notes may not be a suitable investment for all investors. Each potential investor of the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisors, whether it:

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

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

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

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

TABLE OF CONTENTS

1	Overview of the Notes	9
2	Risk Factors.....	14
3	Information Incorporated by Reference	50
4	Terms and Conditions.....	52
5	Use of Proceeds	82
6	Summary of Provisions Relating to the Notes while in Global Form.....	83
7	Swedbank.....	86
8	Risk Management.....	94
9	Capital Management.....	100
10	Market Information.....	108
11	Description of the Shares	109
12	Taxation	114
13	Subscription and Sale.....	116
14	General Information.....	120

STABILISATION

IN CONNECTION WITH THE ISSUE OF THE NOTES, MERRILL LYNCH INTERNATIONAL AS THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION 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, STABILISATION MAY NOT NECESSARILY OCCUR. 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 CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

1 Overview of the Notes

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

Issuer:	Swedbank AB (publ)
Issuer Legal Entity Identifier (LEI):	M312WZV08Y7LYUC71685
Sole Structuring Adviser:	Merrill Lynch International
Joint Lead Managers:	Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Merrill Lynch International, Swedbank AB (publ) and UBS Europe SE
Fiscal Agent:	Citibank, N.A., London Branch
Paying Agent:	Citibank, N.A., London Branch
Paying and Conversion Agent:	Citibank, N.A., London Branch
Issue Date:	29 August 2019
First Call Date:	17 September 2024
Maturity:	The Notes are perpetual securities and have no fixed date for redemption. The Issuer may only redeem the Notes in the circumstances described herein.
Issue Price:	100.00 per cent.
Status:	<p>Unless previously converted into Conversion Shares pursuant to Condition 5 (<i>Loss Absorption Mechanism</i>), the Notes will constitute direct, unsecured and subordinated debt obligations of the Issuer and will further entail an obligation for the Noteholders to have their Notes converted into Ordinary Shares as set forth in Chapter 15 of the Swedish Companies Act (<i>Sw: aktiebolagslagen (2005:551)</i>) and in the Terms and Conditions of the Notes.</p> <p>In the event of the voluntary or involuntary liquidation (<i>Sw: likvidation</i>) or bankruptcy (<i>Sw: konkurs</i>) of the Issuer, the rights and claims (if any) of the Noteholders in respect of or arising from the Notes (including any accrued but uncanceled interest or damages awarded for breach of any obligations under the Terms and Conditions of the Notes, if any are payable) shall rank:</p> <p>(A) junior in right of payments to the payment of any present or future claims of (a) depositors of the Issuer, (b) other unsubordinated creditors of the Issuer, and (c) subordinated creditors of the Issuer in respect of Subordinated Indebtedness other than Parity Securities and Junior</p>

Securities which comprise Subordinated Indebtedness;

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

Interest and Interest Payment Dates: The Notes will bear interest, payable semi-annually in arrear on 17 March and 17 September in each year, at the relevant Rate of Interest. There will be a long first interest period. The first payment of interest will be made on 17 March 2020 in respect of the period from (and including) the Issue Date to (but excluding) 17 March 2020.

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

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

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

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

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

Following any such Automatic Conversion:

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

See Condition 5 (*Loss Absorption Mechanism*).

Conversion Price:

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

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

The Floor Price is set at U.S.\$8.75 and is subject to adjustment thereafter in accordance with Condition 5(g) (*Adjustment of Floor Price*), provided that the Floor Price shall not be less than the quota value (*Sw: kvotvärde*) of the Ordinary Shares immediately prior to the Automatic Conversion translated into USD at the then Prevailing Exchange Rate.

Settlement Procedure:

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

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

Negative Pledge:

None

Cross Default:	None
Winding-up, Non-payment, Breach of Obligations, Remedies:	Enforcement events and related remedies will be limited to the occurrence of a Winding-up Event and to non-payment in the limited circumstances described in Condition 10(b) (<i>Non-payment</i>). See Condition 10 (<i>Winding-Up, Non-payment, Breach of Obligations, Remedies</i>). An Automatic Conversion shall not constitute an enforcement event, as described in Condition 10 (<i>Winding-Up, Non-payment, Breach of Obligations, Remedies</i>) or a breach of the Issuer's obligations under the Terms and Conditions of the Notes or a failure to perform in any matter whatsoever and shall not entitle Noteholders to petition for the insolvency or dissolution of the Issuer or otherwise.
Meetings of Noteholders and Modifications:	The Notes and the Agency Agreement contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.
Taxation:	Payments in respect of Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Sweden or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer shall ((i) subject to the exceptions set out in Condition 9 (<i>Taxation</i>) and (ii) to the extent such payment can be made out of Distributable Items which are available <i>mutatis mutandis</i> in accordance with Condition 4(b) (<i>Restriction on Interest Payments</i>) (pay in respect of payments of interest (but not principal or any other amount) such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes or Coupons had no such withholding or deduction been required.
Form of the Notes:	The Notes will be issued in bearer form and will initially be in the form of the Temporary Global Note, without Coupons, which will be deposited on or around the Issue Date with a common depository for Euroclear and Clearstream, Luxembourg. Interests in the Temporary Global Note will be exchangeable for interests in the Permanent Global Note, without Coupons, on or after the Exchange Date, upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for Definitive Notes only in certain limited circumstances in accordance with the terms of the Permanent Global Note. See "Summary of Provisions Relating to the Notes while in Global Form" below.

Substitution or Variation:	If at any time a Capital Event or a Tax Event occurs or in order to ensure the effectiveness and enforceability of Condition 18(f), the Issuer may either substitute all (but not some only) of the Notes or vary the terms of the Notes, without any requirement for the consent or approval of the Noteholders, so that they remain or become Qualifying Additional Tier 1 Securities. See Condition 15 (<i>Substitution or Variation instead of Redemption</i>).
Denominations:	The Notes will be issued in the denominations of U.S.\$200,000.
Listing and Admission to Trading:	Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on the Global Exchange Market of Euronext Dublin.
Irish Listing Agent:	Arthur Cox Listing Services Limited
Swedish Statutory Loss Absorption Powers:	The Notes will be subject to Swedish Statutory Loss Absorption Powers, as described in “Terms and Conditions of the Notes – Governing Law and Jurisdiction; Acknowledgement of Swedish Statutory Loss Absorption Powers”.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by English law, except that the provisions of Condition 2 (<i>Status</i>) and all non-contractual obligations arising out of or in connection with Condition 2 (<i>Status</i>), the conversion (if any) of the Notes into Conversion Shares and any Compulsory Acquisition Proceedings will be governed by, and shall be construed in accordance with, the laws of Sweden.
Enforcement of the Notes in Global Form:	In the case of Global Notes, individual investors’ rights against the Issuer will be governed by a Deed of Covenant to be dated 29 August 2019, a copy of which will be available for inspection at the specified office of the Fiscal Agent.
Selling Restrictions:	There are certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering materials in the United States of America, the EEA, the United Kingdom, Canada, Italy, Singapore and Hong Kong; see “Subscription and Sale”.

2 Risk Factors

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

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

References herein to the quarterly numbers for the six month period ended 30 June 2019 are references to unaudited numbers.

2.1 Risks Relating to the Group

2.1.1 ***Worsening economic conditions in the countries where the Issuer and its subsidiaries (the "Swedbank Group") operate may adversely impact the Swedbank Group and are likely to continue to do so if those conditions persist or recur.***

The Swedbank Group's performance is significantly influenced by the general economic conditions in the countries in which it operates, in particular its primary markets of Sweden, Estonia, Latvia and Lithuania, and, to a lesser degree, Norway. The economic situation in all of the countries in which the Swedbank Group operates has in recent years been adversely affected in various ways by the turmoil in the global financial markets. These countries have in the past decade experienced periods of declining economic growth or recessions, increasing rates of unemployment, and, in the case of Estonia, Latvia and Lithuania (together, the "Baltic countries"), decreasing lending volumes as well as decreasing asset values.

In addition to these trends, a significant risk facing the Swedish economy is the level of household debt, which has reached historically high levels, with Sweden's household disposable debt-to-income ratio at 189 per cent at the beginning of 2019 according to the Swedish Central Bank's (Sw: *Riksbanken*) outlook in June 2019. A shortage of housing, low interest rates and higher house prices have led to a rapid increase in the volume of home lending. This means that households are more sensitive to higher interest rates. Successive Swedish governments have implemented policies to attempt to mitigate these risks and secure financial stability, but such measures may be inadequate or have unpredictable consequences. Attempts by regulators to slow credit growth have been largely ineffective, in part because interest rates have generally remained low in recent years. The introduction in June 2016 by the Swedish Financial Supervisory Authority ("SFSA") of an amortisation requirement for new loans has led to a less active real estate market and housing prices started to decrease at the end of 2017, following a long period of high prices. In March 2018, the SFSA introduced additional amortisation requirements whereby new mortgagors with mortgages in excess of 4.5 times their income must amortise at least 1 per cent of the debt. In addition, an increased supply of housing in recent years has contributed to the decrease in housing prices. The housing prices have started to recover in 2019 and in annual terms the housing prices are slightly higher compared to last year. According to Valueguard, housing prices increased by 2.2 per cent during March-May compared to the previous three month period. In annual terms, the housing prices increased in May by 1.8 per cent. The annual growth rate in household lending decelerated from 6.6 per cent in May 2018 to 5.0 per cent in May 2019 which is the slowest pace since the middle of 2014. Household lending is growing more in line with disposable income growth, and the household debt-to-income ratio has started to stabilise despite being on a high level.

Any or all of the conditions described above could result in increased default rates and/or decreased lending activity which could have a material adverse effect on the Swedbank Group's business, financial condition and results of operations.

2.1.2 *The Swedbank Group's business, financial condition and results of operations have been and may continue to be adversely affected by the recent conditions in the global financial markets and uncertainties about the strength of the Eurozone.*

The global capital and credit markets have been characterised by volatility and disruption in recent years. During and after the financial crisis in 2008, this has resulted in liquidity constraints and other problems at many of the world's largest commercial banks, investment banks and insurance companies, a number of which are the Swedbank Group's counterparties or customers in the ordinary course of its business. These conditions also resulted in a material reduction in the availability of financing, both for the Swedbank Group as well as other financial institutions and their customers.

In March 2015, the European Central Bank (the "ECB") implemented an asset purchase programme, with monthly purchases of EUR 60 billion. The measure was designed to stimulate growth in the Eurozone and raise inflation rates to a sustainable level below, but close to, 2 per cent over the medium term. The programme was extended in March 2016 when the ECB lowered its repo rate and deposit rate to negative rates. The monthly purchases under the asset purchase programme (also called quantitative easing, or "QE") were expanded to EUR 80 billion in April 2016. In December 2016, the ECB further extended the purchase programme to December 2017 but scaled it down from EUR 80 billion to EUR 60 billion per month starting in April 2017. In October 2017, the ECB started to reduce monthly asset purchases from EUR 60 billion to EUR 30 billion from January 2018 until the end of September 2018. In December 2018, the ECB ended the purchase programme, signalling a shift towards a less expansionary monetary policy going forward due to more favourable economic conditions in the Eurozone. The ECB's interest rates were unchanged as of June 2019 and are predicted to remain at their present levels at least through the first half of 2020. This was a more dovish decision than in April. The ECB has been more concerned about the growth outlook and as such, the inflation forecast for the Eurozone has been revised down. Overall, the liquidity situation in the Eurozone has become more favourable due to the ECB's expansionary monetary policy and the level of market disruption and volatility caused by the global financial crisis has abated; however, there are no assurances that these conditions will not recur or that similar events will not occur that have similar effects on the financial markets, in which case the Swedbank Group may experience reductions in business activity, increased funding costs, decreased liquidity, decreased asset values, additional credit impairment losses and lower profitability and revenues. Any of the foregoing factors could have a material adverse effect on the Swedbank Group's business, financial condition and results of operations.

Global economic growth slowed down in 2018 and continued to decelerate during the first half of 2019, including in Europe, where GDP growth began to decelerate. In addition, EU member states and public finances in Europe face many challenges, including those related to demographic trends and the uncertain impact of the increase in immigration. In addition, the uncertainty surrounding the UK's planned withdrawal from the EU ("Brexit") has had destabilising effects on financial markets and exchange rates. The British Parliament has not agreed on the terms for Brexit after several votes in Parliament. The planned EU withdrawal on 29 March 2019 has been postponed after negotiations with the EU. At the summit on 10 April 2019, it was decided that the deadline for Brexit be extended to 31 October 2019. There is still concern that the UK may exit the EU without an agreement. These developments may contribute to the loosening of the political ties within the EU and could negatively impact the European economy and increase volatility in the financial markets, which could impact political cooperation within the EU. Growing populism and rising criticism against the EU contribute to the sense that geopolitical risks in Europe will still be an area of focus during 2019. Furthermore, global markets and economic conditions have been negatively impacted by longstanding market perceptions regarding the ability of certain EU member states to service their sovereign debt obligations, including Greece, Ireland, Italy, Portugal and Spain.

A slowdown in China's economy, the prospect of an intensified trade war between the United States and China, and a hard Brexit could negatively impact the global economy. In turn, sluggish global growth and declining world trade could have a dampening impact on Swedish export industries. Both the Federal Reserve and the ECB communicated a dovish monetary policy in June 2019. According to Federal Reserve Board members and Federal Reserve Bank presidents' individual assessments, they are now projecting a rate cut in 2020. Although the ECB did not change the interest rates in June 2019, it had a more dovish outlook compared to the monetary policy meeting in April 2019. The current guideline indicates unchanged interest rates at present levels at least through to the first half of 2020.

Oil prices have bounced back in 2019 following a sharp decline in the end of 2018. The decrease in supply from Organization of the Petroleum Exporting Countries ("OPEC") has led to an increase in oil prices. In July OPEC and Russia decided to extend the supply restrictions in oil production for additional nine months. In June 2019, the average oil price was USD 63 per barrel from USD 57.4 per barrel in December 2018. Market fluctuations are expected to continue and there can be no assurance that this will not have a material adverse effect on the Group's customers.

The impact of these conditions could be detrimental to the Swedbank Group and it could experience reductions in business activity, increased funding costs, decreased liquidity, decreased access to the wholesale funding markets, decreased asset values, additional credit impairment losses and lower profitability and revenues. Any of the foregoing factors could have a material adverse effect on the Swedbank Group's business, financial condition and results of operations.

2.1.3 *Swedish households may be exposed to a risk of a decrease in housing prices and changes in regulations applying to mortgages.*

In recent years in Sweden, low interest rates (with real interest rates on mortgages in Sweden decreasing from 8.8 per cent to 0.5 per cent between 1995 and 2018), historically low inflation (though it increased slightly in 2018), higher housing prices and increased disposable household income have led to continued strong growth in demand for loans, especially in the residential mortgage market. Demand for housing has increased rapidly in Sweden, partly as a result of rapid growth in the population over the past decade due to increases in immigration. Rapid urbanisation in Sweden has also contributed to an increase in demand for housing in metropolitan areas and other growth regions. Housing prices started to decline at the end of 2017 after having more than tripled since 2000. The downward trend in housing prices generally continued into 2018 but started to recover at the beginning of 2019. According to Valueguard, housing prices increased by 0.7 per cent in May 2019 compared to April 2019 or by 2.2 per cent over the three months prior (March-May). In annual terms, the housing prices increased by 1.8 per cent in May which is the seventh consecutive month with annual price increases. Despite a pickup in housing prices in 2019, the growth in housing loans continues to decelerate. This means the mortgage debt, as a percentage of disposable income, is growing at a slower pace although from high level. Household debt rose to 189 per cent of disposable income at the beginning of 2019, according to the Swedish Central Bank's June 2019 forecast. About 68 per cent of the household total mortgage stock in Sweden has a floating interest rate, which means households are sensitive to increases in interest rates. A large number of Swedish households therefore may be exposed to the risk of a decrease in housing prices and the Swedbank Group, through Swedbank Mortgage, is one of Sweden's leading mortgage lenders with a market share of 24 per cent as of 31 December 2018.¹ Due to the historically high household indebtedness levels, significant decreases in housing prices, or increases in interest rates may cause a significant decrease in household incomes and consumption, which would in turn have an effect on the broader economy.

Furthermore, the Basel Committee on Banking Supervision (the "Basel Committee") has recommended an international standard of 35 per cent risk weight for residential mortgages. In 2014,

¹ Statistics Sweden (Sw: *Statistiska Centralbyrån*, SCB), 2018-12-31, www.scb.se.

the SFSA raised the risk weight on residential mortgages to 25 per cent from 15 per cent. In June 2016 the SFSA introduced tighter amortisation requirements. Annual repayment on mortgages of at least two per cent will be made on loans until they reach a 70 per cent loan-to-value (“LTV”) ratio and thereafter annual repayments of at least one per cent will be paid until loans reach a 50 per cent LTV ratio. In March 2018, the SFSA introduced a further tightening of the amortisation requirement. This requires that all new homeowners who borrow more than 4.5 times their gross income (i.e., income before taxes) repay one percentage point more of the mortgage loan per year than they would have to prior to these amendments. This tightening applies in addition to already-existing amortisation rules. The implementation of tighter amortisation requirements and a weaker housing market has lowered credit expansion in the household sector. In May 2019, the annual rate of credit expansion was 5.0 per cent which represents a decline from 6.6 per cent last year. Discussions about reductions in interest deduction have intensified, but political consensus on this matter has not been reached. The Central Bank of Sweden has expressed concern about the housing market and the increase in household lending and has asked for additional macro prudential tools, such as decreased interest deduction, debt ratio of disposable income and lower mortgage share with flexible interest rates, to be implemented. If such macro prudential tools are too stringent, this could have a negative impact both on Swedish growth and on the real estate market. Any defaults could, in turn, have a material adverse effect on the Swedbank Group’s business, financial condition and results of operations. For further detail around the impact of the risk weight floor, see “—Swedbank or its financial institution subsidiaries may need additional capital and/or eligible liabilities in the future to maintain capital adequacy ratios or for other reasons, and it may be difficult to obtain such capital and/or eligible liabilities.”

2.1.4 *Economic and market conditions have caused substantial credit impairments in the past, and future credit impairments could have a material adverse impact on the Swedbank Group’s financial condition and results of operations.*

The Swedbank Group is exposed to credit risk, or the risk that its borrowers may not repay their loans according to their contractual terms and that the collateral securing the payment of these loans may be insufficient. Further, there is a risk of declining market values that may affect the collateral securing the exposure. The Swedbank Group maintains provisions for credit impairments to cover estimated probable incurred credit impairments inherent in its loan portfolio. The Swedbank Group’s allowance for credit impairments is based on the Swedbank Group’s stage provisioning methodology. This methodology is scenario based and includes analysis of loss history, macroeconomic factors, valuation of assets and credit management decisions. The stages are defined by a change in credit risk and exposures are always compared to their risk level at initial recognition. This methodology may be impacted over time as a result of the implementation of International Financial Reporting Standard (“IFRS”) 9, as the credit impairment provisions under IFRS 9 are more sensitive to changes in the future economic outlook of financial assets and are likely to be more volatile as compared to the “current incurred loss” model under International Accounting Standard (“IAS”) 39. IFRS 9 introduced an expected credit loss model, where the expected credit losses are measured based on the stage to which the individual asset is allocated at each reporting date. One of the main effects of the implementation of IFRS 9 on Swedbank has been the classification of certain fully collateralised loans as impaired loans, resulting in an increase in loan loss provisions.

Furthermore, the Swedbank Group is exposed to concentration risk, which means credit risk relating to large individual exposures or affiliated borrowers as well as significant exposures to groups of counterparties whose probability of default (“PD”) is driven by common underlying factors, such as sector, economy, geographical location, or type of instrument. The impact of the concentration risk could have a material adverse effect on the Swedbank Group’s business, financial condition and results of operations. Any of the foregoing risks could have a material adverse effect on the Swedbank Group’s business, financial condition and results of operations.

Swedbank Mortgage’s credit risks arise primarily in its lending to the public (mainly private individuals, tenant-owner associations, agriculture and forestry and property management sectors). For further

information regarding risk related to the housing market, refer to “–Swedish households may be exposed to a risk of a decrease in housing prices and changes in regulations applying to mortgages.”

There can be no assurance that the Swedbank Group will not experience materially lower credit recoveries or higher impairments in the future. Any of the foregoing risks could have a material adverse effect on the Swedbank Group’s business, financial condition and results of operations.

2.1.5 *A significant amount of the Swedbank Group’s long-term financing matures in the next 12 months, which the Swedbank Group may not have the ability to refinance.*

A significant portion, approximately SEK 106 billion, or 15 per cent as of 30 June 2019, of the Swedbank Group’s external long-term financing, including maturing subordinated debt, matures in the next 12 months. Disruptions, uncertainty and/or increased volatility in the global capital markets may have a material adverse effect on the Swedbank Group’s ability to raise new financing. This could have a significant adverse effect on the Swedbank Group’s liquidity position, funding maturity profile and operating results. The availability of additional financing depends on a variety of factors, such as market conditions, the availability of credit generally and, specifically for borrowers in the financial services industry, the volume of trading activities, the Swedbank Group’s financial condition, its credit ratings and credit capacity, as well as any negative perception by the Swedbank Group’s customers or lenders of the Group’s financial prospects if, for example, the Swedbank Group incurs large loan losses or other losses, experiences significant deposit outflows or if the level of the Swedbank Group’s business activity decreases due to a market downturn. The Swedbank Group’s access to funds may further be impaired if regulatory authorities impose additional regulatory capital requirements or if ratings agencies downgrade the credit ratings or outlook of Swedbank. For more information about recent regulatory changes to capital requirements, see “–Swedbank or its financial institution subsidiaries may need additional capital and/or eligible liabilities in the future to maintain capital adequacy ratios or for other reasons, and it may be difficult to obtain such capital and/or eligible liabilities.”.

In addition, an increase in interest rates and/or widening of credit spreads, as well as the restriction on the availability of credit, including, but not limited to, interbank credit, can impact the Swedbank Group’s ability to borrow on a secured or unsecured basis, which may have a material adverse effect on the Swedbank Group’s liquidity and results of operations. In difficult credit market conditions, the Swedbank Group may be forced to fund its operations at a higher cost or it may be unable to raise as much short- or long-term funding as needed to support its business activities. This could cause the Swedbank Group to curtail its business activities, which could have a material adverse effect on the Swedbank Group’s business, financial condition and results of operations.

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

If a borrower defaults under one of the Swedbank Group’s loans, the Swedbank Group may foreclose on the loan and/or acquire title to the assets pledged as collateral, and thereafter, make substantial improvements or repairs in order to maximise the asset’s realisable value. The borrower may contest enforcement of foreclosure or other compulsory measures, which may delay the foreclosure, or seek bankruptcy protection against the Swedbank Group. If the borrower seeks bankruptcy protection, certain regulatory measures may preclude the Swedbank Group from enforcing foreclosure or other remedies against the borrower. Foreclosure-related costs, high LTV ratios or reductions in the value of the assets may prevent the Swedbank Group from realising an amount equal to its loans upon foreclosure, and the Swedbank Group may be required to record losses. Even if the Swedbank Group were able to successfully foreclose on the collateral securing its exposures, the Swedbank Group may hold title to pledged assets that it is unable to efficiently repossess or force a sale of, which would adversely affect the Swedbank Group’s ability to recover the value of the collateral securing its

exposure. Furthermore, the Swedbank Group may, as part of its foreclosure on business assets, end up acquiring collateral that is not core to the Swedbank Group's business and in respect of which it lacks the required operational or management expertise or experience or may be prohibited from owning under applicable regulations. Managing such assets may be costly and may require additional expertise, personnel or outsourcing, options which may not be readily available or available at all. All of the above may adversely affect the Swedbank Group's business, financial condition and results of operations.

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

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

2.1.8 *Any impairment of goodwill and other intangible assets could have a negative effect on the Swedbank Group's results of operations.*

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

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

Currency risk arises mainly due to risks related to strategic holdings of foreign operations and when deposits and lending take place in different currencies. Exchange rate movements between SEK, EUR and USD could have a significant adverse effect on the Swedbank Group's balance sheet position, as a substantial portion of the Swedbank Group's assets and liabilities are denominated in such currencies and, in the long-term, the Swedbank Group's income statement is in SEK. Changes in exchange rates affect both the balance sheet directly through strategic positions, and the Swedbank Group's income statement, as foreign currency cash flows from lending margins could affect net interest income. Fluctuations in the value of foreign currencies may also have a negative impact on the Swedbank Group's liquidity, since the Swedbank Group's overall liquidity includes balances which are held in foreign currencies. Additionally, fluctuations in the value of foreign currencies may also have a negative impact on the Swedbank Group's capital position, since part of the Swedbank Group's capital and risk exposure amount ("REA") is denominated in foreign currencies.

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

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

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

Though the Swedbank Group has implemented risk management methods aimed at mitigating these and other market risks, and exposures are constantly measured and monitored, it is difficult to predict changes in economic or market conditions and to anticipate the effects that such changes could have on the Swedbank Group's financial performance and results of operations. While the Swedbank Group undertakes hedging operations in order to reduce its exposure to interest rate risk, it does not hedge all its risk exposure and cannot assure its hedging strategies will be successful. If the Group is unable to adjust the interest rate payable on deposits in line with the changes in market interest rates receivable by it on loans, or if the Swedbank Group's monitoring procedures are unable to manage adequately the interest rate risk, its interest income could rise less or decline more than its interest expense, in which case the Group's results of operations and financial condition or prospects could be negatively affected.

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

The Swedbank Group's liquidity could be impaired by an inability to access debt markets, an inability to sell assets or redeem investments, outflows of deposits or collateral deterioration. This situation could arise due to circumstances that the Swedbank Group is unable to control, such as continued general market disruption, loss of confidence in financial markets, uncertainty and speculation regarding the solvency of market participants, rating downgrades, or operational problems that affect third parties. Even any perception among market participants that a financial institution is experiencing greater liquidity risk can cause significant damage to the institution, including deposit outflows and access to capital markets on less favourable terms, and consequently its ability to access liquidity. Perceived liquidity risks from rumours or speculation in the marketplace can, in certain circumstances, lead to real liquidity impairments, which can further lead to, amongst other things, a downgrade in credit ratings, thereby exacerbating a downward liquidity spiral. The Swedbank Group, like its Nordic peers, is reliant on wholesale funding due to a structural shortage of deposits in the Swedish banking system, which makes it sensitive to prolonged dislocations in the funding markets. The Swedbank

Group's ability to sell assets at commercially desirable prices, or at all, could be impaired if other market participants are seeking to sell similar assets at the same time or are not in the position to finance themselves, or when the market value of assets, including financial instruments underlying derivative transactions to which the Swedbank Group is a party, is difficult to ascertain, which occurred during the last liquidity crisis. In addition, financial institutions with which the Swedbank Group interacts could exercise set-off rights or the right to require additional collateral, which could further impair the Swedbank Group's access to liquidity.

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

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

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

2.1.13 *Substantially all of the Group's retail mortgage portfolio comprises the cover pool for the covered bonds issued by Swedbank Mortgage.*

As of 31 December 2018, substantially all of the Swedbank Group's Swedish retail mortgage portfolio was in the cover pool of Swedbank's wholly owned subsidiary, Swedbank Mortgage. The retail mortgages issued by Swedbank Mortgage comprise the cover pool and thereby serve as security for holders of the covered bonds issued by Swedbank Mortgage (and also counterparties under derivatives contracts entered into for hedging purposes in relation to such covered bonds). These mortgages do not form part of the general assets of Swedbank that would be available to holders of the Notes in the case of insolvency or liquidation of Swedbank. The Swedbank Group intends to cover a significant part of its long-term funding requirement through the additional issuance of covered bonds, which will be secured by future retail mortgages issued by Swedbank Mortgage. The Notes are unsecured obligations of Swedbank, and the Holders are not likely to ever have access to the cover pool securing the covered bonds issued by Swedbank Mortgage and the related derivatives if Swedbank should become insolvent or be liquidated. In addition, the Holders are structurally subordinated to the covered bondholders and hedge counterparties with respect to the covered bonds.

2.1.14 *The Swedbank Group is exposed to systemic risk and its business, profitability and liquidity may be adversely affected by deterioration in the credit quality of, or defaults by, entities who owe the Swedbank Group money, securities or other assets or whose securities or obligations the Swedbank Group holds.*

Given the high level of interdependence between financial institutions, the Swedbank Group is, and will continue to be, subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of other financial institutions. Within the financial services industry, concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions may be closely interrelated as a result of their credit, trading, clearing or other relationships.

The Swedbank Group is exposed to the risk that entities owing the Swedbank Group money, securities or other assets will not perform their obligations. These entities may default on their obligations to the Swedbank Group due to bankruptcy, lack of liquidity, operational failure or other reasons. The Swedbank Group is also subject to the risk that its rights against these entities may not be enforceable in all circumstances. For example, different methods of holding collateral in different countries can affect the Swedbank Group's exposures as well as the value of the collateral to the Swedbank Group. In addition, deterioration in the credit quality of securities or obligations held by the Swedbank Group could result in losses and/or adversely affect its ability to transfer or realise value from those securities or obligations in the event of liquidation. A significant downgrade in the credit ratings of the Swedbank Group's counterparties could also have a negative impact on the Swedbank Group's results. While in many cases the Swedbank Group is permitted to require additional collateral from counterparties that experience financial difficulty or when collateral value decreases, disputes may arise as to the amount of collateral the Swedbank Group is entitled to receive and the value of the counterparty's pledged assets. The termination of contracts and the foreclosure on collateral may subject the Swedbank Group to claims asserting improper exercise of contractual rights. Bankruptcies, downgrades and disputes with counterparties as to the valuation of collateral tend to increase in times of market stress and illiquidity. Rapid changes in prices on the financial markets may cause the Swedbank Group's exposure to such counterparties to increase, and in some of those cases the actual value of the Swedbank Group's collateral is lower than it was when the agreement was entered into. The Swedbank Group may not be able to retain the value of its collateral due to legal concerns and to the ability of the Swedbank Group to manage real estate property and other assets.

Even the perceived lack of creditworthiness of, or questions about, a counterparty could lead to market-wide liquidity problems and losses or defaults by the Swedbank Group or by other institutions. This risk is sometimes referred to as "systemic risk" and could adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom certain of the Swedbank Group's subsidiaries interact on a daily basis. Systemic risk could have a material adverse effect on the Swedbank Group's ability to raise new funding and on its business, financial condition, results of operations, liquidity and/or prospects.

2.1.15 *Swedbank or its financial institution subsidiaries may need additional capital and/or eligible liabilities in the future to maintain capital adequacy ratios or for other reasons, and it may be difficult to obtain such capital and/or eligible liabilities.*

The Group, on a consolidated basis, and Swedbank and its financial institution subsidiaries, on an individual basis, are required to maintain minimum capital adequacy ratios, eligible liability levels and solvency levels prescribed by law in each of the jurisdictions in which the Group operates. If the capital or other loss absorbing instruments of the Group are not sufficient to meet the applicable requirements or if the applicable requirements increase, the Group may need to obtain additional capital and/or eligible liabilities in the future and it may not be able to obtain new equity capital or debt financing to meet such requirements on attractive terms (thereby increasing the Group's future cost of funding), or at all.

In addition, if the capital ratios of Swedbank's financial institution subsidiaries deteriorate, Swedbank, as the parent company, could be required to provide funding by way of direct or indirect capital contributions, loans or guarantees of loans into its subsidiaries. To the extent that it does not, Group operations could be restricted in the relevant jurisdictions as a result of regulatory penalties.

Moreover, developments in the regulatory framework, such as changes in the risk weighting of assets, may cause reductions in the Group's capital adequacy ratios and solvency levels and/or cause the applicable minimum capital or eligible liability requirements to increase.

Additionally, macro-prudential authorities may change the Group's capital and/or eligible liability requirements in the future, when they deem it necessary to contain systemic risk. In May 2019, the

SFSA announced that it will decide on appropriate action to handle the increased leverage of commercial real estate (“CRE”) businesses. The SFSA has communicated that it is considering imposing a risk weight floor to banks’ lending to the CRE segment as a way of increasing the capital held and thus increase the resilience in the financial system to compensate for the increased leverage of CRE companies.

Further detail on areas which could lead to an increase in the Group’s required capital or eligible liabilities are described below.

Capital and other requirements under CRR and CRD

The Swedish capital adequacy framework is based on CRR (the EU Capital Requirements Regulation (“CRR”)) and CRD (the EU Capital Requirements Directive (“CRD Directive”)), which implement in the EEA the framework for capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions (the so-called “Basel III” framework) published by the Basel Committee in 2010.

The SFSA has imposed capital requirements beyond the minimum level of 7 per cent Common Equity Tier 1 (“CET 1”) capital (including the mandatory capital conservation buffer of 2.5 per cent) on Swedish banks, in accordance with the EU rules. Swedbank is required to maintain a systemic risk buffer of 3 per cent in CET 1 capital within the framework of Pillar 1 and a further 2 per cent within the framework of Pillar 2. The countercyclical buffer for Swedish exposures is currently 2.0 per cent and is applicable to Swedish exposures for all banks within Pillar 1 according to CRD (as defined in the Conditions). The SFSA has also made the decision to increase the countercyclical buffer to 2.5 per cent from September 2019 onwards.

Supervisory authorities in Sweden and at the international level have made note of the major differences among the average risk weights generated by banks’ internal models for credit risk under the internal rating-based (“IRB”) approach (an approach for calculating capital requirements for credit risk), especially with respect to mortgage lending within the retail exposure class. Since 2014, the SFSA has applied a national macro prudential tool in the form of a 25 per cent mortgage risk weight floor. As of 31 December 2018, it is applied through Pillar 1 instead of Pillar 2.

At present, Swedbank has sufficient CET 1 capital to meet its capital requirements. However, no assurances can be made that Swedbank will continue to hold this level of CET 1 capital, that the regulations around the capital requirements will not change in the future, or that the definition of what constitutes CET 1 capital will not change in the future. Furthermore, the SFSA or other local regulatory authorities may disagree with the implementation of the IRB approach by Swedbank and find it deficient, which could also result in increased capital requirements as well as penalties if capital requirements are breached.

In November 2018, the SFSA published a memorandum explaining that Swedish banks using an internal ratings-based (IRB) approach to calculate their credit risk must analyse their risk classification systems to be compliant with amended guidelines produced by the European Banking Authority (the “EBA”). On 9 July 2019 the SFSA confirmed that the EBA will delay the deadline for full compliance with the updated requirement to the end of 2021. Compliance with the updated requirements on the definition of default is still required by the end of 2020. As a result of the new guidelines, Swedbank may be required to hold more capital.

On 23 November 2016, the European Commission published legislative proposals for amendments to Regulation (EU) No. 575/2013 (CRR II), Directive 2013/36/EU (CRD V Directive), Directive 2014/59/EU (BRRD II) and the single resolution mechanism (the “Proposals”).

The Proposals cover multiple areas, including the Pillar 2 framework, a binding leverage ratio minimum requirement of 3 per cent., restrictions to the maximum distributable amount (MDA) if the

minimum requirement is breached, a binding net stable funding ratio requirement, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities, macro prudential tools, the Basel Committee's new standardised approach for measuring counterparty credit risk exposures, the Basel Committee's Fundamental Review of the Trading Book, the framework for minimum requirement for own funds and eligible liabilities ("MREL") and the integration of the total loss-absorbing capacity standard into EU legislation.

The Proposals have been adopted by the EU and have entered into force with varying effective dates. Until Swedish legislators and authorities have decided on how the Proposals will be implemented in Sweden, it is uncertain how they will affect Swedbank, including its regulatory capital requirements and capital ratios.

MREL

To ensure that banks always have sufficient loss-absorbing capacity, the Swedish Resolution Act, which implemented the Directive 2014/59/EU (the "BRRD"), provides for the Swedish resolution authority, the SNDO, to decide on an MREL requirement for each institution, based on, amongst other criteria, its size, risk and business model.

The SNDO has determined that the MREL requirement for systemically important banks in Sweden, such as Swedbank, will be the sum of a loss absorption amount plus a recapitalisation amount. The loss absorption amount can be met with own funds instruments (CET1, Additional Tier 1 and Tier 2), while the recapitalisation amount can only be met with eligible liabilities.

Moreover, the SNDO has introduced a requirement that MREL-eligible liabilities for the recapitalisation amount must be subordinated to senior liabilities, whether contractually, by statute or structurally. This subordination requirement will require the issue of new subordinated liabilities that meet the requirements and which may carry higher financing costs than the liabilities which they replace. The SNDO has provided that Swedish banks have to meet the requirement of eligible liabilities in their recapitalisation amount entirely with subordinated eligible liabilities from 2022 onwards. The SNDO has stated that it will monitor a bank's issue volumes in the phase-in period to ensure a reasonable pace of the adaption to the subordination requirement.

In December 2018, the SNDO provided individual specifications on how Swedish banks will have to comply with their MREL requirements in 2019. The MREL requirement for Swedbank on a consolidated basis, excluding insurance, was set as 6.8 per cent. of total liabilities and own funds. The requirement for Swedbank on a solo basis was set as 4.6 per cent. The joint decision explicitly approves Swedbank Group's resolution plan and the assessment of resolvability of the Swedbank Group. The decision applies from 1 January 2019. As MREL is phased in as well as if MREL requirements change in the future, the Group will need to raise additional capital or eligible liabilities, which it may not be able to do on attractive terms, or at all. When implemented in Sweden, BRRD II may change Swedbank's need for senior non-preferred instruments. Under BRRD II, a breach of the minimum requirement for eligible liabilities is proposed to result in restriction to the maximum distributable amount. The exact details will be known when BRRD II is transposed into Swedish law.

The Basel Committee

In December 2017, the Basel Committee published proposed amendments to the Basel III Framework. The proposed amendments, referred to as Basel IV, entail substantial changes and are expected to enter into force from 1 January 2022 with a phasing-in period of five years for certain elements. The proposed reforms to Basel III, including the output floor of 72.5 per cent (which in August 2019 the EBA recommended be adopted), are expected to increase the REA and the capital requirements for Swedbank. The magnitude of the increase is still uncertain and will depend on how Swedish and European competent financial authorities choose to implement the new regulatory framework for European and, in particular, Swedish banks.

2.1.16 Risks relating to changes in accounting and reporting standards.

From time to time, the International Accounting Standards Board (the "IASB"), the EU and other regulatory bodies change the financial accounting and reporting standards that govern the preparation of the Group's financial statements. These changes can be difficult to predict and can materially impact how the Group records and reports its results of operations and financial condition. Examples of recent changes in the financial accounting and reporting standards applicable to the Group that have had and may continue to have a material impact on the Group and its capital requirements are set out below.

IFRS 16 has replaced IAS 17 Leases and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The new standard significantly changes the way lessee entities should account for leases. For lessees, the standard eliminates the distinction between finance and operating leases and requires entities to recognise right-of-use assets and lease liabilities arising from most leases on the balance sheet. In the income statement general administrative expenses are replaced by depreciation of the right-of-use asset and interest expenses on the lease liability. The Group accounted for the transition to IFRS 16 requirements according to the modified retrospective approach, which means adoption from 1 January 2019 with no restatement of the comparative periods. For all leases classified as operating leases under IAS 17 and where the Group acts as lessee, a lease liability and a right-of-use asset are recognised in the balance sheet. The lease liabilities were at transition initially measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application, 1 January 2019. The right-of-use assets were initially recognised at the value of the corresponding lease liability, adjusted for any prepaid lease payments. The Group applies the exemptions afforded by the standard regarding short-term leases and leases for which the underlying asset is of low value. These lease agreements are recognised as expenses. When Swedbank acts as a lessor, the requirements remain largely unchanged and the distinction between finance and operating leases is maintained.

IFRS 17 was issued in May 2017 and is applicable from 1 January 2021, with an expected deferral to 1 January 2022. The standard has not yet been approved by the EU. The new standard establishes principles for recognition, presentation, measurement and disclosure of insurance contracts issued. Insurance contracts in scope will be measured at current value, based on the current estimates of amounts expected to be collected from premiums and pay out for claims, benefits and expenses plus expected profit for providing insurance coverage. The impacts on the Group's financial reports are still being assessed by the Group.

As a result of changes in accounting and reporting standards, the Group may need to obtain additional capital in the future, and may not be able to obtain new equity capital or debt financing qualifying as regulatory capital or MREL on attractive terms, or at all. The Group may need to sell assets and these sales could be at distressed prices, to the extent that a market exists, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

2.1.17 The Group could see an increased risk in parts of its credit portfolio, resulting in downgrades in the risk classification system.

The Group could see an increased risk in parts of the credit portfolio, resulting in downgrades in the risk classification system. The Group uses through-the-cycle estimates of PD for the purpose of calculating the regulatory capital requirement. However, such downgrades could result in a higher regulatory capital requirement, which could lead to a need to obtain additional capital. In addition, the Group values assets and assesses the capital adequacy position of its banking subsidiaries using financial models based on assumptions and estimates taking into account the then prevailing market conditions which may prove inadequate if market conditions deteriorate. Furthermore, changes in foreign exchange rates, decreases in collateral ratios as a consequence of the deterioration of the market value of assets pledged as collateral, or deterioration in the economic environment, among

other things, could result in further provisioning and/or an increase in REA, which could have a material adverse effect on the Swedbank Group's business, financial condition, results of operations and prospects.

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

The Swedbank Group may be adversely affected by governmental responses to market disruptions in the countries in which it operates. As a result of the financial crisis in 2008 and subsequent government intervention, there has been, and there is expected to continue to be, a substantial increase in governmental policy responses to market disruptions, including reductions in public spending and the imposition of further fiscal austerity measures, and changes in monetary and interest rate policies. Recent examples of such measures include the introduction by the SFSA of amortisation requirements for new mortgage loans in 2016 and 2018. See “—Worsening economic conditions in the countries where the Issuer and its subsidiaries (the "Swedbank Group") operate may adversely impact the Swedbank Group and are likely to continue to do so if those conditions persist or recur.”

The Swedbank Group has no control over governmental policy changes or over changes in the interpretation of fiscal legislation by any tax authority. Measures taken by various European governments to stimulate the economy and support the banking system in the event of another economic downturn may lead to an increase in the tax burden or to a reduction in tax benefits. Significant changes in governmental policy responses in Sweden or in the other countries where the Swedbank Group operates, or difficulties in implementing such responses or with the type and effectiveness of the impact of such responses, could have a relevant adverse impact on the activity, financial situation and operating results of the Swedbank Group. For instance, the Swedbank Group may have to enter into future contractual arrangements by operation of law or necessity under which the Swedish Government may have the right to take possession over the Swedbank Group or part of it or its assets. In such instance of government takeover, the value of the Swedbank Group or its assets could be considered to be limited and the Swedbank Group may not receive adequate compensation, which could therefore significantly reduce its assets.

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

Nearly all employees hired in the Swedish part of the Swedbank Group before 2013 are covered by the BTP2 defined benefit pension plan (a multi-employer occupational pension for Swedish banks). Pension risk is the risk that the liabilities of the Swedbank Group's various defined benefit pension schemes, which are long-term in nature, will be higher than the liabilities projected based on current assumptions. Major assumptions include those pertaining to salary increases, mortality, discount rates and inflation. Risk also arises from the plan assets because the value of these asset portfolios and the returns from them may be less than expected, especially if equity prices, interest rates, counterparty risk (including sovereigns) or inflation are subject to significant changes. Actual outcome might also differ from current assumptions. These changes or differences, as expressed by an actuarial loss, could be significant and could have a negative impact on the Swedbank Group's results of operations.

The Swedbank Group makes contributions to the schemes so that the plan assets cover obligations according to Swedish legal requirements. If a deficit arises the Swedbank Group could be obliged to, or may choose to, make additional contributions to the schemes. The rules in IAS 19 regarding defined benefit pension plans could create volatility in the estimated pension liability and thus to Swedbank's equity through other comprehensive income.

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

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

The fair value of interest bearing securities trading in active markets is ordinarily based on market prices (mark-to-market). However, where quoted prices on instruments are not readily and regularly available, as was the case in particular during autumn 2008, due in part to the dislocation of the global financial markets, fair value is estimated using an internal valuation model (mark-to-model), which is generally based on observable market data, meaning the prices of financial instruments that are as similar in nature as possible and for which transactions have been completed. These values are then adjusted to best reflect the value of the Swedbank Group's securities.

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

The Swedbank Group's operations are highly dependent on its ability to process and monitor, on a daily basis, a large number of transactions, many of which are highly complex, across numerous and diverse markets in many currencies, as well as its ability to accommodate current and future regulatory provisions, such as anti-money laundering monitoring requirements and IFRS 9 record-keeping and calculations. Increased digitisation contributes to making operational risks more complex, not least because the number of places and ways in which the bank interacts with customers is growing. The Swedbank Group's financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled due to, for example:

- infrastructure issues which are related to hardware, software, network and communication failures, power supply and cooling systems;
- external dependencies where the Swedbank Group's operations are dependent on third parties such as stock exchanges, clearing houses, external information providers and, software vendors' maintenance providers;
- internal issues such as deterioration in the quality of IT development, support and operations processes, and a high turnover of employees or organisational changes, resulting in an inadequate number of personnel to handle the increasing complexity of operations or manual errors; and
- security issues: the Swedbank Group's operations rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The Swedbank Group's computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other malicious codes and other external attacks or

internal breaches that could have a security impact. If one or more of such events occur, this potentially could jeopardise the Swedbank Group's, or the Swedbank Group's clients' or counterparties', confidential and other information. The Swedbank Group may be required to spend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures, and it may be subject to litigation and financial losses as well as reputational risks that are either not insured against or not fully covered through any insurance maintained by the Swedbank Group.

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

Despite the contingency plans and facilities the Swedbank Group has in place, its ability to conduct business may be adversely impacted by a disruption in the IT infrastructure that supports the businesses and the Swedbank Group's operations in the countries in which the Swedbank Group is located. This may include a disruption involving electrical, communications, transportation or other services used by the Swedbank Group or third parties with whom it conducts business, or a catastrophic event involving any location where the Swedbank Group has a significant operational base.

In recent years, the Swedbank Group has, on occasion, experienced system disruptions that have affected customer access to services. In September 2018, Swedbank's Lithuanian internet banking service was impacted by a major distributed denial of service ("DDoS") attack on its internet service provider; due to mitigating measures implemented by the internet service provider, the impact on customers was limited. Another critical incident occurred in December 2018, when certain domestic payments were delayed by 24 hours. In March 2019 a capacity overload of Core Bank Database in Latvia caused interruptions in e-channels, cards and payments services for 1.5 hours. The problem was caused by newly implemented functionality. In May 2019, the Swedbank Group had several issues in connection with the Swedish multi bank payments service, Swish, due to problems on the third party vendor's side. In June 2019, the Swedbank Group experienced delays in processing payments made through internet banking, which were caused by a bug in the new functionality. Problems encountered with respect to changes in functionality or internet reliability may be substantial impediments to internet banking, and IT services provided by critical third parties may fail to be delivered as agreed, both of which may result in a less stable IT operational base or losses sustained by customers, which may in turn have an adverse effect on the Swedbank Group's business and results of operations.

2.1.22 *The Swedbank Group's activities may be subject to the risk of cybercrime attacks.*

As for all major financial institutions, Swedbank's activities have been, and could continue to be, subject to an increasing risk of cyber-attacks, the nature of which is continually evolving. Digital developments, together with Swedbank's size and market share, make it a potential target for cybercrime, the cost of which is rising significantly in Europe but at a slower rate in the Nordic region. Cybercrime attempts are primarily related to the Swedbank Group's card and internet banking operations. Instances of internet banking fraud largely stem from social engineering of our customers, which results in unauthorised persons gaining access to customers' accounts, circumventing technical and logical protection mechanisms. Fraud related to card operations mainly results from theft of card information at retailers and other points of sale. The Swedbank Group has experienced denial of service attempts against Swedbank's infrastructure on a reoccurring basis, causing minor impacts on availability of services. The Swedbank Group also expects to face regulatory requirements going forward in relation to cybersecurity, such as the EU General Data Protection Regulation ("GDPR"), which entered into force in May 2018, or the EBA's anticipated regulation on strong customer authentication. See "—The Swedbank Group's business is subject to substantial regulation and supervision and can be adversely affected by adverse regulatory and governmental developments".

The Swedbank Group has continued to invest in building systems and defences to address threats from cyber-attacks. However, the Swedbank Group could continue to experience security breaches or unexpected disruptions to its systems and services, such as the DDoS attack that impacted Swedbank's Lithuanian internet banking service, in the future. Such security breaches and unexpected disruptions could in turn result in liability to the Swedbank Group's customers and third parties and have an adverse effect on the Swedbank Group's business, reputation, financial condition and results of operations.

2.1.23 *Litigation arising from the Swedbank Group's business conduct could have an adverse impact on its performance and position.*

Entities within the Swedbank Group could be involved from time to time in legal proceedings arising from the conduct of their business. The reputational and aggregate potential liability in respect thereof cannot be accurately assessed. Any material legal proceedings, or publicity surrounding such legal or regulatory proceedings, could adversely impact the Swedbank Group's business, reputation, financial condition and results of operations.

2.1.24 *The Swedbank Group is exposed to anti-money laundering and sanctions compliance risks, and is currently cooperating with investigations by authorities into allegations that the Swedbank Group may have processed money laundering transactions.*

The Swedbank Group is subject to anti-money laundering and sanctions laws and regulations. These laws and regulations are continually evolving, and compliance by the Swedbank Group therewith may be time-consuming and require the Swedbank Group to incur significant costs. In particular, in recent years, regulators and other authorities have steadily increased their demands and expectations regarding financial institutions' ability to counter money laundering and terrorist financing. As a result, Swedbank has further increased its focus on these issues internally, particularly with respect to customer due diligence ("CDD") and transaction monitoring procedures.

Beginning in February 2019, the television program "Uppdrag granskning," broadcast by the Swedish public broadcaster Sveriges Television (SVT), alleged that significant sums of money had been transferred through the Swedbank Group's Baltic subsidiaries by customers who may have been involved in money laundering. Swedbank is currently conducting a broad investigation in relation to these allegations. In addition, Swedbank is cooperating fully with the authorities in Sweden, the Baltics and the United States that are conducting investigations regarding historical compliance with applicable anti-money laundering laws and regulations. The SFSA announced an investigation in addition to their regular inspections of the Issuer. The Estonian Financial Supervisory Authority (EFSA) is conducting an investigation which is coordinated with its Swedish counterpart. The Latvian Economic Crime Enforcement Department of Police (LECED) and the ECB have also initiated investigations. These investigations are all expected to be concluded before the end of 2019. The Issuer expects the routine inspections by its financial regulators will continue. The Swedish Economic Crimes Authority (EBM) has also opened an investigation. There is no information available as to when it, or investigations by authorities in the United States, will be concluded. The internal investigation covers the Issuer and its global network of branches, as well as relevant wholly-owned subsidiaries. It covers customers, transactions and activity from 2007 through March 2019, and is expected to be completed in early 2020. With respect to the Baltics, the review covers more than 18 million entities or individuals registered as customers in the Swedbank Group's database, with 15.2 billion in transactions between 2007 and March 2019. It will also cover the Issuer's current anti-money laundering compliance programme with a view to making recommendations to ensure that it meets industry best practices and regulatory expectations, including U.S. standards. It is not currently possible for Swedbank to predict the timing of when all of the investigations by the various authorities may be concluded, or any sanctions or penalties that may arise as a result.

Violations of anti-money laundering laws and regulations, including in connection with the allegations and investigations discussed above, may have significant financial, legal and reputational

consequences for the Swedbank Group and may, as a result, have a material adverse effect on the Swedbank Group's financial condition and results of operations.

The Group has also been the subject of investigations regarding compliance matters in the past. During the fourth quarter of 2016, Swedbank Latvia entered into an agreement with the Financial and Capital Market Commission (the "FCMC"), which included a number of measures to improve Swedbank's internal control systems, after an audit by the FCMC in the spring of 2016 identified certain deficiencies in Swedbank Latvia's internal control systems, processes and documentation. As part of the settlement, Swedbank also paid a fine of EUR 1.36 million. All agreed actions were implemented by Swedbank in Latvia in 2018 and the terms of the administrative agreement have since been considered satisfied by the FCMC.

As a result of an investigation in the fall of 2017, the Bank of Lithuania found deficiencies in Swedbank's internal control systems, processes and documentation in respect of anti-money laundering and counter-terrorist financing in Lithuania, covering the period from January 2016 to March 2017. Based on these findings, on 15 February 2018, the Bank of Lithuania issued a warning and required Swedbank to take remedial actions. Before and after the investigation, Swedbank implemented a series of measures to improve its internal control systems, to ensure, *inter alia*, the performance of sufficient CDD and to enhance other relevant processes and routines. The deficiencies pointed out by the Bank of Lithuania have since been corrected and presented to the Bank of Lithuania, which has yet to officially revert to Swedbank since such presentation.

In 2016, the SFSA initiated an investigation of a number of banks, including Swedbank, in connection with the leak of financial and legal records known as the "Panama Papers". The investigation was closed in November 2017 without any sanctions.

Although the Swedbank Group continuously strives to improve its anti-money laundering and counter-terrorist financing framework and sanctions compliance and works to ensure it has appropriate risk-based policies and procedures in place, it cannot guarantee that its Group-wide anti-money laundering and counter-terrorist financing and sanctions compliance policies and procedures completely prevent instances of money laundering or terrorism financing or breaches of applicable sanctions. Violations of anti-money laundering or counter-terrorist financing or sanction rules, including in connection with the allegations and investigations discussed above, may have severe financial, legal and reputational consequences for the Swedbank Group and may, as a result, have a material adverse effect on the Swedbank Group's financial condition and results of operations.

2.1.25 *Conflicts of interest, whether actual or perceived, and non-compliance or fraudulent acts may negatively impact the Swedbank Group.*

As the Swedbank Group expands the scope of its businesses and its client base, the Swedbank Group increasingly has to implement policies on corporate governance on a Group-wide level and address potential conflicts of interest and compliance with applicable laws. However, appropriately identifying and dealing with conflicts of interest is complex, in part because internal breaches of policy can be difficult to discover.

As a result, the Swedbank Group's reputation could be damaged and there may be a reluctance on the part of clients to enter into transactions where there is the possibility of a conflict, or if the Swedbank Group is seen as failing to identify, or deal appropriately with, conflicts of interest. In the autumn of 2015, there was media coverage of certain transactions by some of Swedbank's senior executives which were perceived as raising conflicts of interest issues. In December 2015, Swedbank was notified by the SFSA that they were conducting an investigation into those transactions to see how Swedbank managed any conflicts of interest. The SFSA closed the investigation in Q2 2017 without any sanctions or further actions.

There is no assurance that the policies the Swedbank Group has regarding conflicts of interest will prevent all instances of actual or perceived conflict, and any actual or perceived conflict could have a material adverse effect on the Swedbank Group's reputation and may, as a result, have a material adverse effect on the Swedbank Group's financial condition and results of operations.

2.1.26 *Actions or inactions of savings banks which are parties to co-operation agreements with the Swedbank Group may have a negative impact on the Swedbank Group.*

In the normal course of business, the Swedbank Group enters into various commercial agreements with companies related to the banking industry. The Swedish part of the Swedbank Group has co-operation agreements with Swedish savings banks, pursuant to which the co-operating banks, for instance, market and distribute a range of the Swedbank Group's products and services through their own local branch networks. If the reputation or financial condition of one or more of the co-operating banks, through action or inaction, were to be adversely affected while operating under the Swedbank Group's trademark, the Swedbank Group's reputation could also be adversely affected regardless of whether the Swedbank Group contributed to the action or inaction causing such reputational or financial injury, which in turn could have a material adverse effect on the Swedbank Group's business, financial condition and results of operations.

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

The Swedbank Group is subject to significant competition in the markets in which it operates. Competition may increase in some or all of the Swedbank Group's markets as a result of legislative, regulatory, technological or other factors. Increased competition could cause the Swedbank Group to lose business or compel it to price products and services on less advantageous terms, or otherwise have an adverse effect on its business, financial condition, results of operations and prospects. Digitisation continues at a brisk pace and customers are increasingly banking through digital channels rather than visiting a branch, which is placing higher demands on the stability of IT systems and on the banking sector to adapt products and distribution channels. In addition, increased competitor participation in the financial sector generally in the Swedbank Group's principal markets may have an impact on the competitive landscape in such markets and on the way in which banks in those markets conduct their operations. At present, however, it is difficult to predict what the effects of this increased competitor participation will be or how it will differ from jurisdiction to jurisdiction, should it materialise. The Swedbank Group may experience stronger competition and greater pressure on profit margins. These and other changes in the competitive landscape could adversely affect the Swedbank Group's business, financial condition, results of operations, liquidity, markets and/or prospects.

2.1.28 *The Swedbank Group is subject to a variety of risks as a result of its operations outside of Sweden, most notably in the Baltic countries.*

The Swedbank Group's operations in the Baltic countries present various risks that do not apply, or apply to a lesser degree, to its business in Sweden. In particular, the Swedbank Group could face heightened economic and political risks in these markets, including economic volatility, recession, inflationary pressure, exchange rate fluctuation risk and interruption of business, as well as civil unrest, moratorium, imposition of exchange controls, sanctions relating to specific countries, expropriation, nationalisation, renegotiation or nullification of existing contracts, sovereign default and changes in law or tax policy. For example, the current geopolitical situation in Russia and Ukraine, including sanctions and embargos, poses a risk to the region. Risks such as these could impact the ability or obligations of the Swedbank Group's borrowers to repay their loans, the value of the Swedbank Group's collateral held as security, interest rates and foreign exchange rates, and levels of economic activity. In addition, the Swedbank Group may face a higher risk of money laundering activity in the Baltic countries and there can be no assurance that the Swedbank Group's anti-money laundering policies and procedures will entirely mitigate the risk associated with these jurisdictions. As discussed in "— The Swedbank Group is exposed to anti-money laundering and sanctions

compliance risks, and is currently cooperating with investigations by authorities into allegations that the Swedbank Group may have processed money laundering transactions," the Swedbank Group is responding to serious allegations that significant sums of money were transferred through the Swedbank Group's Baltic subsidiaries by customers who may have been involved in money laundering. All of the foregoing factors could have a material adverse effect on the Swedbank Group's reputation, business, financial condition and results of operations. See "— Conflicts of interest, whether actual or perceived, and non-compliance or fraudulent acts may negatively impact the Swedbank Group."

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

The Swedbank Group's performance is largely dependent on the talents and efforts of highly skilled individuals. The Swedbank Group's continued ability to compete effectively in its businesses depends on the Swedbank Group's ability to attract new employees and to retain and motivate its existing employees. Competition from within the financial services industry and from businesses outside the financial services industry for qualified employees is intense. In addition, current and future laws, including laws relating to immigration and outsourcing, and remuneration restrictions under CRD, may restrict the Swedbank Group's ability to move responsibilities or personnel from one jurisdiction to another or to offer competitive compensation to attract new employees and to retain and motivate its existing employees. The need for higher cost efficiency could also result in a lower rate of wage increases in coming years, which may also impact the Swedbank Group's ability to retain or recruit employees. This may impact the Swedbank Group's ability to take advantage of business opportunities, potential efficiencies, or profitably manage its existing or new assets.

Swedbank has recently experienced changes within the Swedbank Group, including in the composition of its Group Executive Committee. Declines in the future in the level of employee engagement may result in increased employee turnover. Employee competence and dedication to customer service impacts Swedbank's customers' experience and contributes to customer value. Employees have a high workload and the Swedbank Group requires complex planning of resources, with a need to prioritise both business-driven development and regulatory-driven development while simultaneously managing day-to-day operations. Increased staff-related risks could materially adversely affect the Swedbank Group's business, financial condition and results of operations.

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

The Swedbank Group conducts its businesses subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies, voluntary codes of practice and interpretations in Sweden and the other countries in which the Swedbank Group operates. This is particularly the case in the current market environment, which is experiencing increased levels of government and regulatory intervention in the financial sector, which the Swedbank Group expects to continue for the foreseeable future. Future changes in regulation, fiscal or other policies are unpredictable and beyond the control of the Swedbank Group and could materially adversely affect the Swedbank Group's business, financial condition and results of operations.

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

Swedbank is subject to supervision by the SFSA and to Swedish regulations regarding, among other things, capital adequacy, liquidity and solvency (see "—Swedbank or its financial institution

subsidiaries may need additional capital and/or eligible liabilities in the future to maintain capital adequacy ratios or for other reasons, and it may be difficult to obtain such capital and/or eligible liabilities.”). Certain of the Swedbank Group’s subsidiaries and operations are subject to the supervision of other local supervisory authorities. In Sweden and elsewhere, there is increased political and regulatory scrutiny of financial and mortgage institutions. Increased regulatory intervention may lead to requests from regulators to carry out wide-ranging reviews of past sales and/or sales practices. The Swedbank Group’s activities are also subject to tax at various rates in the jurisdictions in which it operates, computed in accordance with local legislation and practice. Revisions to tax legislation, such as a proposal by the Swedish government relating to increased taxes on banks, or to such legislation’s interpretation may have an adverse effect on the Swedbank Group’s financial condition. The Swedbank Group is unable to predict what regulatory changes may be imposed in the future as a result of regulatory initiatives in the EU and elsewhere or by the SFSA and other supervisory authorities. If the Swedbank Group is required to make additional provisions or to increase its reserves as a result of potential regulatory changes, this could adversely affect the results of operations of the Swedbank Group. In addition, failure by the Swedbank Group to comply with regulatory requirements could result in significant penalties.

Furthermore, the GDPR, which entered into force in May 2018, imposes new obligations directly on the Swedbank Group as primarily a data controller and in some cases a data processor, as well as on many of the Swedbank Group’s customers. Compliance with the GDPR, as well as the implementation of the privacy and process enhancements called for thereunder, can be costly and any failure to comply with the GDPR could subject the Swedbank Group to legal and reputational risks.

In the United States, passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) has led to significant regulatory reforms affecting the financial services industry, including non-U.S. banks. Among other things, the Dodd-Frank Act addresses systemic risk oversight, bank capital standards, the orderly liquidation of failing systemically important financial institutions, over-the-counter (“OTC”) derivatives, increases oversight of credit rating agencies and regulates the ability of banking entities to engage as principal in proprietary trading activities and sponsor and invest in certain private funds (the “Volcker Rule”). The Dodd-Frank Act and other post-financial crisis regulatory reforms in the United States have increased costs, imposed limitations on activities, and resulted in an increased intensity in regulatory enforcement.

In particular, in December 2013, the U.S. Board of Governors of the Federal Reserve System (the “U.S. Federal Reserve”) and four other U.S. federal regulatory agencies issued final regulations implementing the Volcker Rule, which restricts banking entities (including Swedbank and all of its global affiliates) from engaging, as principal, in proprietary trading and from sponsoring or holding ownership interests in or having certain relationships with hedge, private equity or other similar funds (“covered funds”), subject to certain exceptions and exclusions. Swedbank has brought its activities and investments into compliance, and has implemented a specific compliance programme. Further implementation efforts may be necessary based on subsequent regulatory interpretations, guidelines or examinations.

Additionally, on 21 and 22 October 2014, the SEC, the U.S. Federal Deposit Insurance Corporation, the U.S. Federal Reserve and certain other U.S. prudential banking regulators approved a final rule that mandates risk retention for securitisations. The final rule requires (with limited exceptions) that the sponsor maintain, unhedged, a minimum of 5 per cent. of the credit risk of the securitised assets and became effective with respect to mortgage-backed securitisations on 24 December 2015 and with respect to other securitisations on 24 December 2016. The failure of the Swedbank Group to effectively manage regulatory risks could have a material adverse effect on the Swedbank Group’s business, financial condition and results of operations.

While most of the regulations required under the Dodd-Frank Act have been adopted, certain of these regulations are not yet effective and have not yet been finalised. There is uncertainty regarding the

nature, scope and timing of additional regulations that are required under the Dodd-Frank Act but which have yet to be promulgated, and in 2018 the U.S. passed legislation which scaled back the scope of the Dodd-Frank Act. As a result, the full effect on Swedbank or its affiliates will not be known until all of the implementing regulations have been adopted. The current administration in the United States adds to the uncertainty about the complete scope of the Dodd-Frank Act and other U.S. regulations, any changes to which could impact Swedbank's business activities and/or the value or liquidity of the Notes.

2.1.31 *The full scope and consequences of new derivatives regulations are as yet unknown and may impose additional regulatory burdens and costs that may affect the value of the Notes.*

The European Market Infrastructure Regulation 648/2012 ("EMIR") entered into force in all EU member states, including Sweden, on 16 August 2012. EMIR aims to increase stability and transparency in European OTC derivatives markets and includes measures to require the clearing of certain OTC derivatives contracts through central clearing counterparties, reporting of derivatives and risk mitigation techniques (including margin requirements) for uncleared OTC derivative contracts. A number of EMIR implementing measures have already been adopted but there may be further changes introduced by way of further implementing measures (such as a requirement to clear further classes of OTC derivative contracts) and also EMIR itself is scheduled to be updated. Prospective investors should be aware that the regulatory changes arising from EMIR and its update could significantly increase the cost for Swedbank of entering into or taking any other action in relation to derivative contracts and may adversely affect the value and return on the Notes.

In addition, Title VII of the Dodd-Frank Act ("Title VII"), as well as other post-financial crisis regulatory reforms in the U.S., have increased costs, imposed limitations on activities and resulted in an increased intensity in regulatory enforcement. Title VII established a comprehensive U.S. regulatory regime for derivatives contracts, including swaps, security-based swaps and mixed swaps ("Covered Swaps"). Among other things, Title VII provides the Commodity Futures Trading Commission and the SEC with jurisdiction and regulatory authority over Covered Swaps, requires the establishment of a comprehensive registration and regulatory framework applicable to Covered Swaps counterparties, such as swap dealers, major swap participants, security-based swap dealers and/or major security-based swap participants, requires the reporting of Covered Swaps data, requires certain swaps and will require certain security-based swaps to be exchange-traded or executed on a swap execution facility or security-based swap execution facility, as applicable, and centrally cleared, and imposes capital requirements and margin requirements for uncleared Covered Swap transactions.

Many of the key regulations implementing Title VII have recently become effective or are in final form, although some continue to be in a proposed form not yet finalised by the appropriate regulator. However, the interpretation and potential impact of these regulations is not yet entirely clear, and certain other key regulations, particularly with respect to security-based swaps, are yet to be finalised or made effective. Due to this uncertainty, a complete assessment of the exact effects of Title VII cannot be made at this time. As Title VII's requirements have been implemented and continue to go into effect, it is clear that these new regulations could adversely affect the value, availability and performance of certain derivatives instruments and may result in additional costs and restrictions with respect to the use of those instruments. Swedbank's use of derivative instruments may be subject to the clearing, capital, margin, business conduct, reporting and/or recordkeeping requirements of Title VII or other related regulatory reforms, that may result in additional regulatory burdens and related costs and expenses.

2.2 Risks relating to the Notes

2.2.1 Risks relating to the structure of the Notes

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

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

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

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

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

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

Under the regulations in force at the time of issuance, the Issuer is only allowed to pay interest (including, for the avoidance of doubt, Additional Amounts) out of “distributable items” (as defined in CRR). In practice this means that the Issuer will be required to cancel an interest payment in whole or in part, if its distributable items on an Interest Payment Date are less than the sum of all distributions or interest payments on all own funds instruments of the Issuer paid or required to be paid in the then financial year.

Further, under Article 141 (Restrictions on distributions) of the CRD Directive, institutions that fail to meet the combined buffer requirement (as described below) will be subject to restricted “discretionary payments” (which are defined broadly by CRD as payments relating to common equity Tier 1, variable remuneration and payments on Additional Tier 1 Capital instruments). In these circumstances, payments will be made on the Notes (whether by way of principal, interest or otherwise) only if and to the extent that such payments would not cause the maximum distributable amount (if any) to be exceeded. The determination of the maximum distributable amount is particularly complex and is subject to considerable uncertainty and may be affected by the transposition of Articles 104a and 104b of the CRD V Directive into Swedish regulations, which may lead to Swedbank being subject to restrictions on distributions under the Notes in the event of breach of its Pillar 2 as well as its Pillar 1 requirements, whereas currently only a breach of the Pillar 1 requirements leads to such restrictions.

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

Under CRD, institutions will be required to hold a minimum amount of regulatory capital of 8.0 per cent. of REA. In addition to these so-called “own funds” requirements under CRD, supervisors may require that extra capital be added to cover other risks (thereby increasing the regulatory minimum required under CRD). In Sweden, it is anticipated that the Swedish FSA will do this by continuous

dialogue with institutions rather than formal additional capital requirements. In any event, the views of the Swedish FSA will affect the level at which restrictions on distributions linked to the “combined buffer requirement” come into effect.

CRD also introduces capital buffer requirements that are in addition to the minimum capital requirement and required to be met with common equity tier 1 capital. It introduced five new capital buffers: (i) the capital conservation buffer, (ii) the institution-specific counter-cyclical buffer, (iii) the global systemically important institutions buffer, (iv) the other systemically important institutions buffer and (v) the systemic risk buffer. Some or all of these buffers may be applicable to the Swedbank Group as determined by the Swedish FSA in accordance with Swedish legislation implementing CRD in Sweden and are referred to as the “combined buffer requirements”. Under the Proposals, an institution (such as Swedbank) will be deemed to fail to meet its combined buffer requirement, and therefore to be subject to the restrictions on payments on instruments, such as the Notes, where it does not have own funds and eligible liabilities in an amount and quality to meet all of the following:

- its combined buffer requirement;
- its 4.5 per cent. Pillar 1 requirement and its Pillar 2 CET1 requirement;
- its 6 per cent. Pillar 1 requirement and its Pillar 2 Tier 1 requirement;
- its 8 per cent. Pillar 1 requirement and its Pillar 2 total capital requirement; and
- its MREL/TLAC requirement (subject to a potential nine month grace period).

See the risk factor entitled “Swedbank or its financial institution subsidiaries may need additional capital and/or eligible liabilities in the future to maintain capital adequacy ratios or for other reasons, and it may be difficult to obtain such capital and/or eligible liabilities.” for a further discussion in respect of the Proposals.

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

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

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

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

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

Any actual or anticipated cancellation of interest on the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on

which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Swedbank Group's financial condition.

2.2.1.2 Upon the occurrence of a Trigger Event, the Noteholders will lose all of their claims for payment under the Notes and receive Conversion Shares instead which are more deeply subordinated than the Notes

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

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

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

If a Trigger Event (and consequent Automatic Conversion) occurs, Noteholders will only have the claims under their Conversion Shares, and such claims in a winding-up (*Sw: likvidation*) or bankruptcy (*Sw: konkurs*) of the Issuer are the most junior-ranking of all claims. Claims in respect of Conversion Shares are not for a fixed principal amount, but rather are limited to a share of the surplus assets (if any) remaining following payment of all amounts due in respect of the liabilities of the Issuer.

Further, the Terms and Conditions provide that neither the Issuer, nor any of its Subsidiaries shall be liable for any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a consequence of the delivery of Conversion Shares, which tax shall be borne solely by the relevant Noteholder. In addition, upon an Automatic Conversion, the holders of Conversion Shares may be subject to capital gains tax or to Swedish withholding tax on any dividend payments and certain other distributions in relation to the Conversion Shares. Please see "Taxation – Swedish Taxation".

If a Noteholder fails to submit a Delivery Notice to the Settlement Shares Depository in the manner and within the prescribed timeframe specified in the Terms and Conditions of the Notes, the Settlement Shares Depository shall use its reasonable endeavours to sell the relevant Conversion Shares (which would otherwise have been due to such Affected Noteholder) in the open market and it shall hold the Cash Proceeds on trust (or other similar arrangement) on behalf of the Affected

Noteholder, in accordance with the Terms and Conditions of the Notes. There is therefore a risk that Noteholders will not receive Conversion Shares upon the occurrence of a Trigger Event.

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

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

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

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

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

The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in unsound or failing credit institutions, investment firms, certain financial institutions and certain holding companies (each a "relevant entity"). This is so as to ensure the continuity of the relevant entity's critical financial and economic functions, while minimising the impact of the relevant entity's failure on the economy and financial system.

The BRRD was implemented in Sweden on 1 February 2016 through the Swedish Resolutions Act (Sw. lag (2015:1016) om resolution). The BRRD contains different resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private

sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business – which enables resolution authorities to direct the sale of the relevant entity or the whole or part of its business on commercial terms; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the relevant entity to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control), which may limit the capacity of the relevant entity to meet its repayment obligations; (iii) asset separation – which enables resolution authorities to transfer assets (including, without limitation, impaired or problem assets) to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in – which gives resolution authorities the power to write down certain claims of unsecured creditors (including in respect of the Notes) of a failing relevant entity (which write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claims (including the Notes) to equity or other instruments of ownership (the "general bail-in tool"), which equity or other instruments could also be subject to any future cancellation, transfer or dilution.

The BRRD also provides for a Member State as a last resort, after having assessed and utilised 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 relevant entity will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

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

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which (i) the relevant authority determines that the institution or such institution's group meets the conditions for resolution (but no resolution action has yet been taken) or (ii) the relevant authority or authorities, as the case may be, determine(s) that the relevant entity or its group will no longer be viable unless the relevant capital instruments (such as the Notes) are written-down or converted or (iii) extraordinary public support is required by the relevant entity or its group other than, where the relevant entity is an institution, for the purposes of remedying a serious disturbance in the economy of a Member State of the EEA and to preserve financial stability.

Under the terms of the BRRD, any application of the (i) general bail-in tool and (ii) non-viability loss absorption is to be in accordance with the hierarchy of claims in normal insolvency proceedings. Accordingly, the impact of such application on the Noteholders will depend on their ranking in accordance with such hierarchy at the relevant time, including any priority given to other creditors such as depositors.

To the extent any resulting treatment of the Noteholders pursuant to the exercise of the general bail-in tool is less favourable than would have been the case under such hierarchy in normal insolvency proceedings, the Noteholder has a right to compensation under the BRRD based on an independent valuation of the relevant entity (which is referred to as the "no creditor worse off safeguard" under the BRRD). Any such compensation is unlikely to compensate that Noteholder for the losses it has actually incurred and there is likely to be a considerable delay in the recovery of such compensation.

Compensation payments (if any) are also likely to be made considerably later than when amounts may otherwise have been due under the Notes.

The powers set out in the BRRD impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. The Noteholders may be subject to write-down or conversion into equity on any application of the general bail-in tool and non-viability loss absorption, which may result in such holders losing some or all of their investment. Such application could also involve modifications to or the disapplication of provisions in the Terms and Conditions of the Notes, including alteration of the principal amount or any interest payable on the Notes, any dates on which payments may be due, as well as the suspension of payments for a certain period. As a result, the exercise of the bail-in power, any resolution tools, or any application of any non-viability loss absorption measure, or any suggestion of such exercise could, therefore, materially adversely affect the rights of Noteholders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

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

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

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

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

The calculation of the CET1 Ratio of the Issuer 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 the Group's earnings, dividend payments by the Issuer, regulatory changes (including changes to definitions and calculations of regulatory capital ratios and their components, including CET1 Capital and REA) and the Group's ability to manage assets included in its REA in both its on-going businesses and those which it may seek to exit.

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

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

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

Because of the inherent uncertainty regarding whether a Trigger Event will occur it will be difficult to predict when, if at all, an Automatic Conversion may occur. Accordingly, the trading behaviour of the Notes is not necessarily expected to follow the trading behaviour of other types of security.

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

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

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

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

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

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

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

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

2.2.1.8 The Notes are deeply subordinated obligations

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

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

Despite their *pari passu* ranking in case of liquidation or bankruptcy, due to different trigger levels for loss absorption among the Notes and some of the Parity Securities (or, as the case may be, no loss absorption trigger event), the Notes will absorb losses of the Issuer by being converted into Ordinary Shares before holders of such Parity Securities have to suffer any losses by way of being written down. In addition, any failure to write down Parity Securities may result in the Notes being converted into Ordinary Shares sooner than expected.

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

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

There is no restriction on the amount or type of further securities or indebtedness that the Issuer or its subsidiaries may issue, incur or guarantee, as the case may be, that rank senior to, or *pari passu* with, the Notes offered hereby. The issue or guaranteeing of any such further securities or indebtedness may reduce the amount recoverable by the Noteholders in the case of a voluntary or involuntary liquidation (*Sw: likvidation*) or bankruptcy (*Sw: konkurs*) of the Issuer and may limit its ability to meet its obligations under the Notes. In addition, the Notes do not contain any restriction on the Issuer issuing securities that may have preferential rights to the Notes or securities with similar or different provisions to those described herein.

2.2.1.10 The Notes are of a perpetual nature

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

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

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

occurrence of a Capital Event or a Tax Event, the Issuer may also, at its option, at any time redeem the Notes, in whole but not in part, together with any accrued but unpaid interest thereon insofar as it has not been cancelled (or deemed to be cancelled in accordance with Condition 4 (*Interest Cancellation*)).

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

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

2.2.1.12 Remedies in respect of the Notes are severely limited

The Notes will contain limited enforcement events as follows:

- (i) where the Issuer fails to pay any amount that has become due and payable under the Notes pursuant to Condition 6(b) (*Redemption for Capital Event*), Condition 6(c) (*Redemption for Tax Event*) or Condition 6(d) (*Redemption at the option of the Issuer*) (redemption under each such condition being subject to Condition 6(e) (*Conditions to Redemption*), Condition 6(f) (*Notice for redemption*) and Condition 6(g) (*Trigger Event*) and such failure continues for fourteen (14) days and each Noteholder may, subject to the Swedish Bankruptcy Act (1987:672), institute proceedings in the Kingdom of Sweden (or such other jurisdiction in which the Issuer may be organised) (but not elsewhere) for the Issuer to be declared bankrupt and/or prove or claim in the Bankruptcy or Liquidation of the Issuer; and
- (ii) the occurrence of a Winding-up Event, where such Winding-up Event occurs before the occurrence of a Trigger Event, the Notes will become immediately due and payable at their principal amount, but subject to the Noteholders only being able to claim payment in respect of the Notes in the Bankruptcy or Liquidation of the Issuer.

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

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

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

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

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

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

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

Upon the occurrence of the Trigger Event, a Noteholder receiving Conversion Shares may have to make a takeover bid addressed to all the shareholders of the Issuer pursuant to the Swedish Stock Market (Takeover Bids) Act (2006:451) (as amended or replaced from time to time) implementing Directive 2004/25/EC of the European Parliament and of the Council if its aggregate holding of voting rights in the Issuer (or its voting rights aggregated with those of its related parties) represent at least 30 per cent. of all the voting rights in the Issuer.

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

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

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

Pursuant to the Swedish Companies Act (2005:551), a shareholder that directly or indirectly holds more than 90 per cent. of the shares of the Issuer is entitled to acquire the other shareholders' shares and each minority shareholder is entitled to require such majority shareholder to acquire its shares. A majority shareholder that exercises such right to acquire the outstanding shares in the Issuer is also entitled to acquire any convertibles (including the Notes) or warrants issued by the Issuer. Each holder of such convertibles or warrants (including the Noteholders) is entitled to require the majority shareholder to acquire its convertibles (including the Notes) or warrants notwithstanding that the majority shareholder does not exercise its right to acquire the outstanding shares. If an agreement on

the purchase price cannot be reached between the parties, the purchase price shall be determined through arbitration and generally be the price which could be expected in a sale under normal circumstances. A shareholder or a holder of a convertible or a warrant who does not participate in the arbitration will be represented by a trustee appointed by the SCRO.

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

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

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

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

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

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

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

If at any time a Capital Event or a Tax Event occurs or in order to ensure the effectiveness and enforceability of Condition 18(f), the Issuer may, subject to obtaining the prior permission of the Swedish FSA (without any requirement for the consent or approval of the Noteholders) either substitute all (but not some only) of the Notes for Qualifying Additional Tier 1 Securities, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Additional Tier 1 Securities as further provided in the Terms and Conditions of the Notes. The terms and conditions of such substituted or varied Notes may have terms and conditions that contain one or more provisions that are substantially different from the terms and conditions of the original Notes, provided that the Notes remain or, as appropriate, become, Qualifying Additional Tier 1 Securities in accordance with the Terms and Conditions of the Notes.

While the Issuer cannot make changes to the terms of the Notes that, in its reasonable opinion (following consultation with an investment bank or financial advisor of international standing which is independent of the Issuer and its Subsidiaries), are materially less favourable (other than in respect of (i) the enforceability of Condition 18(f) and (ii) ensuring compliance with the then current requirements of the Relevant Rules in relation to Additional Tier 1 Capital) to Noteholders as a class, no assurance can be given as to whether any of these changes will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding such substituted or varied Notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the Notes prior to such substitution or variation.

2.2.1.21 Uncertainties remain regarding the manner in which CRD will be interpreted

The defined terms in the Terms and Conditions of the Notes will depend in some cases on the final interpretation of CRD. CRD is a recently-adopted set of rules and regulations that imposes a series of new requirements, many of which will be phased in over a number of years. Certain portions of the CRD Directive and the CRD V Directive have already been transposed into Swedish law and other portions will require transposition into Swedish law. Although the CRR and CRR II are directly applicable in each Member State, they leave a number of important interpretational issues to be resolved through binding technical standards that have been adopted, and will be adopted in the future, and leaves certain other matters to the discretion of the Relevant Regulator. The manner in which the framework and requirements under CRD will be applied to the Issuer and the Group remains uncertain to a degree.

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

2.2.1.22 Any failure by the Issuer and/or the Group to comply with its MREL requirement could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Issuer, including interest payments on the Notes

For a discussion as to how MREL requirements may affect Swedbank, see risk factor 2.1.15 “Swedbank or its financial institution subsidiaries may need additional capital and/or eligible liabilities in the future to maintain capital adequacy ratios or for other reasons, and it may be difficult to obtain such capital and/or eligible liabilities.”.

As outlined in risk factor 2.1.15 above the regulatory framework around the MREL requirement, including its implementation in Sweden is still being phased in. However, a failure by the Issuer or the Group to comply with the MREL requirement means the Issuer could become subject to the restrictions on payments on Additional Tier 1 securities, including the Notes (subject to a nine month grace period). If the Issuer becomes subject to these restrictions, the Proposals provide that any discretionary payments on the Notes and other Additional Tier 1 securities (which will be subject to the maximum distributable amount restrictions) should be prioritised over distributions on CET1 capital or discretionary employee bonus/pension payments.

2.2.1.23 Limitation on gross-up obligation under the Notes

The Issuer’s obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes under the terms of the Notes applies only to payments of interest due and paid under the Notes and not to payments of principal. As such, the Issuer would not be required to pay any additional amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, Noteholders may receive less than the full amount due under the Notes, and the market value of the Notes may be adversely affected.

2.2.2 Risks relating to the Market Generally

2.2.2.1 The Secondary Market Generally

The Notes may have no established trading market when issued, and one may never develop (for example, the Notes may be allocated to a limited pool of investors). If a market for the Notes does develop, it may not be liquid and may be sensitive to changes in financial markets. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case should the Issuer be in financial distress, which may result in the sale of the Notes having to be at a substantial discount to their principal amount. The Notes generally have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Notes.

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

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

A failure of the market for securities similar to the Notes to recover could adversely affect the market value of the Notes.

2.2.2.3 Exchange Rate Risks and Exchange Controls

The Issuer will pay principal and interest on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

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

2.2.2.4 Interest Rate Risks

Notwithstanding that the rate of interest applicable to the Notes will be reset on the First Call Date and on each Reset Date thereafter, an investment in the Notes involves the risk that subsequent changes in market interest rates during the Initial Period or, as the case may be, during a Reset Interest Period may adversely affect the value of the Notes. Following the First Call Date, there is a risk that the rate of interest applicable to the Notes could be less than the Initial Rate of Interest or, as the case may be, the rate of interest applicable to the Notes may be less than the rate of interest applicable to the previous Reset Interest Period(s), which could affect the market value of an investment in the Notes.

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

2.2.2.5 Credit Ratings may not reflect all risks

The Notes are expected to be assigned the following ratings: BBB by S&P, BBB by Fitch and Ba1 by Moody's. There is no guarantee that such ratings will be assigned or maintained or that such credit ratings reflect the potential impact of all risks related to an investment in the Notes. Rating agencies may change their rating methodologies, which could lead to a change in the credit ratings assigned to the Notes. Accordingly, a credit rating is not a recommendation to buy, sell or hold the Notes and may be suspended, reduced or withdrawn by the relevant rating agency at any time. Any such suspension, reduction or withdrawal could adversely affect the market value of the Notes.

2.2.3 General Risks Relating to Notes

2.2.3.1 Modification and Waiver

The Terms and Conditions of the Notes and the Agency Agreement contain provisions for convening meetings of holders of the Notes to consider any matter affecting their interests generally. These provisions permit defined majorities to bind all holders of the Notes including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that, subject to Condition 14(c) (*Relevant Regulator notice or permission*), the Notes and the Terms and Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree without the consent of the Noteholders to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

2.2.3.2 Change of Law

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

2.2.3.3 Reliance on Euroclear and Clearstream, Luxembourg procedures

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

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

2.2.3.4 Differences between the Notes and bank deposits

An investment in the Notes may give rise to higher yields than a bank deposit. However, an investment in the Notes carries risks which are very different from the risks associated with a bank

deposit, with the higher yield of the Notes generally attributable to the greater risks associated with investment in the Notes.

The Notes are expected to be less liquid than bank deposits. Bank deposits are generally repayable on demand, or with notice from the depositors, whereas holders of the Notes have no ability to require early repayment of their investment other than in very limited circumstances. Furthermore, although the Notes are transferable, the Notes may have no established trading market when issued, and one may never develop. See “The Secondary Market Generally”. Further, the Notes do not enjoy any deposit protection.

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

3 Information Incorporated by Reference

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

- (1) the audited consolidated financial statements of the Issuer as at 31 December 2018 (including the auditors' report therein) contained in the annual report of the Issuer for the year ended 31 December 2018 which can be viewed online at <https://online.swedbank.se/ConditionsEarchive/download?bankid=1111&id=WEBDOC-PRODE29146126>;
- (2) the audited consolidated financial statements of the Issuer as at 31 December 2017 (including the auditors' report therein) contained in the annual report of the Issuer for the year ended 31 December 2017 which can be viewed online at https://www.swedbank.com/idc/groups/public/@i/@sbg/@gs/@ir/documents/financial/cid_2580372.pdf; and
- (3) the unaudited financial information in the published unaudited interim report of the Issuer as at 30 June 2019 (including the auditors' review report therein) which can be viewed online at <https://mb.cision.com/Main/67/2864742/1078617.pdf>.

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

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

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

The table below sets out the relevant page references for the consolidated financial statements, the notes and the auditor's reports in the Issuer's financial statements for 2018 and 2017 as set out in the respective annual reports:

2018 Financial Statements		Page reference
1	Consolidated Financial Statements	p.50-54
2	Notes to Consolidated Financial Statements	p.55-147
3	Auditor's Report ²	p.210

2017 Financial Statements		Page reference
1	Consolidated Financial Statements	p.58-62
2	Notes to Consolidated Financial Statements	p.63-136
3	Auditor's Report ³	p.198

The table below sets out the relevant page references for the unaudited financial information of the Issuer, the notes and the auditor's review report to the unaudited interim report for the period 1 January 2019 to 30 June 2019:

² For the avoidance of doubt, this Auditors' Report relates to the period from, and including, 1 January 2018 to, and including, 31 December 2018.

³ For the avoidance of doubt, this Auditors' Report relates to the period from, and including, 1 January 2017 to, and including, 31 December 2017.

2019 Second Quarter Interim Financial Statements

1	Condensed Consolidated Financial Statements	p.20-24
2	Notes to Condensed Consolidated Financial Statements	p. 25-52
3	Review Report	p. 61

4 Terms and Conditions

The U.S.\$500,000,000 Fixed Rate Reset Additional Tier 1 Convertible Notes (the "Notes") of Swedbank AB (publ), a company incorporated under the laws of the Kingdom of Sweden and having registration number 502017-7753 (the "Issuer"), are the subject of a fiscal agency agreement dated the Issue Date (the "Agency Agreement") between the Issuer, Citibank N.A., London Branch as fiscal agent (the "Fiscal Agent", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), Citibank N.A., London Branch as the paying and conversion agent (the "Paying and Conversion Agent", which expression includes any successor paying and conversion agents appointed from time to time in connection with the Notes), the paying agents named therein (the "Paying Agents", which expression includes any successor paying agents appointed from time to time in connection with the Notes) and Citibank N.A., London Branch as calculation agent (the "Calculation Agent", which expression includes any successor calculation agent appointed from time to time in connection with the Notes). Certain provisions of these Conditions are summaries of the Agency Agreement and subject to its detailed provisions. The holders of the Notes (the "Noteholders") and the holders of the related interest coupons (the "Couponholders" and the "Coupons", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

1. Form, Denomination and Title

The Notes are serially numbered and in bearer form in the denomination of U.S.\$200,000 with Coupons and talons (each, a "Talon") for further Coupons attached at the time of issue. Title to the Notes, the Coupons and the Talons will pass by delivery. The holder of any Note, Coupon or Talon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

2. Status

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

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

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

(D) in priority to payments to holders of present or future outstanding Junior Securities.

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

No right of set-off or counterclaim

No Noteholder who shall in the event of the Liquidation or Bankruptcy of the Issuer be indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Notes (including any damages awarded for breach of any obligations under these Conditions, if any are payable) held by such Noteholder.

3. Interest

- (a) *Interest Rate:* The Notes bear interest from (and including) 29 August 2019 (the "Issue Date") at the relevant Rate of Interest.
- (b) *Interest Payment Dates:* Interest will be payable in arrear on 17 March and 17 September in each year (each, an "Interest Payment Date"), and the first payment of interest shall be made on 17 March 2020 in respect of the period from (and including) the Issue Date to (but excluding) such Interest Payment Date, all subject as provided in Condition 4 (*Interest Cancellation*), Condition 5 (*Loss Absorption Mechanism*) and Condition 7 (*Payments*) below.
- (c) *Accrual of Interest:* Each Note will cease to bear interest from (and including) the due date for redemption pursuant to Condition 6 (*Redemption and Purchase*).
- (d) *Interest to (but excluding) the First Call Date:* Subject as provided in Condition 4 (*Interest Cancellation*), Condition 5 (*Loss Absorption Mechanism*) and Condition 7 (*Payments*) below, for each Interest Period from (and including) the Issue Date to (but excluding) the First Call Date, the amount of interest per Calculation Amount payable on:
- (i) each Interest Payment Date (other than the first Interest Payment Date) will be U.S.\$5,625.00; and
 - (ii) the first Interest Payment Date will be U.S.\$6,187.50.
- (e) *Interest from (and including) the First Call Date:* The rate of interest for each Interest Period from (and including) the First Call Date will be equal to the sum of (i) the CMT Rate in respect of the Reset Interest Period in which such Interest Period falls and (ii) the Margin, all as determined by the Calculation Agent.
- (f) *Determination of CMT Rate in relation to a Reset Interest Period:* The Calculation Agent will, as soon as practicable on each Reset Rate of Interest Determination Date in relation to a Reset Interest Period, determine the CMT Rate for such Reset Interest Period and calculate the amount of interest payable per Calculation Amount on the Interest Payment Dates in relation to each Interest Period falling in such Reset Interest Period (each a "Reset Interest Amount").

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

4. Interest Cancellation

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

If the Issuer provides notice to cancel a portion, but not all, of an interest payment and the Issuer subsequently does not make a payment of the remaining portion of such interest payment on the relevant Interest Payment Date, such non-payment shall evidence the

Issuer's exercise of its discretion to cancel such remaining portion of the interest payment, and accordingly such remaining portion of the interest payment shall also not be due and payable.

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

5. Loss Absorption Mechanism

- (a) *Automatic Conversion Upon Trigger Event*
 - (i) *Automatic Conversion:* If a Trigger Event occurs at any time, then an Automatic Conversion will be deemed to have occurred immediately at such time (the date on which such Trigger Event occurs being the "Conversion Date"), and the Notes will be converted into Conversion Shares at the Conversion Price as provided in this Condition 5.
 - (ii) *Effect of Automatic Conversion:* From and including the Conversion Date:
 - (A) the principal amount of the Notes will be written down to zero and, accordingly, the principal amount of the Notes shall equal zero at all times thereafter;
 - (B) any interest in respect of an Interest Period ending on any Interest Payment Date falling on or after the Conversion Date shall be automatically cancelled and shall not be due and payable;
 - (C) no Noteholder will have any rights against the Issuer with respect to the repayment of the principal amount of the Notes or the payment of

interest or any other amount on or in respect of such Notes, which obligations and liabilities of the Issuer shall be irrevocably and automatically released; and

- (D) subject to the last paragraph of Condition 5(d) (*Settlement Procedure*), the Issuer's only obligations and liabilities under the Notes shall be an obligation to deliver Conversion Shares to the Settlement Shares Depository on behalf of the Noteholders on the Registration Date in accordance with this Condition 5.

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

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

(b) *Automatic Conversion Procedure*

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

Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such Automatic Conversion, or give Noteholders any rights as a result of such failure.

(c) *The Conversion Shares*

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

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

(d) *Settlement Procedure*

Subject to the last paragraph of this Condition 5(d), the obligation of the Issuer to issue and deliver Conversion Shares to a Noteholder shall be satisfied by the delivery of the Conversion Shares in respect of the Note(s) of such Noteholder to the Settlement Shares Depository on the Registration Date. Such delivery will be deemed to have occurred when

the Conversion Shares are registered (whether as interim shares or regular shares) in the name of the Settlement Shares Depository by the Share Registrar. With effect on and from the Registration Date, a Noteholder shall have recourse only to the Settlement Shares Depository for the delivery of the number of Conversion Shares determined in respect of its Note(s) in accordance with Condition 5(c) (*The Conversion Shares*).

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

- (i) on the Registration Date, the Issuer shall deliver (in accordance with the first paragraph of this Condition 5(d)) to the Settlement Shares Depository such number of Conversion Shares as is required to satisfy in full its obligation to deliver Conversion Shares on the Registration Date;
- (ii) following the delivery by the Issuer of an Automatic Conversion Notice, each Noteholder shall deliver a duly completed irrevocable Delivery Notice to the Paying and Conversion Agent at its specified office, together with its Notes, within the period of five (5) business days (in the relevant place of delivery) from (and including) the delivery of the Automatic Conversion Notice to the Noteholders in accordance with Condition 5(b) (*Automatic Conversion Procedure*) (the date on which such period expires being the "Notice Cut-off Date");
- (iii) the Paying and Conversion Agent shall give instructions to the Settlement Shares Depository for the relevant Conversion Shares to be delivered by the Settlement Shares Depository to each Noteholder on the Registration Date or as soon as practicable thereafter in accordance with the instructions given in the relevant Delivery Notice, provided that such duly completed Delivery Notice and the relevant Notes have been so delivered to the Paying and Conversion Agent not later than the Notice Cut-off Date;
- (iv) any determination as to whether any Delivery Notice has been properly completed and delivered together with the relevant Note(s) as provided in these Conditions shall be made by the Settlement Shares Depository in its sole discretion and shall be conclusive and binding on the relevant Noteholder; and
- (v) in the case of any Noteholder which fails to deliver a valid Delivery Notice prior to the Notice Cut-off Date (each, an "Affected Noteholder"), the relevant Conversion Shares shall, for a period of ten (10) Business Days from (and including) the Notice Cut-Off Date, continue to be held on trust (or other similar arrangement) by the Settlement Shares Depository for such Noteholder until such Noteholder delivers a duly completed Delivery Notice and the relevant Note(s) and subject to Condition 5(e)(i) (*Entitlement to Conversion Shares or Cash Proceeds*) below. Following such ten (10) Business Day period, the Settlement Shares Depository shall use its reasonable endeavours to sell the relevant Conversion Shares in the open market and it shall hold the cash proceeds (the "Cash Proceeds") received from such sale (after deduction of any costs or expenses incurred by it in relation thereto) on trust (or other similar arrangement) on behalf of the Affected Noteholder until such Affected Noteholder delivers a duly completed Delivery Notice, subject to a ten (10) year prescription period and subject to Condition 5(e)(i) (*Entitlement to Conversion Shares or Cash Proceeds*) below.

For so long as the Conversion Shares are held by the Settlement Shares Depository on behalf of each Noteholder, the Settlement Shares Depository, subject to applicable laws,

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

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

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

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

(f) *Taxes*

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

(g) *Adjustment of Floor Price*

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

- (i) If and whenever there shall be a consolidation (*Sw: sammanläggning*), reclassification (*Sw: omvandling*) or subdivision (*Sw: uppdelning*) in relation to the Ordinary Shares which alters the number of Ordinary Shares in issue, the Floor

Price shall be adjusted by multiplying the Floor Price in force immediately prior to such consolidation, reclassification or subdivision by the following fraction:

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

where:

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

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

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

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

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

where:

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

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

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

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

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

where:

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

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

Such adjustment shall become effective on the relevant Effective Date.

Notwithstanding the foregoing provisions:

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

or the exercise of any other options, warrants or other rights shall not result in an adjustment to the Floor Price.

(h) *Determination of Consideration Receivable*

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

- (i) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (ii) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Issuer to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant Effective Date, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights of subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above (as the case may be) divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;
- (iii) if the consideration or price determined pursuant to (i) or (ii) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency, it shall be translated into the Relevant Currency at the Prevailing Exchange Rate on the relevant Effective Date (in the case of (i) above) or the relevant date of first public announcement (in the case of (ii) above);
- (iv) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith; and
- (v) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to the Issuer or another entity.

(i) *Decision of an Independent Adviser*

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

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

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

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

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

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

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

6. Redemption and Purchase

(a) *No scheduled redemption:* The Notes are perpetual securities and have no fixed date for redemption. The Issuer shall (subject to Condition 2 (*Status*) and Condition 10 (*Winding-Up, Non-payment, Breach of Obligations, Remedies*) and without prejudice to the provisions of Condition 11 (*Prescription*) only have the right to redeem or repurchase the Notes in the circumstances described herein. The Notes are not redeemable at the option of the Noteholders at any time.

(b) *Redemption for Capital Event:* Subject to Condition 6(e) (*Conditions to Redemption*), Condition 6(f) (*Notice for redemption*) and Condition 6(g) (*Trigger Event*), if a Capital Event occurs, the Issuer may, at its option, at any time redeem the Notes, in whole but not in part, at their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled in accordance with Condition 4 (*Interest Cancellation*)) to (but excluding) the date fixed for redemption.

- (c) *Redemption for Tax Event*: Subject to Condition 6(e) (*Conditions to Redemption*), Condition 6(f) (*Notice for redemption*) and Condition 6(g) (*Trigger Event*), if a Tax Event occurs, the Issuer may, at its option, at any time redeem the Notes, in whole but not in part, at their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled in accordance with Condition 4 (*Interest Cancellation*)) to (but excluding) the date fixed for redemption.
- (d) *Redemption at the option of the Issuer*: Subject to Condition 6(e) (*Conditions to Redemption*), Condition 6(f) (*Notice for redemption*) and Condition 6(g) (*Trigger Event*), the Issuer may, at its option, redeem the Notes, in whole but not in part, on any Optional Redemption Date at their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled in accordance with Condition 4 (*Interest Cancellation*)) to (but excluding) the date fixed for redemption.
- (e) *Conditions to Redemption*: Notwithstanding any other provision, the Issuer may redeem the Notes (and give notice thereof to the Noteholders) as provided in Condition 6(b) (*Redemption for Capital Event*), 6(c) (*Redemption for Tax Event*) or 6(d) (*Redemption at the option of the Issuer*), as the case may be, only if:
- (i) it has obtained the prior permission of the Relevant Regulator for the redemption of the Notes; and
 - (ii) in the case of any redemption prior to the fifth anniversary of the Issue Date, (if required by the Relevant Rules), (A) in the case of redemption upon the occurrence of a Tax Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Issue Date, or (B) in the case of redemption upon the occurrence of a Capital Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the relevant change was not reasonably foreseeable as at the Issue Date.
- (f) *Notice for redemption*: any redemption of the Notes shall be subject to the Issuer providing not less than thirty (30) days' nor more than sixty (60) days' prior notice to the Noteholders in accordance with Condition 17 (*Notices*) and to the Fiscal Agent (such notice being irrevocable except in the limited circumstances set out in Condition 6(g) (*Trigger Event*)) specifying the Issuer's election to redeem the Notes and the date fixed for such redemption, *provided however* that where there has been a Tax Event due to the occurrence of an event falling under limb (A) of that definition, no such notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay any Additional Amounts (as defined below).
- (g) *Trigger Event*: If:
- (A) prior to the payment of the redemption amount with respect to such redemption a Trigger Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, no payment of the relevant redemption amount will be due and payable and an Automatic Conversion shall occur in accordance with Condition 5 (*Loss Absorption Mechanism*); or
 - (B) the Issuer has given notice of its intention to substitute or vary the terms of the Notes in accordance with Condition 15 (*Substitution or Variation instead of Redemption*) but prior to such substitution or variation, as the case may be, a Trigger Event occurs, the relevant substitution or variation notice shall be automatically rescinded and shall be of no force and effect and an Automatic

Conversion shall occur in accordance with Condition 5 (*Loss Absorption Mechanism*).

- (h) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 6(b) (*Redemption for Capital Event*) to 6(d) (*Redemption at the option of the Issuer*) above.
- (i) *Purchase*: The Issuer or any of its Subsidiaries may purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons and unexchanged Talons are purchased therewith and that such purchase shall be subject to the Relevant Rules in force at the relevant time and to the prior permission of the Relevant Regulator (if such permission is required by the Relevant Rules) and to applicable law and regulation.
- (j) *Cancellation*: Subject to all applicable laws and regulations, all Notes redeemed or purchased by the Issuer or any of its Subsidiaries pursuant to this Condition 6 and any unmatured Coupons or unexchanged Talons attached to or surrendered with them may be cancelled and may not be reissued or resold.

7. **Payments**

- (a) *Principal*: Save as provided in Condition 7(c) (*Payments in New York City*) below, payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by U.S. dollar cheque drawn on, or by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City.
- (b) *Interest*: Save as provided in Condition 7(c) (*Payments in New York City*) below, payments of interest shall, subject to Condition 7(g) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 7(a) (*Principal*) above.
- (c) *Payments in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in U.S. dollars when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law without involving in the opinion of the Issuer, adverse tax consequences.
- (d) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Unmatured Coupons void*: On the due date for redemption of any Note pursuant to Condition 6(b) (*Redemption for Capital Event*), Condition 6(c) (*Redemption for Tax Event*), Condition 6(d) (*Redemption at the option of the Issuer*) or Condition 10 (*Winding-Up, Non-payment, Breach of Obligations, Remedies*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (f) *Payments on Payment Business Days*: If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next

succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

- (g) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 7(c) (*Payments in New York City*) above).
- (h) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.
- (i) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a coupon sheet relating to the Notes (each, a "Coupon Sheet"), the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet including a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 11 (*Prescription*). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

8. Undertakings

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

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

9. Taxation

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by

or on behalf of the Kingdom of Sweden or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer shall (to the extent such payment can be made out of Distributable Items which are available *mutatis mutandis* in accordance with Condition 4(b) (*Restriction on Interest Payments*)) pay in respect of payments of interest (but not principal or any other amount), such additional amounts ("Additional Amounts") as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Amounts shall be payable in respect of any Note:

- (a) held by a Noteholder or by a third party on behalf of a Noteholder, which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Kingdom of Sweden other than the mere holding of the Note; or
- (b) where (in the case of a payment of interest on redemption) the relevant Note is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Noteholder would have been entitled to any Additional Amounts if it had surrendered the relevant Note on the last day of such period of 30 days; or
- (c) held by a Noteholder, or by a third party on behalf of a Noteholder who is able to avoid such withholding or deduction by making a declaration of non-residence or residence or other similar claim for exemption to the relevant tax authority.

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

Notwithstanding anything to the contrary contained herein, any amounts to be paid with respect to the Notes will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, any intergovernmental agreement, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement) (a "FATCA Withholding Tax"), and no additional amounts shall be payable on account of any FATCA Withholding Tax.

10. Winding-Up, Non-payment, Breach of Obligations, Remedies

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

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

- (b) *Non-payment:* No interest will be due and payable if such interest has been cancelled or is deemed cancelled (in each case, in whole or in part) as provided in Condition 4 (*Interest*

Cancellation). Accordingly, no default in payment under the Notes will have occurred or be deemed to have occurred in such circumstances.

If the Issuer fails to pay any other amount that has become due and payable under the Notes pursuant to Condition 6(b) (*Redemption for Capital Event*), Condition 6(c) (*Redemption for Tax Event*) or Condition 6(d) (*Redemption at the option of the Issuer*) (redemption under each such condition being subject to Condition 6(e) (*Conditions to Redemption*), Condition 6(f) (*Notice for redemption*), and Condition 6(g) (*Trigger Event*)) and such failure continues for fourteen (14) days, each Noteholder may, subject to the Swedish Bankruptcy Act (1987:672) institute proceedings in the Kingdom of Sweden (or such other jurisdiction in which the Issuer may be organised) (but not elsewhere) for the Issuer to be declared bankrupt and/or prove or claim in the Bankruptcy or Liquidation of the Issuer.

- (c) *Limited remedies for breach of obligations (other than non-payment)*: In addition to the remedies for non-payment provided above, a Noteholder may institute such proceedings against the Issuer as it may think fit to enforce any term, obligation or condition binding on the Issuer under the Notes (other than any payment obligation of the Issuer under or arising from the Notes, including payment of any principal or interest (including Additional Amounts) and any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it pursuant to these Conditions. The Noteholders shall not enforce, and shall not be entitled to enforce or otherwise claim, against the Issuer any judgment or other award given in such proceedings that requires the payment of money by the Issuer, whether by way of damages or otherwise, except if a Winding-Up Event occurs by claiming in a Liquidation and/or Bankruptcy of the Issuer in the circumstances provided in Condition 10(a) (*Winding-up*).
- (d) *No other remedies*: Other than the limited remedies specified in this Condition 10 or proving in the Liquidation and/or Bankruptcy of the Issuer, no remedy against the Issuer shall be available to the Noteholders whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its other obligations under or in respect of such Notes.

11. Prescription

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

12. Replacement of Notes, Coupons and Talons

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

13. Paying Agents

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents, the Paying and Conversion Agent and the Calculation Agent act solely as agents of the

Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed in the Agency Agreement. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent, the Paying and Conversion Agent or the Calculation Agent and to appoint a successor fiscal agent, paying and conversion agent, calculation agent and additional or successor paying agents; *provided, however, that* the Issuer shall at all times maintain a fiscal agent, a paying and conversion agent and a calculation agent.

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

14. Meetings of Noteholders; Modification

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

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

(b) *Modification:* Subject to Condition 14(c) (*Relevant Regulator notice or permission*), the Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree without the consent of the Noteholders to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

(c) *Relevant Regulator notice or permission:* These Conditions shall only be capable of modification or waiver, if the Issuer has notified the Relevant Regulator of such modification

or waiver or obtained the prior permission of the Relevant Regulator, as the case may be, (if such notice or permission is required by the Relevant Rules).

15. Substitution or Variation instead of Redemption

If at any time a Capital Event or a Tax Event occurs or in order to ensure the effectiveness and enforceability of Condition 18(f), the Issuer may, instead of giving notice to redeem in accordance with Conditions 6(b) (*Redemption for Capital Event*) or 6(c) (*Redemption for Tax Event*) respectively, but solely to the extent permitted at any time by the Relevant Rules and subject to the approval of the Relevant Regulator, (without any requirement for the consent or approval of the Noteholders) and having given not less than thirty (30) nor more than sixty (60) days' notice to the Fiscal Agent and, in accordance with these Conditions, the Noteholders (which notice shall be irrevocable except in the limited circumstances set out in Condition 6(g) (*Trigger Event*), at any time either substitute and replace all (but not some only) of the Notes for Qualifying Additional Tier 1 Securities, or vary the terms of the Notes so that they remain or, as appropriate, so that they become, Qualifying Additional Tier 1 Securities and provided in each case that such substitution or variation does not itself give rise to any right of the Issuer to redeem the substituted or varied securities that are inconsistent with the redemption provisions of the Notes and provided that, in the case of a substitution, the Notes will be fully replaced by the Qualifying Additional Tier 1 Securities and all rights under the Notes, including the right to receive Conversion Shares upon Automatic Conversion, shall be cancelled.

16. Further Issues

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

17. Notices

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

18. Governing Law and Jurisdiction; Acknowledgement of Swedish Statutory Loss Absorption Powers

- (a) *Governing law*: The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law, except that the provisions of Condition 2 (*Status*) and all non-contractual obligations arising out of or in connection with Condition 2 (*Status*), the conversion (if any) of the Notes into Conversion Shares and any Compulsory Acquisition Proceedings are governed by, and shall be construed in accordance with, the laws of Sweden.
- (b) *English courts*: The Issuer agrees for the benefit of the Noteholders that the courts of England shall have exclusive jurisdiction to settle any dispute (a "Dispute") arising out of or in connection with the Notes (including a dispute regarding any non-contractual obligation arising out of or in connection with the Notes), except for any Compulsory Acquisition Proceedings which shall be determined in accordance with Chapter 22 of the Swedish Companies Act.
- (c) *Appropriate forum*: The Issuer agrees that the courts referred to in Condition 18(b) (*English courts*) are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient.

- (d) *Rights of Noteholders to take proceedings outside England: Condition 18(b) (English courts)* is for the benefit of the Noteholders only. As a result, nothing in this Condition 18 prevents any Noteholder from taking proceedings relating to a Dispute ("Proceedings") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Service of Process:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Business Sweden, The Swedish Trade & Invest Council at its office at 5 Upper Montagu Street, London W1H 2AG or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer may specify by notice in writing to the Noteholders. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.
- (f) *Acknowledgement of Swedish Statutory Loss Absorption Powers:* Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for the purposes of this Condition 18(f), includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Noteholder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of Swedish Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:
- (1) the effect of the exercise of any Swedish Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
 - (A) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;
 - (B) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Noteholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;
 - (C) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and
 - (D) the amendment or alteration of the perpetual nature of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
 - (2) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Swedish Statutory Loss Absorption Powers by the Relevant Resolution Authority.

19. Interpretation

(a) Definitions

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

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

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

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

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

"Bloomberg Screen" means page H15T5Y on the Bloomberg L.P. service or any successor service or such other page as may replace that page on that service for the purpose of displaying "treasury constant maturities" as reported in H.15(519)

"BRRD" means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, as the same may be amended or replaced from time to time (including by BRRD II);

"BRRD II" means Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC, as the same may be amended or replaced from time to time;

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

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

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

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

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

"CET1 Capital" means in respect of either the Issuer or the Group (as the case may be), the sum at any time, expressed in the relevant Accounting Currency, of all amounts that constitute common equity tier 1 capital of either the Issuer or the Group (as the case may be) as at such time, less any deductions from common equity tier 1 capital required to be made as at such time, in each case as

calculated by the Issuer in accordance with the Relevant Rules applicable to either the Issuer or the Group (as the case may be) (which calculation shall be binding on the Noteholders). For the purposes of this definition, the term "common equity tier 1 capital" shall have the meaning assigned to such term in CRD as interpreted and applied in accordance with the Relevant Rules then applicable to either the Issuer or the Group (as the case may be);

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

"CMT Rate" means, in relation to a Reset Interest Period and the Reset Rate of Interest Determination Date in relation to such Reset Interest Period, the rate determined by the Calculation Agent and expressed as a percentage equal to:

- (a) the yield for United States Treasury Securities at "constant maturity" for a designated maturity of five years, as published in the H.15(519) under the caption "treasury constant maturities (nominal)", as that yield is displayed on such Reset Rate of Interest Determination Date, on the Bloomberg Screen; or
- (b) if the yield referred to in paragraph (a) above is not published by 4:00 p.m. (New York City time) on the Bloomberg Screen on such Reset Rate of Interest Determination Date, the yield for the United States Treasury Securities at "constant maturity" for a designated maturity of five years as published in the H.15(519) under the caption "treasury constant maturities (nominal)" on such Reset Rate of Interest Determination Date; or
- (c) if the yield referred to in paragraph (b) above is not published by 4:30 p.m. (New York City time) on such Reset Rate of Interest Determination Date, the Reset Reference Bank Rate on such Interest Determination Date;

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

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

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

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

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

"Couponholders" means the holders of the Coupons;

"Coupons" has the meaning given to such term in the preamble to these Conditions;

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

"CRD 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 (including by the CRD V Directive);

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

"CRD V Directive" means Directive 2019/878 as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU, as the same may be amended or replaced from time to time;

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

"CRR II" means Regulation (EU) 2019/876 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013, and Regulation (EU) No 648/2012, as amended or replaced from time to time;

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

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

Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit,

and provided further that:

- (1) if on each of the said five dealing days the Volume Weighted Average Price shall have been based on a price cum-dividend (or cum- any other entitlement) in respect of a dividend (or other entitlement) which has been declared or announced but the Ordinary Shares to be issued and delivered do not rank for that dividend (or other entitlement), the Volume Weighted Average Price on each of such dates shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit; and
- (2) if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the said five (5) dealing days (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in that five (5) dealing-day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period, the Current Market Price shall be determined in good faith by an Independent Adviser;

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

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

where:

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

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

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

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

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

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

"dealing day" means a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is open for business and on which Ordinary Shares, Securities, options, warrants or other rights (as the case may be) may be dealt in (other than a day on which the Relevant Stock

Exchange or relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time);

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

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

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

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

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

"First Call Date" means 17 September 2024;

"Floor Price" means U.S.\$8.75, subject to adjustment thereafter in accordance with Condition 5(g) (*Adjustment of Floor Price*), provided that the Floor Price shall not be less than the quota value (*Sw: kvotvärde*) of the Ordinary Shares immediately prior to the Automatic Conversion translated into USD at the then Prevailing Exchange Rate;

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

"H.15(519)" means the weekly statistical release designated as H.15(519), or any successor publication, published by the board of governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/H15> or any successor site or publication;

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

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

"Initial Rate of Interest" means 5.625 per cent. per annum;

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

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

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

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

"Margin" means 4.134 per cent.;

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

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

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

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

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

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

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

- (a) (other than in respect of (i) the effectiveness and enforceability of Condition 18(f) and (ii) paragraph (4) below) have terms not materially less favourable to a Noteholder, as reasonably determined by the Issuer following consultation with an investment bank or financial adviser of international standing which is independent of the Issuer and its Subsidiaries, than the terms of the Notes, provided that they shall (1) include a ranking at least equal to that of the Notes prior to such substitution or variation, as the case may be, (2) have the same interest rate and Interest Payment Dates as those from time to time applying to the Notes prior to such substitution or variation, as the case may be, (3) have the same redemption rights and obligations as the Notes prior to such substitution or variation, as the case may be, (4) comply with the then current requirements of the Relevant Rules in relation to Additional Tier 1 Capital, (5) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation (or, if the date of substitution or variation falls before 17 March 2020, the Issue Date), as the case may be, and (6) are assigned (or maintain) at least the same solicited credit ratings (if any) as were assigned to the Notes (i) immediately prior to such substitution or variation or (ii) where a solicited credit rating of the Notes was, as a result of Condition 18(f) becoming ineffective and/or enforceable, amended prior to such substitution or variation, the solicited credit rating of the Notes immediately prior to such amendment, as the case may be; and
- (b) are listed on a recognised stock exchange if the Notes were so listed immediately prior to such substitution or variation;

"Rate of Interest" means:

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

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

"Reference Bank Rate Quotation" means, in relation to a Reset Reference Bank and a Reset Rate of Interest Determination Date, the rate, as determined by the Calculation Agent, as being a yield-to-maturity based on the arithmetic mean of the secondary market bid prices of the Reset Reference Banks for the Reset United States Treasury Securities at approximately 4:30 p.m. (New York City time) on such Reset Rate of Interest Determination Date;

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

"Relevant Amounts" means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and Additional Amounts due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Swedish Statutory Loss Absorption Powers by the Relevant Resolution Authority;

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

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

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

"Relevant Resolution Authority" means the resolution authority with the ability to exercise any Swedish Statutory Loss Absorption Powers in relation to the Issuer;

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

"Relevant Screen Page" means the relevant page on the Bloomberg L.P. service or any successor service that displays the relevant information;

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

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

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

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

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

"Reset Reference Bank Rate" means, in relation to a Reset Interest Period and the Reset Rate of Interest Determination Date in relation to such Reset Interest Period, the percentage rate determined on the basis of the Reference Bank Rate Quotations provided by the Reset Reference Banks to the Calculation Agent at approximately 4:30 p.m. (New York City time) on such Reset Rate of Interest Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate for the relevant Reset Interest Period will be (i) in the case of each Reset Interest Period other than the Reset Interest Period commencing on the First Call Date, the relevant CMT Rate in respect of the immediately preceding Reset Interest Period or (ii) in the case of the Reset Interest Period commencing on the First Call Date, 1.470 per cent. per annum;

"Reset Reference Banks" means five major banks which are primary U.S. Treasury securities dealers or market makers in pricing corporate bond issues determined in USD, as selected by the Issuer on the advice of an investment bank of international repute;

"Reset United States Treasury Securities" means, on the Reset Rate of Interest Determination Date, United States Treasury Securities with an original maturity equal to five years, a remaining term to

maturity of no less than four years and in a principal amount equal to an amount that is representative for a single transaction in such United States Treasury Securities in the New York City market. If two United States Treasury Securities have remaining terms to maturity equally close to five years, the United States Treasury Security with the shorter remaining term to maturity will be used;

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

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

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

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

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

"Shareholders" means the holders of Ordinary Shares;

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

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

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

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

"Swedish Statutory Loss Absorption Powers" means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Kingdom of Sweden, relating to (i) the transposition of the BRRD (including but not limited to the Resolution Act (*Lagen (2015:1016 om resolution)*)) as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

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

"Tax Event" means the receipt by the Issuer of an opinion of counsel in the Kingdom of Sweden (experienced in such matters) to the effect that as a result of a Tax Law Change which is announced on or after the Issue Date:

- (A) on the occasion of the next scheduled interest payment in respect of the Notes the Issuer would be required to pay Additional Amounts as provided in Condition 9 (*Taxation*); or
- (B) (i) the Issuer is, or will be, subject to other additional taxes, duties or other governmental charges or civil liabilities with respect to the Notes or (ii) to the extent (prior to the relevant Tax Law Change) the Issuer was entitled to claim a deduction in respect of the Notes in computing its taxation liabilities, the Issuer is not, or will not be, entitled to claim a deduction in respect of the Notes in computing its taxation liabilities (or such deduction would be materially reduced) or (iii) the treatment of any of the Issuer's items of income or expense with respect to the Notes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by a taxing authority, thereby subjecting the Issuer to additional taxes, duties or other governmental charges to which it would not have been subject but for the Tax Law Change;

"Tax Law Change" means:

- (i) any governmental policy or any amendment to, clarification of, or change in, the laws, treaties, regulations or government policy of the Kingdom of Sweden or any political subdivision or taxing authority thereof or therein, or
- (ii) any interpretation, court decision or official pronouncement in respect of any governmental policy, law, treaty or regulation of the Kingdom of Sweden or any political subdivision or taxing authority thereof or therein, that provides for a position with respect to such policy, law, treaty or regulation that differs from the theretofore generally accepted position,

in each case, by any legislative body, court, governmental or tax authority or regulatory body, irrespective of the manner in which such policy, change, amendment, clarification, interpretation or pronouncement is made known;

"Trigger Event" shall occur if the CET1 Ratio of either the (i) Issuer or (ii) the Group, as the case may be, is at any time less than the Trigger Level, as determined at any time by the Issuer, the Relevant Regulator or any agent appointed for such purpose by the Issuer or the Relevant Regulator, as the case may be, and such determination shall be binding on the Noteholders;

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

"United States Treasury Securities" means securities that are direct obligations of the United States Treasury, issued other than on a discount rate basis;

"U.S. Government Securities Business Day" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities;

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

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

(b) *Construction of certain references*

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

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

5 Use of Proceeds

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

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

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

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

1. Exchange

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

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

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

within seven days of the bearer requesting such exchange.

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

- (a) if an event as set out in Condition 10 (*Winding-Up, Non-payment, Breach of Obligations, Remedies*) has occurred and is continuing;
- (b) if either of Euroclear or Clearstream, Luxembourg or any other clearing system by which the Notes have been accepted for clearing is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention to cease business permanently; or
- (c) at the option of the Issuer if the Issuer or any Paying Agent, by reason of any change in, or amendment to, Swedish law, is or will be required to make any deduction or withholding from any payment under the Notes which would not be required if such Notes were in definitive form.

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

its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

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

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

2. Payments

On and after 8 October 2019, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of such Global Note to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Fiscal Agent, which endorsement shall be prima facie evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. Notices

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

For the purposes of Condition 5(b) (*Automatic Conversion Procedure*), the Automatic Conversion Notice shall be deemed to have been given on the date on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg.

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

4. Accountholders

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

5. Prescription

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

6. Cancellation

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

7. Delivery Notices

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

8. Euroclear and Clearstream, Luxembourg

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

7 Swedbank

7.1 Overview

Swedbank is a public limited liability bank company (Sw: Bankaktiebolag) incorporated under the laws of the Kingdom of Sweden and headquartered in Stockholm. It has its registered office at SE 105 34 Stockholm, with its head office at Landsvägen 40, 172 63 Sundbyberg and its telephone number is +46 (0)8 5859 0000. It has been registered in the Swedish Companies Registration Office in Sundsvall under registration number 502017-7753. Swedbank's shares are listed on NASDAQ OMX Stockholm. Swedbank was incorporated on 24 April 1942. Swedbank operates under the Swedish Banking and Financing Act (2004:297).

As of 30 June 2019, the Group served a total of 7.3 million private customers and more than 600,000 corporate customers and organisations through more than 290 branches in 11 countries, primarily in its principal markets of Sweden, Estonia, Latvia and Lithuania. This includes customers reached through 58 associated independent savings banks that collaborate with Swedbank. The terms of such collaboration are governed by a common framework agreement which is agreed with the national association of savings banks, Sparbankernas Riksförbund, with each savings bank signing up to this agreement individually.

As set out in Article 1 of its Articles of Association, the purpose of the Group is to conduct a banking business and financing operations, and operations naturally connected therewith. The Group offers a broad range of products and services, including retail banking, corporate and investment banking, asset management and insurance products, and the majority of the Group's income in 2018 derived from its Swedish banking services. As of 31 December 2018, the Group's loans to the public, excluding the Swedish National Debt Office and repurchase agreements, amounted to SEK 1,578 billion. The Group recorded SEK 27,387 million in profit before impairments for the year ended 31 December 2018, SEK 25,788 million in profit before impairments for the year ended 31 December 2017 and SEK 13,507 million in profit before impairments for the six months ended 30 June 2019 (SEK 13,982 million for the six months ended 30 June 2018). Credit impairments for the year ended 31 December 2018 amounted to SEK 521 million and SEK 327 million for the six months ended 30 June 2019. The Group recorded impairment of intangible assets by SEK 306 million for the year ended 31 December 2018 and SEK 0 for the six months ended 30 June 2019. Net profit attributable to the shareholders of Swedbank for the year ended 31 December 2018 amounted to SEK 21,162 million for the year ended 31 December 2018, SEK 19,350 million for the year ended 31 December 2017 and SEK 10,606 million for the six months ended 30 June 2019. As of 30 June 2019, the Group had 15,075 full-time employees. As of 30 June 2019, the Group had a return on equity ("ROE") of 16.6 per cent., a cost/income ratio of 0.42 and a liquidity coverage ratio ("LCR") of 143 per cent.

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

Total lending to the public, excluding repos and lending to the Swedish National Debt Office, amounted to SEK 1,612 billion as of 30 June 2019.

Loans to the public excl. and repurchase agreements, SEKbn	30 Jun 2019	31 Mar 2019	30 Jun 2018
Loans, private mortgage	892	884	858
of which Swedish Banking	808	804	781
of which Baltic Banking	84	80	76
Loans, private other incl tenant-owner associations	153	152	155
of which Swedish Banking	136	135	140
of which Baltic Banking	16	16	15
of which LC&I	1	1	1
Loans, corporate	567	555	550
of which Swedish Banking	257	256	255
of which Baltic Banking	82	78	76
of which LC&I	228*	221	219
Total	1 612	1 591	1 563

*of which 159 relate to Sweden

7.2 Shareholders

Largest shareholders as of 30 June 2019, owner grouped*

% of capital and votes	2019
Sparbanks-Gruppen – Members	10.87
Folksam	7.02
Swedbank Robur Funds	4.96
ALECTA PENSION INSURANCE	4.84
AMF Insurance & Funds	4.69
Savings bank foundations – not Sparbanks-Gruppen	3.44
Vanguard	2.64
BlackRock	2.59
Norges Bank	2.15
Deutsche Asset & Wealth Management	1.94
10 largest shareholders	45.14
Number of shareholders	366,458

*Owner names in lower case letters are grouped owners. Owner names in upper case letters are non-grouped owners.

Swedbank held 15,331,361 of its own shares as at 31 December 2018.

7.3 Strategy

Swedbank has a customer-centric strategy based on four factors: an available full-service bank, offerings based on customer needs, high cost efficiency and low risk. The strategy is based on Swedbank's vision to enable people, businesses and society to grow and, at the same time, promoting a sound and sustainable financial situation for the many households and businesses.

7.3.1 Available Full-Service Bank

Swedbank offers households, institutions, and businesses, both large and small, an accessible full-service bank in its four home markets: Sweden, Estonia, Latvia and Lithuania. Swedbank offers its customers a range of banking services, everything from basic transactions to sophisticated advisory services, and also provides customers with a large, modern distribution network, making it easy for a broad base of customers to manage their finances. Swedbank provides efficient digital solutions for day-to-day financial needs and comprehensive advice through direct contact with Swedbank employees.

7.3.2 Offerings based on customer needs

Products which reflect customer needs and expectations are crucial to Swedbank's success. Digitisation increases opportunities to meet each customer's specific needs with the right offering. Swedbank creates better targeted offerings by analysing customer data and using each advisor's experiences and knowledge.

7.3.3 Low Risk

The foundation for Swedbank's sustainable growth is a low risk profile. Swedbank's lending is financed through deposits and capital market funding. Current low financing costs are the result of stable profitability in combination with high-quality lending and solid capitalisation. This is a prerequisite for winning the trust of the capital markets and benefits all of Swedbank's stakeholders. Maintaining stable earnings over time requires not only a low risk level, where each borrower's solvency, solidity and collateral are carefully assessed, but also the ability to quickly adapt to market conditions and changing customer preferences.

7.3.4 High Cost Efficiency

Cost efficiency is of growing importance due to changes in the banking market and Swedbank aims to be a market leader in cost efficiency. Understanding Swedbank's customers' needs and the impact of tied-up capital helps Swedbank to better manage capital efficiency. Swedbank also strives to do things better, more simply, and more efficiently. Another important factor in increasing cost efficiency is a corporate culture where all employees are aware of and cautious about spending. The more cost-effective Swedbank is, the more value it believes it can create for customers through greater investment opportunities.

7.4 Business Segments

The Group is comprised of four business segments.

7.4.1 Swedish Banking

Swedish Banking is the Group's largest business segment, offering a complete range of financial products and services to private customers as well as small and medium-sized companies through 186 branches as well as through telephone and internet banking. Through co-operation with local associated independent savings banks and partly-owned banks, the Group also offers its products through 208 additional branches, as of 31 December 2018. Swedish Banking is supported by a number of subsidiaries in Sweden such as Swedbank Mortgage (responsible for long-term mortgage lending) and Swedbank Robur (fund management and institutional and discretionary asset management). In April 2019, Swedbank announced that Mikael Björknert, Chief Strategy Officer, had been appointed as acting Head of Swedish Banking.

7.4.2 Baltic Banking

Baltic Banking offers a broad range of financial products and banking services, including mortgages, business and consumer loans, savings and current accounts, life insurance and leasing in Estonia, Latvia and Lithuania through 125 branches as of 31 December 2018 as well as through telephone and internet banking.

The Group holds leading positions in several key market segments in its Baltic home markets.⁴

7.4.3 Large Corporates & Institutions

LC&I is responsible for Swedbank's products and services for the largest companies and financial institutions. LC&I offers everything from traditional bank lending advice to liquidity management, trading in financial instruments and analysis. LC&I is also responsible for developing corporate and capital market products for Swedish and Baltic Banking and the savings banks. LC&I is present in Sweden, Norway, Estonia, Latvia, Lithuania, Finland, Luxembourg, China, the United States and South Africa. Loans to the public in LC&I represented SEK 260,081 million of the Group's SEK 1,627,368 million total loans to the public outstanding as of 31 December 2018.

7.4.4 Group Functions & Other

Group Functions & Other consists of centralised business support units and the product areas, Group Savings and Group Lending & Payments. The central units provide strategic and administrative support, comprising Accounting & Finance, Communication, Risk, IT, Compliance, Public Affairs, Human Resources and Legal. Group Treasury sets the prices on all internal deposit and loan flows in the Group through internal interest rates, the most important parameters of which are maturity, interest fixing period, currency and the need for liquidity reserves.

7.5 Products and Services

7.5.1 Mortgage Lending Products

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

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

Both Swedbank and Swedbank Mortgage originate mortgages. Swedbank Mortgage is responsible for the origination of standard mortgage loans with up to an 85 per cent LTV ratio, whereas Swedbank is responsible for originating other loans including uncollateralised loans. The volume-weighted average LTV ratio in Swedbank Mortgage's private residential loan portfolio was 55 per cent as of 31 December 2018, calculated on a property level (which gives effect to multiple mortgage loans on a given property). To benefit customers by offering a broad range of home buying services and reducing costs, while creating the opportunity to acquire profitable new businesses in this segment, the Group creates economies of scale by co-operating with a number of partners including Swedbank's subsidiary, Swedbank Fastighetsbyrå, various home builders and other construction companies.

Swedbank Mortgage's products primarily consist of loans secured by Swedish residential, agricultural and forest properties.

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

Loans for single-family homes are primarily secured by first ranking mortgages and have interest rates fixed for between 60 days and 10 years. Swedbank Mortgage's loans are either interest-only loans or amortised over 10-60 years. Swedbank Mortgage's lending to single-family housing is limited to 85 per cent of the market value of the property. Loans may be granted to applicants who have a prior ranking mortgage over their property with another lender, provided that the aggregated amount and ranking of the prior ranking mortgage and the Group's own exposure under its mortgage is not higher than 85 per cent of the value of the mortgaged property.

7.5.2 Corporate Banking Products

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

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

7.5.3 Investment Banking Products

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

7.5.4 Consumer Lending Products

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

7.5.5 Savings and Investment Products

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

7.5.6 Payment Services

The Group offers a broad range of payment products, including debit, transaction services and card infrastructure and, as of 31 December 2018, the Group had 8.1 million bank cards in circulation. In retail transactions, the Group emphasises convenience and time saving by making automatic payment options available to the Group's customers through direct debit or other electronic channels, such as e-bills or mobile and card payments. For corporate cash management, the focus is on offering clients a packaged, integrated solution.

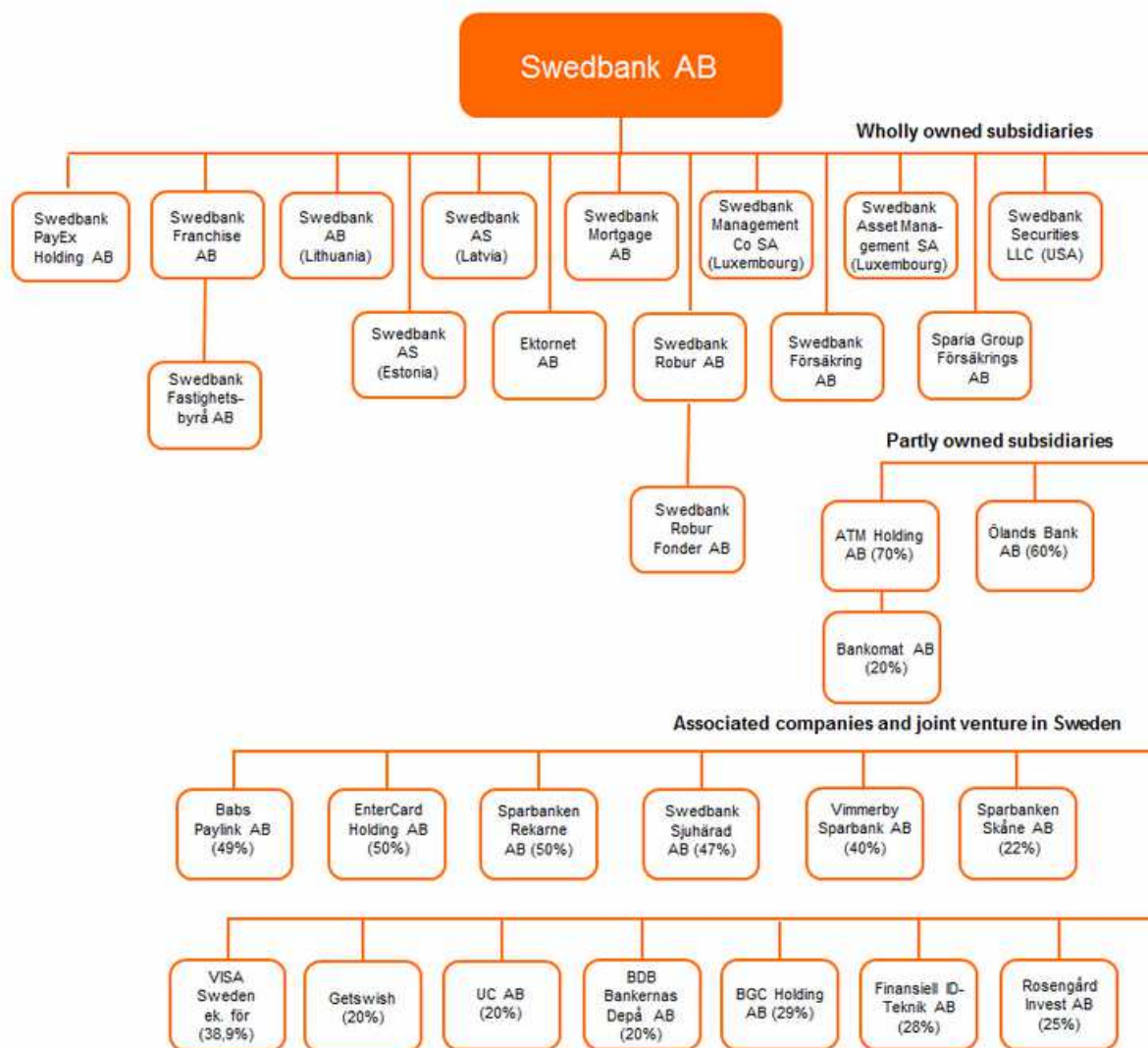
7.6 Key Geographic Markets and Competition

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

Below is a chart showing Swedbank's corporate structure as of the date of this Offering Circular.

Legal structure

Swedbank Group



7.6.1 Sweden

The banking sector is fairly concentrated in the Group's home markets. In Sweden, the Group, Svenska Handelsbanken, Nordea and SEB accounted for approximately 70 per cent of deposits and lending in 2018, according to the Swedish Central Bank. These major banks offer a wide range of financial products and services and compete in all key product segments. In Sweden, the Group is the largest retail bank and has a leading market position in private mortgage lending (24 per cent) and deposits from private customers (20 per cent) as of 31 December 2018.⁵

7.6.2 Estonia

The Estonian banking sector is even more concentrated than Sweden's. The market is dominated by foreign banks. In Estonia, the Group had a market share of 55 per cent for deposits and private customers and 47 per cent for lending as of 31 December 2018. In the Estonian corporate market, the Group's market share was 37 per cent for lending and 47 per cent for deposits as of 31 December 2018.⁶

⁵Statistics Sweden.

⁶Estonian Banking Association.

7.6.3 Latvia

Latvia has a more fragmented market where local banks account for 30 to 70 per cent of the various segments. As of 31 December 2018, the Group had a market share of 34 per cent of private deposits and 33 per cent of private lending. In the corporate market, the market share was 25 per cent for deposits as of 31 December 2018.⁷

7.6.4 Lithuania

Like Sweden, the banking market in Lithuania is dominated by a few major players. As of 31 December 2018, the Group had a market share of 43 per cent of private deposits and 35 per cent of private lending. In the corporate market, the Group's share was 20 per cent for lending and 29 per cent for deposits as of 31 December 2018.⁸

7.7 Information Technology

7.7.1 Overview

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

Customers can now satisfy most of their routine banking requirements through alternate channels such as ATMs, debit cards, telephone banking, the internet and mobile devices. The Group's digital bank services have approximately 5.1 million digitally active customers. Through information and a differentiated pricing model, the Group intends to make it easier for customers to select the most effective way to communicate with Swedbank for a variety of matters, as evidenced, for example, by a number of new digital functions launched by Swedbank in 2018 and the first half of 2019, which make everyday banking easier for customers.

⁷Association of Latvian Commercial Banks.

8 Risk Management

Swedbank defines risk as a potentially negative impact on Swedbank's value that can arise due to ongoing internal processes or future internal or external events. The concept of risk includes the probability that an event will occur and the impact that this event could have on Swedbank's results, equity or value.

Risk arises in all financial operations, hence a profound understanding and solid management of risk is central for any successful business. A strong risk culture throughout Swedbank serves as the foundation for efficient risk management and, consequently, a strong risk-adjusted return.

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

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

Successful risk management requires a strong risk culture and a common approach. Swedbank has built its approach to risk management on the concept of three lines of defence, signifying a clear division of responsibilities between the risk owners and control functions, i.e. Group Risk, Swedbank Compliance and Internal Audit.



8.2 Three levels of risk management

8.2.1 First Line of Defence – Risk Management by Business Operations

The operational business units constitute the first line of defence, which means the business units themselves are responsible for managing the business driven risks. The responsibility of the operational business units is to implement risk assessment (including risks attributable to non-compliance), report, and handle risks and violations of internal or external regulations. This includes valuation and measurement of these risks, as well as implementing control documents for business unit on an on-going basis to ensure that external and internal rules are complied with.

8.2.2 Second Line of Defence – Risk and Control Functions

The second line of defence is responsible for independent follow-up of risks and compliance as well as for a comprehensive analysis and reporting of Swedbank's risks. It maintains principles and frameworks for first line risk management as well as conducting independent validation of methods and models for

risk measurement and control, and validation of adequacy risk mitigation. Swedbank's second line of defence consists of Group Risk and Group Compliance.

8.2.3 *Third Line of Defence – Internal Audit*

The third line of defence is the part of the organisation that is responsible for the independent evaluation (review) of the work in both first and second lines of defence. Internal audit is the third defence line. Internal audit is wholly independent, with a reviewing and, to a certain amount, an advisory function, which has the task of evaluating and thereby improving operations in Swedbank. The internal audit function is a direct subordinate to the Board of Swedbank and is organisationally separated from the bank's other activities.

8.3 **Management**

8.3.1 *Board of Directors*

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

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

Name	Year of birth	Board member since	Position	Independent/dependent
Göran Persson	1949	2019	Chair	Independent
Bo Magnusson	1962	2019	Vice Chair	Independent
Bodil Eriksson	1963	2016	Member	Independent
Josefin Lindstrand	1976	2019	Member	Independent
Mats Granryd	1962	2017	Member	Independent
Bo Johansson	1965	2017	Member	Dependent in relation to Swedbank due to employment and independent in relation to Swedbank's major shareholders
Anna Mossberg	1972	2018	Member	Independent
Magnus Uggla	1952	2017	Member	Independent
Kerstin Hermansson	1957	2019	Member	Independent
Camilla Linder	1968	2013	Employee Representative	—
Roger Ljung	1967	2015	Employee Representative	—

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

Göran Persson: Mr. Persson has been the Chair of the board since June 2019. He holds a Sociology and political science degree from the University of Örebro. Mr. Persson was the Swedish Finance Minister between 1994-1996 as well as the Swedish Prime Minister between 1996-2006. He previously held positions as chair at Sveaskog and Scandinavian Air Ambulance. Mr Persson is the chair at LKAB, chair at Greengold, board member at Wiklöf Holding AB and a board member at Ålandsbanken and currently holds a position as senior advisor for JKL Group.

Bo Magnusson: Mr. Magnusson has been the Vice chair of the board since June 2019. He has completed an Executive Leadership Program at Wallenberg Institute. Previously, he held the position

as chair at SBAB Bank AB, Carnegie Holding AB, Carnegie Investment Bank AB, Fastighetsbolaget Norrporten AB, 4T-WyWallet and NS Holding AB. He has also held various leading positions in SEB. Mr. Magnusson is currently the chair at Rikshem AB and Rikshem Intressenter AB. He is also a Board member at KBC Bank NV.

Bodil Eriksson: Ms. Eriksson has been a member of the Board since 2016. Ms. Eriksson studied French literature at Uppsala University, Foreign Correspondance at the University in Lausanne and Brighton, and she also studied at RMI-Berghs. Ms Eriksson is CEO at Volvo Cars Mobility. Previously, she was Executive Vice President at Volvo Cars USA, LLC, Senior Vice President at Volvo Car Corporation, Executive Vice President at Apotek Hjärtat, Senior Vice President at SCA, as well as Executive Vice President at Axfood.

Josefin Lindstrand: Ms. Lindstrand has been a member of the Board since June 2019. She holds a Master of Laws and a University Diploma in Business Administration at the University of Stockholm. She has previously worked at BNP Paribas, Citi, Advokatfirman Hammarskiöld & Co and has been board member of SevenDays Finans AB as well as vice chairman of Sörmlands Sparbank. Ms Lindstrand is the founder and owner of Clearstone AB and currently holds a position as specialist advisor within corporate governance through private practice.

Mats Granryd: Mr. Granryd has been a member of the Board since 2017. He earned his Master of Science degree at the Royal Institute of Technology in Stockholm. Mr. Granryd is the General Director at GSMA and has previously been the President and CEO of Tele2. Mr. Granryd has also held senior positions at Ericsson and is the chair at COOR.

Bo Johansson: Mr. Johansson has been a member of the Board since 2017. He holds a Master of Science degree in business and economics. Mr. Johansson is the CEO of Swedbank Sjuhärad AB and has previously served as Head of Trade Finance at Swedbank Markets, Bank Manager at Swedbank AB Jämtland/Härjedalen and acting branch manager at Sparbanken Sveg.

Anna Mossberg: Ms. Mossberg became a member of the Board in 2018. She holds a Master of Science from Luleå University of Technology, an executive MBA from both IE University, Spain and Stanford University, U.S. Ms. Mossberg is a full-time director and board member at SwissCom AB. Previously, she has been a business area manager at Google Sweden AB, an MD at Bahnhof AB, SvP, Strategy and Portfolio Management, Deutsche Telecom AG, Director of Internet Services at Telia AB and Vice President at Telia International Carrier AB.

Magnus Ugglå: Mr. Ugglå has been a member of the Board since 2017 and is a full time director. He has completed a Master of Science degree at the Royal Institute of Technology in Stockholm, a Master of Business Administration at the Stockholm School of Economics and the Stanford Executive Program. Previously, Mr. Ugglå was the Vice President of Svenska Handelsbanken, Head of Handelsbanken's UK region and Head of the Stockholm region. Mr. Ugglå has also worked for the Swedish Ministry of Industry, Axel Johnson AB and the Swedish Central Bank.

Kerstin Hermansson: Ms. Hermansson has been a member of the board since the beginning of 2019. She holds a Law degree from Lund University. Previously, Ms. Hermansson was the CEO of Swedish Securities Dealers Association. Ms. Hermansson has also worked as Global Head of Legal & Compliance at Enskilda Securities AB, a subsidiary within SEB Group. She is also a board member of the Seventh Swedish National Pension Fund and Swedsec Licensing AB.

Camilla Linder: Ms. Linder has been an employee representative to the Board since 2015 and deputy since 2013. Ms. Linder has previously worked at Sparbanken Alfa and Föreningssparbanken. Ms. Linder is also the chair of Finansförbundets koncernklubb Swedbank and board member of SPK.

Roger Ljung: Mr. Ljung has been an employee representative to the Board since 2015. Mr. Ljung is a Business advisor at Swedbank. Previously he was a retail advisor and branch manager at Swedbank.

Mr. Ljung is also a board member of Finansförbundets förbundsstyrelse, deputy chair of Finansförbundets koncernklubb Swedbank, board member of Finans och Försäkringsbranchens Akassa and deputy chair of SPK.

The office address of the members of the Board is c/o Swedbank (publ), Landsvägen 40, SE-172 63 Sundbyberg Stockholm, Sweden. None of the Board members have any family relationship with any other Board member or any members of the Group Executive Committee.

During the last five years none of the members of the Board have been involved in any bankruptcies, receiverships or liquidations in any capacity as a member of the board of directors of a company or members of the management of a company. None of the members of the Board have been convicted in relation to fraudulent offences during the last five years or been subject to any public incrimination or sanctions by statutory or regulatory authorities (including designated professional bodies), and none of the directors have been disqualified by a court from acting as members of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company during the last five years.

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

The members of the Board are not entitled to any benefits upon retirement from the Board.

8.3.2 **Group Executive Committee**

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

Name	Year of birth	Position	Employed Since
Anders Karlsson	1966	Acting President and CEO	2010
Aet Altroff	1972	Head of Group Customer Value Management	1994
Ģirts Bērziņš	1973	Head of Strategy within Digital Banking	2011
Mikael Björknert	1966	Chief Strategy Officer Acting Head of Swedish Banking	2010
Lars-Erik Danielsson	1962	Chief Credit Officer	1990
Anders Ekedahl	1960	Head of Anti-Financial Crime Unit (AFC)	1987
Charlotte Elsnitz	1969	Head of Baltic Banking	2007
Ragnar Gustavii	1961	Head of CEO Office	2017
Leif Karlsson	1966	Head of Lending & Payments	1990
Ola Laurin	1971	Head of Large Corporates & Institutions	2000
Lotta Lovén	1967	Head of Digital Banking	2004
Helo Meigas	1965	Chief Risk Officer	2004
Carina Strand	1964	Head of HR	2017
Niclas Olsson	1975	Acting CFO Head of Group Finance	2012
Tomas Hedberg	1963	Head of Group Treasury	2000
Tarmo Pajumets	1959	Acting Head of Group IT	1992
Kerstin Winlöf	1966	Head of Group Savings	2019

The office address of the members of the Group Executive Committee is c/o Swedbank (publ) Landsvägen 40, 172 63 Sundbyberg, Sweden. None of the members of the Group Executive Committee has any family relationship with any other member of the Group Executive Committee or member of the Board of Directors.

None of the members of the Group Executive Committee have, during the past five years, been involved in any bankruptcies, receiverships or liquidations in any capacity as a member of the Board of Directors of a company or members of the management of a company. None of the members of the Group Executive Committee have been convicted in relation to fraudulent offences during the last five years or been subject to any public incrimination or sanctions by statutory or regulatory authorities (including designated professional bodies), and none of the members of the Group Executive Committee have been disqualified by a court from acting as members of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company during the last five years.

The Board of Directors have adopted a Conflict of Interest Policy that sets the Group's approach as regards conflicts of interest. The Policy defines the key conflicts of interest that impact the Group as well as detailing its mitigating actions. A key function related to this is the process for disclosure of ancillary assignments.

Some or all of the members of the Group Executive Committee are customers of Swedbank and accordingly have ordinary customer relationships with Swedbank.

8.4 Auditor

The Auditor is appointed by the AGM after being nominated by the Nomination Committee. Auditing duties are normally for four years, although a decision may be made to replace the Auditor before the conclusion of the four-year period. At the 2017 AGM, Svante Forsberg was replaced by Patrick Honeth as the chief Auditor, in accordance with the standard rotation policy. The Auditor presented his review and comments to the Board four times in 2018. On one of these occasions, no one from the executive management was present. In addition, the Auditor regularly meets with the Chair of the Board, the Chair of the Audit Committee, executive management and other operating managers. The Group's interim reports are reviewed by its Auditor. In accordance with its Articles of Association, Swedbank shall have no less than one or more than two authorised public accountants. During 2017 and 2018, the appointed Auditor was Deloitte AB, Sweden, with Authorised Public Accountant Patrick Honeth as Chief Auditor. Patrick Honeth has supervised auditing duties for the Group since 2017. Due to auditor rotation requirements, Deloitte AB could not be re-appointed for another four-year period at the 2018 AGM and was instead reappointed until the end of the 2019 AGM.

At the 2019 AGM, PwC Sverige AB was elected as auditor for the period until the end of the 2023 AGM. Anneli Granqvist is the Chief Auditor and is also a member of FAR (the institute for the accountancy profession in Sweden).

8.5 Corporate Governance

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

During 2018, Swedbank launched a review of its corporate governance, policies and operational processes from the standpoint of climate change. The bank has also begun identifying risks and opportunities based on various scenarios and how these scenario analyses feed into the business plans ratified by the Board.

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

corporate governance as the relationship between shareholders, executive management, employees, the Group and other stakeholders.

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

8.6 Annual General Meeting

The AGM is the Group's highest decision-making body, where the shareholders exercise their rights. The AGM is normally held before the end of April or, under special circumstances, not later than 30 June. The 2019 AGM was held in Stockholm on Thursday 28 March 2019.

On 19 June 2019, an extraordinary general meeting was held where Göran Persson was elected as chair of the board, and Bo Magnusson and Josefin Lindstrand were elected as new board members.

9 Capital Management

9.1 Capital Adequacy

The following tables set out the Issuer's and the Group's capital adequacy data as of the dates indicated. The Group, as of 31 December 2018 and 30 June 2019, comprised the Issuer and its subsidiaries with the exception of insurance companies. EnterCard Group was included according to the proportional consolidation method.

Capital adequacy, Swedbank consolidated situation			
SEKm	30 Jun	31 Dec	30 Jun
	2019	2018	2018
Shareholders' equity according to the Group's balance sheet	129 403	137 396	128 069
Non-controlling interests	77	72	67
Anticipated dividend ⁶⁾	-5 303	-15 885	-8 285
Deconsolidation of insurance companies	-227	-438	55
Value changes in own financial liabilities	-109	-107	16
Cash flow hedges	-5	-2	-2
Additional value adjustments ¹⁾	-572	-454	-848
Goodwill	-13 938	-13 638	-13 827
Deferred tax assets	-130	-113	-125
Intangible assets	-3 198	-2 974	-2 702
Net provisions for reported IRB credit exposures			
Shares deducted from CET1 capital	-31	-45	-43
Common Equity Tier 1 capital	105 967	103 812	102 375
Additional Tier 1 capital	11 525	10 949	11 850
Total Tier 1 capital	117 492	114 761	114 225
Tier 2 capital	15 590	22 232	17 975
Total capital	133 082	136 993	132 200
Minimum capital requirement for credit risks, standardised approach	3 510	3 328	3 275
Minimum capital requirement for credit risks, IRB	22 260	21 715	22 450
Minimum capital requirement for credit risk, default fund contribution	58	29	34
Minimum capital requirement for settlement risks	0	0	0
Minimum capital requirement for market risks	1 172	1 042	1 159
Trading book	1 161	999	1 119
of which VaR and SVaR	901	719	655
of which risks outside VaR and SVaR	260	280	464
FX risk other operations	11	43	40
Minimum capital requirement for credit value adjustment	350	307	381
Minimum capital requirement for operational risks	5 481	5 182	5 182
Additional minimum capital requirement, Article 3 CRR ²⁾	2 845	2 743	2 277
Additional minimum capital requirement, Article 458 CRR ⁵⁾	16 972	16 685	
Minimum capital requirement	52 648	51 031	34 758
Risk exposure amount credit risks, standardised approach	43 869	41 606	40 939
Risk exposure amount credit risks, IRB	278 258	271 437	280 629
Risk exposure amount default fund contribution	725	357	426
Risk exposure amount settlement risks	0	0	0
Risk exposure amount market risks	14 649	13 024	14 485
Risk exposure amount credit value adjustment	4 373	3 826	4 761
Risk exposure amount operational risks	68 514	64 779	64 779
Additional risk exposure amount, Article 3 CRR ²⁾	35 562	34 286	28 460
Additional risk exposure amount, Article 458 CRR ⁵⁾	212 147	208 567	
Risk exposure amount	658 097	637 882	434 479
Common Equity Tier 1 capital ratio, %	16.1	16.3	23.6
Tier 1 capital ratio, %	17.9	18.0	26.3
Total capital ratio, %	20.2	21.5	30.4
Capital buffer requirement ³⁾			
%	30 Jun	31 Dec	30 Jun
	2019	2018	2018
CET1 capital requirement including buffer requirements	11.6	11.6	11.3
of which minimum CET1 requirement	4.5	4.5	4.5
of which capital conservation buffer	2.5	2.5	2.5
of which countercyclical capital buffer	1.6	1.6	1.3
of which systemic risk buffer	3.0	3.0	3.0
CET 1 capital available to meet buffer requirement ⁴⁾	11.6	11.8	19.1
Leverage ratio			
	30 Jun	31 Dec	30 Jun
	2019	2018	2018
Tier 1 Capital, SEKm	117 492	114 761	114 225
Leverage ratio exposure, SEKm	2 468 399	2 241 604	2 542 282
Leverage ratio, %	4.8	5.1	4.5

Notes:

¹⁾ Adjustment due to the implementation of EBA's technical standards on prudent valuation. The objective of these standards is to determine prudent values of fair valued positions.

²⁾ To rectify for underestimation of default frequency in the model for corporate exposures, Swedbank has decided to hold more capital until the updated model has been approved by the Swedish FSA. The amount also includes planned implementation of EBA's Guideline on new default definition and increased safety margins.

³⁾ Buffer requirement according to Swedish implementation of CRD Directive

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

⁵⁾ Additional risk exposure amount and minimum capital requirement following the changed application of the risk weight floor for Swedish mortgages according to decision from the SFSA.

⁶⁾ Dividend pay-out policy adjusted to 50 per cent of annual profit.

Capital adequacy, Swedbank AB (publ)	30 Jun	31 Dec	30 Jun
SEKm	2019	2018	2018
Common Equity Tier 1 capital	87 584	81 824	80 455
Additional Tier 1 capital	11 513	10 937	11 839
Tier 1 capital	99 097	92 761	92 294
Tier 2 capital	16 193	22 862	18 608
Total capital	115 290	115 623	110 902
Minimum capital requirement	26 472	26 014	26 641
Risk exposure amount	330 895	325 180	333 018
Common Equity Tier 1 capital ratio, %	26.5	25.2	24.2
Tier 1 capital ratio, %	30.0	28.5	27.7
Total capital ratio, %	34.8	35.6	33.3

Capital buffer requirement¹⁾	30 Jun	31 Dec	30 Jun
%	2019	2018	2018
CET1 capital requirement including buffer requirements	8.5	8.5	8.5
of which minimum CET1 requirement	4.5	4.5	4.5
of which capital conservation buffer	2.5	2.5	2.5
of which countercyclical capital buffer	1.5	1.5	1.5
CET 1 capital available to meet buffer requirement ²⁾	22.0	20.7	19.7

Leverage ratio	30 Jun	31 Dec	30 Jun
	2019	2018	2018
Tier 1 Capital, SEKm	99 097	92 761	92 294
Total exposure, SEKm ³⁾	1 213 591	1 017 859	1 339 028
Leverage ratio, % ³⁾	8.2	9.1	6.9

Notes:

¹⁾ Buffer requirement according to Swedish implementation of CRD Directive

²⁾ CET1 capital ratio as reported, less minimum requirement of 4.5% (excluding buffer requirements) and less any CET1 items used to meet the Tier 1 and total capital requirements.

³⁾ Taking into account exemption according to CRR article 429.7 excluding certain intragroup exposures

The table below shows the available distributable items of Swedbank as at 30 June 2019 and 31 December 2018.

Available Distributable Items

Swedbank AB (parent company)	SEKm
Share premium reserve	13 206
Retained earnings	46 974
ADI 2018*	60 180
Dividend**	-15 878
Comprehensive income, 2019	10 992
Other	152
ADI, Jan-Jun, 2019***	55 446

*Based on audited numbers as at 31 December 2018

**Paid out in April 2019

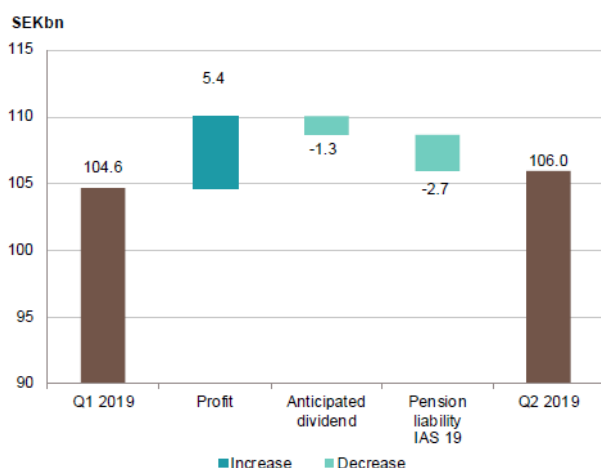
***Available distributable items for the first six months of 2019 are indicative only and reflect known changes to distributable items since 31 December 2018

9.1.1 Basel 3 capital requirements (Pillar 1)

On 16 December 2010, the Basel Committee published its final framework for new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions (the so-called “Basel III” framework). The CET 1 capital ratio according to requirements under Basel III is fully phased-in in Sweden. On a consolidated basis, the ratio of Swedbank’s CET 1 capital to its REA was 16.3 per cent as of 31 December 2018 and 24.6 per cent as of 31 December 2017 and 16.1 per cent as of 30 June 2019.

CET 1 capital increased by SEK 3.3 billion to 103.8 billion as of 31 December 2018 compared to 31 December 2017. This change was mainly attributable to earnings, net of proposed dividend. The change in the accounting for employee benefits (IAS 19), which came into force in 2013, creates volatility in estimated pension liabilities and decreased CET 1 capital by approximately SEK 1.5 billion during 2018. As at 30 June 2019, CET 1 Capital was SEK 106.0 billion. Profit after deducting the proposed dividend increased CET 1 capital by SEK 4.1 billion, at the same time that revised assumptions for IAS 19 reduced CET 1 capital by SEK 2.7 billion.

Change in Common Equity Tier 1 capital 2019, Swedbank consolidated situation



The Group’s REA increased during 2018 by SEK 229.5 billion to SEK 637.9 billion as of 31 December 2018 from SEK 408.4 billion as of 31 December 2017. The main driver of the increase was the change of application of the risk weight floor for Swedish mortgages from Pillar 2 to Pillar 1 under Article 458 of the CRR. Deficiencies in the probability of default (“PD”) model for large corporates, mainly within Baltic Banking, increased REA by SEK 5.8 billion in accordance with Article 3 of the CRR.

Credit risk REA increased by SEK 9.4 billion during 2018, primarily driven by increased volumes in retail exposures within Swedish Banking and Baltic Banking and increased exposures to Corporates within LC&I. Changes in exchange rates, mainly attributable to the Baltic credit portfolio, increased credit risk REA by SEK 4.7 billion in 2018 due to depreciation of the Swedish Krona versus the Euro. PD migrations accounted for an increase of SEK 0.1 billion in total REA. Positive PD migrations were mainly seen in exposures to corporate customers in Baltic Banking and retail mortgage exposures in Swedish Banking's credit portfolios. This was offset by negative PD migrations for Corporate exposures in LC&I. Credit risk REA was SEK 322.9 billion as at 30 June 2019.

In 2018, REA decreased by SEK 6.3 billion due to improved loss given default ("LGD") levels resulting from higher collaterals, mainly for corporate customers in LC&I and from improved processes for handling collateral values. Other credit risk decreased REA by SEK 2.9 billion, consisting of decreased REA due to defaults and shorter maturity.

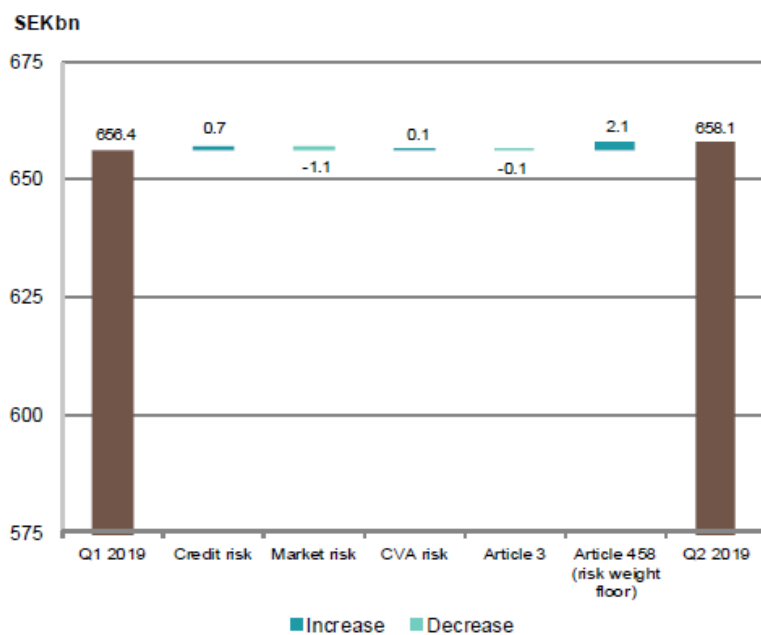
Market risk REA increased by SEK 4.3 billion in 2018. The primary driver for the increase was a change in the input to the internal model used to calculate market risk REA.

REA for credit valuation adjustment increased by SEK 0.1 billion in 2018. The main driver for the increase was higher total exposure at default ("EAD").

The yearly update of the operational risk calculation increased REA by SEK 1.3 billion during the first quarter of 2018, mainly due to increased income levels within the business lines of commercial banking, trading and sales, as well as a change of method for PayEx. This impacted the capital requirement for operational risks, since it is calculated based on a rolling three-year average of revenues.

In the first half of 2019, REA for credit risk rose SEK 0.7 billion. Increased lending and FX effects contributed to the increase but were offset by positive PD (probability of default) migrations and increased collateral values. Increased mortgage exposures contributed to an increase in total REA of SEK 2.1 billion due to the risk weight floor for Swedish mortgages (article 458 of the CRR). REA for market risk decreased SEK 1.1 billion due to lower exposures. REA for CVA increased SEK 0.1 billion. The quarterly review of additional risk exposures for article 3 of the CRR resulted in a reduction in REA of SEK 0.1 billion.

Change in REA 2019, Swedbank consolidated situation



Since 2014, Swedish banks have been required to report their leverage ratio to regulators, and a formal disclosure requirement was introduced in the first quarter of 2015. According to EU regulations, the

measure is expected to be evaluated by the authorities prior to the possible introduction of a minimum leverage ratio requirement in 2022. The leverage ratio can be used to ensure a minimum capital level in relation to the size of the balance sheet. Swedbank's leverage ratio (according to CRR) was 5.1 per cent as of 31 December 2018 and 4.8 per cent. as at 30 June 2019.

9.1.2 Swedish Capital Requirements regulation

Minimum capital requirements, implemented and proposed capital buffers and Pillar 2 capital requirements that Swedbank is required to meet are set out in the table below:

Capital Requirements: Fully Implemented Buffers and Pillar 2 Requirements¹

	CET 1	AT1	T2	Total Capital⁵
Pillar 1				
Minimum CET 1 Requirement.....	4.5%	1.5%	2.0%	8.0%
Systemic Buffer ²	3.0%	—	—	3.0%
Capital Conservation Buffer	2.5%	—	—	2.5%
Countercyclical Buffer	1.6%	—	—	1.6%
Total	11.6%	1.5%	2.0%	15.1%
Pillar 2³				
Mortgage Floor ⁴				
Systemic Buffer	2.0%	—	—	2.0%
Individual Pillar 2 Charge	0.9%	0.1%	0.2%	1.3%
<i>of which Interest rate risk in the banking book</i>	<i>0.3%</i>	<i>0.0%</i>	<i>0.1%</i>	<i>0.4%</i>
<i>of which Credit-related concentration risk</i>	<i>0.3%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.5%</i>
<i>of which Adjustment to corporate risk weights (probability of default)</i>	<i>0.2%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.3%</i>
<i>of which Maturity floor for corporate exposures</i>	<i>0.1%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.2%</i>
<i>of which Pension risk</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
<i>of which Other</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Total⁵	2.9%	0.1%	0.2%	3.3%
Capital Requirements	14.6%	1.6%	2.2%	18.4%

Notes:

¹ Swedbank's calculation based on SFSA's announced capital requirements, including Pillar 2 requirements.

² Other systemically important institution buffer (O-SII buffer) entered into force on 1 January 2016. The higher of the systemic risk buffer and the O-SII buffer applies. The O-SII buffer is 2%.

³ Systemic buffer and Individual Pillar 2 charge as of 31 December 2018. The individual Pillar 2 charge items as of 31 December 2018, according to SFSA's SREP report of 29 September 2018, in relation to REA as of 30 June 2019.

⁴ The mortgage floor capital requirement in Pillar 2 is replaced with the requirement within the framework of Article 458 of 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 and amending Regulation (EU) No 648/2012 (CRR) to include risk weight floor for Swedish mortgages in the Pillar 1.

⁵ Total values may not add up exactly due to rounding.

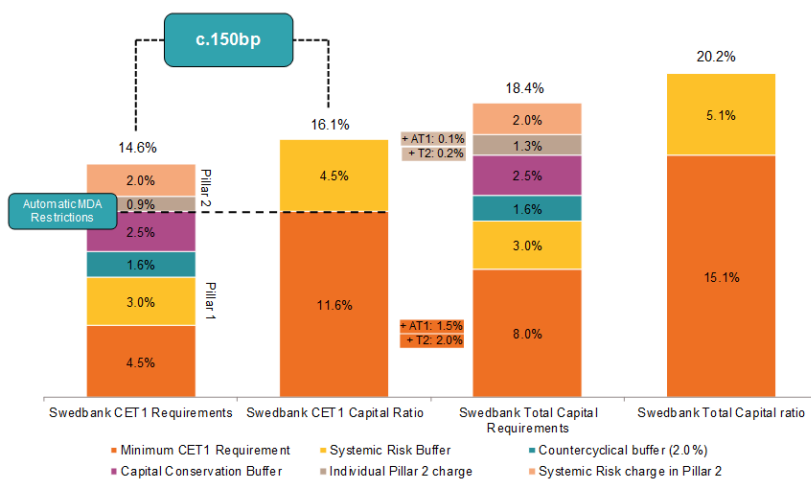
In 2014, the SFSA decided which capital requirements would apply to Swedish banks beyond the minimum level of 7 per cent CET 1 capital (including the mandatory capital conservation buffer of 2.5 per cent) in accordance with the EU rules. As of 1 January 2015, the four major Swedish banks are required to maintain a systemic risk buffer of 3 per cent in CET 1 capital within the framework of Pillar 1 and a further 2 per cent within the framework of Pillar 2. The countercyclical buffer rate for Swedish exposures has been set at 2.0 per cent since 19 March 2017 and will be increased to 2.5 per cent by 19 September 2019.

Due to the increase in the risk weight floor for the Swedish mortgage portfolio from 15 per cent in 2013 to 25 per cent in 2014 and the countercyclical buffer rate of 2.0 per cent from March 2017, Swedbank has been required to maintain additional CET 1 capital for Swedish mortgages within the framework of Pillar 2. From the end of 2018, this Pillar 2 requirement has been replaced with the requirement within the framework of Article 458 of 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 and amending Regulation (EU) No 648/2012 (“CRR”) to include risk weight floor for Swedish mortgages in the Pillar 1 framework. The change has not materially affected Swedbank’s CET 1 requirement expressed in nominal monetary terms, and as of 31 December 2018, Swedbank held an additional SEK 16.7 billion in CET 1 capital due to the mortgage risk weight floor. In its internal controls, Swedbank allocates capital to its mortgage business equivalent to a 25 per cent risk weight floor.

Since 2015, the SFSA has, in the course of its supervisory review and evaluation process (“SREP”) used standardised methods for assessing capital requirements within the framework of Pillar 2 for credit-related concentration risk, interest rate risk in the banking book and pension risk.

The total capital requirement for Swedbank, calculated as of 31 December 2018 on the basis set out in the table above, is equivalent to a CET 1 capital ratio of 14.6 per cent and a total capital requirement amounting to 18.4 per cent. Swedbank’s actual CET 1 ratio and total capital ratio as of 31 December 2018 were 16.3 per cent and 21.5 per cent, respectively. As of 30 June 2019, Swedbank’s actual CET 1 ratio and total capital ratio were 16.1 per cent and 20.2 per cent, respectively. It is therefore expected that the Group has an adequate buffer above the fully implemented capital requirement to manage volatilities in capital and the REA. According to its financial targets Swedbank’s Common Equity Tier 1 capital ratio will exceed the Swedish FSA’s requirement by 100 to 300 basis points.

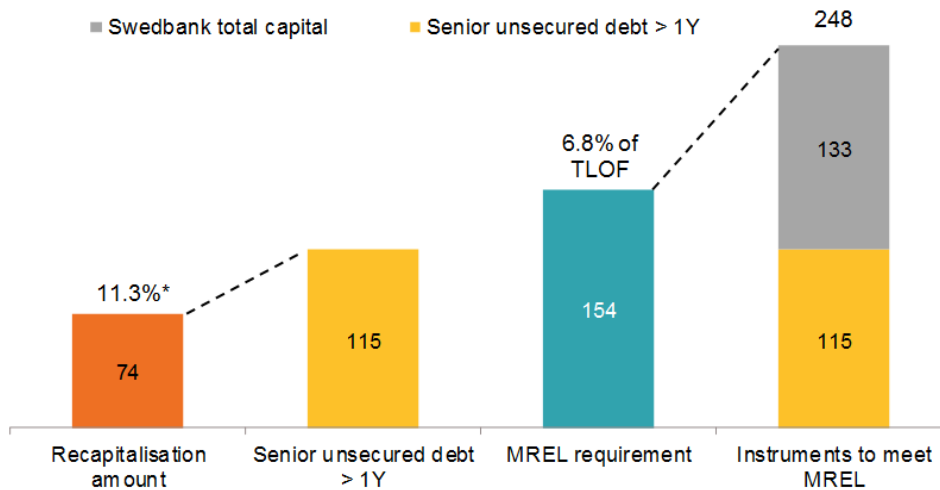
Composition of Swedbank’s CET1 and total capital ratio requirements as at 30 June 2019



9.2 MREL Requirements

MREL requirements for 2019 were set and published by the Swedish National Debt Office on 20 December 2018. The total MREL requirement for Swedbank on a consolidated basis, excluding insurance, was set as 6.8 per cent. of total liabilities and own funds. The recapitalisation amount is determined to be equal to Pillar 1 and Pillar 2 capital requirements less combined buffer requirements.

Swedbank consolidated situation MREL requirement, SEKbn**



* % of Risk Exposure Amount

** Based on Q2 2019 numbers

10 Market Information

The Shares (as defined under “Description of the Shares”) are listed on Nasdaq Stockholm. The ISIN for the Shares is SE0000242455. Information about the past performance of the Shares and their volatility can be obtained from the website of Nasdaq Stockholm at www.nasdaqomxnordic.com. Nasdaq Stockholm can trace its roots from the foundation of the Stockholm stock exchange in 1863 and is the major stock exchange in Sweden with status as a regulated market as defined in Directive 2014/65/EU. It is supervised by the Swedish FSA.

The total share trading volume of Nasdaq Stockholm during 2018 was more than SEK 4,400 billion. Prices are published on the website of Nasdaq Stockholm, and they are published within 15 minutes of a change occurring.

11 Description of the Shares

Form and denomination

Under its Articles of Association, as presently adopted, there is only one class of shares, (the "Shares") in the capital of the Issuer. The Shares are denominated in SEK and their quota value is SEK 22 per share as at the date of this Offering Circular.

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

The Shares have been issued, and any new Shares will be issued, in accordance with Swedish law. The rights associated with the Shares that are set forth in the Articles of Association of the Issuer, can only be changed in accordance with the procedures stipulated in the Swedish Companies Act (Sw: aktiebolagslagen (2005:551)), the Swedish Banking and Financing Business Act (Sw: lagen (2004:297) om bank- och finansieringsrörelse) and the Swedish Resolution Act (Sw: lagen (2015:1016) om resolution). Furthermore, any amendments to the Issuer's Articles of Association will be subject to the approval of the Swedish FSA.

Supervisory approval for certain acquisitions of Shares

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

Non-compliance with such disclosure and/or approval requirements may lead to the incurrance by the

Noteholder of substantial fines and/or suspension of voting rights associated with the Shares.

Reporting requirements at certain levels of shareholding

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

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

Mandatory bids

A holder of less than 30 per cent. of the voting rights of the Issuer (or someone holding no voting rights) who acquires enough Shares such that its total holding amounts to at least 30 per cent. of the voting rights of the Issuer is obliged pursuant to the Swedish Stock Market (Takeover Bids) Act (2006:451) (as amended or replaced from time to time) implementing Directive 2004/25/EC of the European Parliament and of the Council

to publish immediately the size of its holding (together with those of related parties) and, no later than four weeks thereafter, make a public offering for the remaining outstanding Shares.

Right to attend general meetings of shareholders

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

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

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

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

Right to receive dividends

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

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

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

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

Preferential rights in case of new share issues

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

Share repurchases by the Issuer

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

Information to shareholders

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

Compulsory acquisition proceedings

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

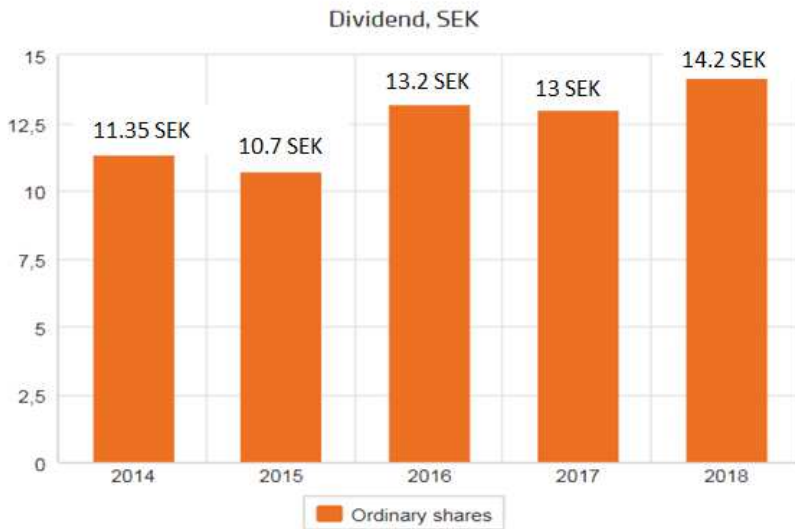
Transfers of Shares

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

Trading and historic performance

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

The following chart and table show the dividends on the Shares for the previous five years:



Source: Swedbank Annual Report 2018.

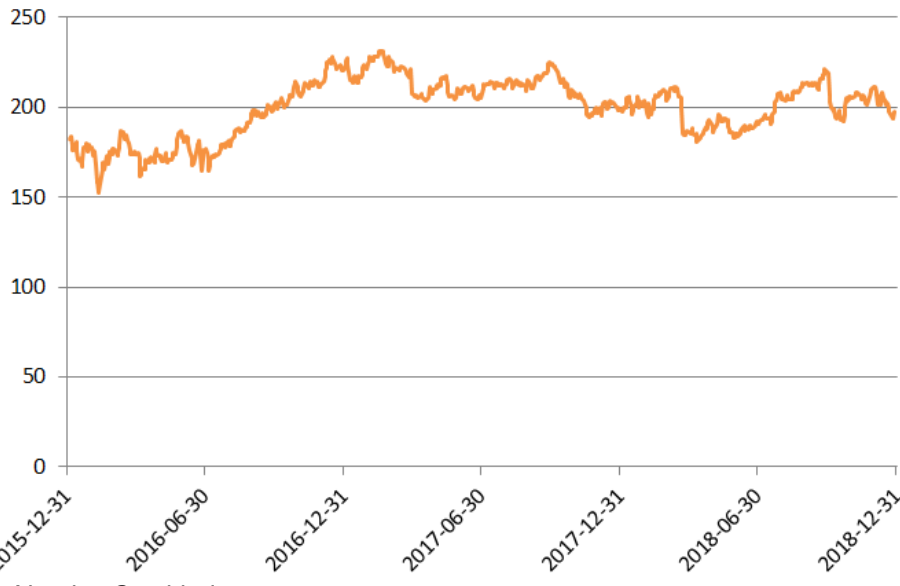
Dividend period	2018	2017	2016	2015
Cash dividend per A share, SEK	14.2	13	13.2	10.7
Dividend ratio, %	75	75	75	75
Dividend growth, A shares, %	9	-2	23	-6
Yield per year-end, A shares, per cent*	7.2	6.6	6	5.7

*Based on share price at year-end

Source: Swedbank Year End report 2015-2018

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

SEK



Source: Nasdaq Stockholm

12 Taxation

12.1 Swedish Taxation

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

Under Swedish law payments of any principal or any amount that is considered to be interest for Swedish tax purposes to a Noteholder will not be subject to Swedish income tax, provided that such holder is neither (i) resident in Sweden for tax purposes nor (ii) engaged in trade or business in Sweden through a permanent establishment to which the Notes are effectively connected.

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

Subject to what is set out below, a holder of a Note or a Conversion Share that is neither (i) resident in Sweden for tax purposes nor (ii) engaged in trade or business in Sweden through a permanent establishment to which the Notes or Conversion Shares are effectively connected will not be the subject of any Swedish income taxes in connection with the conversion of any Note into Conversion Shares or in connection with the disposal of any Note or Conversion Share. However, such a holder of a Conversion Share will be subject to Swedish withholding tax on any dividend payments and certain other distributions in relation to the Conversion Shares (*Sw: kupongskatt*) at a tax rate of 30 per cent. (subject to any exemptions under Swedish law or exemptions or reduced tax rates under any applicable tax treaty for the avoidance of double taxation).

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

12.2 The Proposed Financial Transaction Tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “Commission’s Proposal”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”). However, Estonia has since stated that it will not participate.

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

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.

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

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

12.3 FATCA Withholding

Pursuant to certain provisions of U.S. law, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting or related requirements. The Issuer believes that it is a foreign financial institution for these purposes. A number of jurisdictions (including Sweden) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of these rules to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are not clear at this time. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

13 Subscription and Sale

The Joint Lead Managers have, pursuant to a Subscription Agreement (the “Subscription Agreement”) dated 27 August 2019, jointly and severally agreed to subscribe and pay or, in the case of Swedbank AB (publ) (in its capacity as a joint lead manager), to procure subscribers, for the Notes at the issue price of 100.00 per cent. of the principal amount of the Notes. The Issuer will pay a commission to the Joint Lead Managers pursuant to the Subscription Agreement. The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

13.1 General

No action has been or will be taken in any country or jurisdiction by the Issuer or the Joint Lead Managers that would permit a public offering of the Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver the Notes or have in their possession or distribute such offering material, in all cases at their own expense.

13.2 United States of America

Regulation S Category 2

The Notes and any Conversion Shares to be delivered following the occurrence of a Trigger Event (as defined in the Terms and Conditions of 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, or not subject to, 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 United States tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by United States Treasury regulations. Terms used in the preceding sentence have the meanings given to them by the United States Internal Revenue Code of 1986, as amended, and Treasury regulations promulgated thereunder.

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

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

13.3 Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the EEA. For the purposes of this provision the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

13.4 United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

13.5 Canada

Each Joint Lead Manager has represented and agreed that the Notes may be offered, sold and delivered only to purchasers in Canada purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

13.6 Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per la Società e la Borsa* (“CONSOB”) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except in accordance with any Italian securities tax and other applicable laws and regulation.

Each Joint Lead Manager has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Offering Circular or any other document relating to the Notes 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 (“Regulation No. 11971”), all as amended from time to time; 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.

In any event, 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:

- (i) be 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. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993 (the "Banking Act"), all as amended from time to time; and
- (ii) comply with any other applicable laws and regulations, including any limitation or requirements imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other competent authority.

13.7 Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold the Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

13.8 Hong Kong

Each Joint Lead Manager has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) ("SFO") other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "CWUMPO") or which do not constitute an offer to the public within the meaning of the CWUMPO; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

14 General Information

1. Application has been made to Euronext Dublin for the Notes to be admitted to the Official List of Euronext Dublin and trading on the Global Exchange Market of Euronext Dublin with effect from the Issue Date.
2. The issue of the Notes was duly authorised by the Issuer at a meeting of the board of directors held on 22 August 2019.
3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN in respect of the Notes is XS2046625765 and the Common Code in respect of the Notes is 204662576. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. Euroclear and Clearstream, Luxembourg are the entities in charge of keeping the records.
4. There has been no significant change in the financial or trading position of the Swedbank Group since 30 June 2019. There has been no material adverse change in the prospects of the Issuer since 31 December 2018.
5. Except as disclosed in this Offering Circular under the heading “*Risk Factors – Risks Relating to the Group - The Group is exposed to anti-money laundering and sanctions compliance risks, and is currently cooperating with investigations by authorities into allegations that the Group may have processed money laundering transactions.*” there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer or the Group.
6. Deloitte AB (Authorised Public Accountants) of Rehnsgatan 11, SE-113 79 Stockholm, Sweden, have audited the financial statements of the Issuer for the financial years ended 31 December 2018 and 31 December 2017. PricewaterhouseCoopers AB (Authorised Public Accountants) of Torsgatan 21, SE-113 97, Stockholm, Sweden has been appointed as the Issuer’s independent registered public accounting firm for the financial year ending 31 December 2019 onwards (replacing Deloitte AB).

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

7. For so long as Notes are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market of Euronext Dublin, hard copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the offices of the Issuer (which, at the date of this Offering Circular, are at SE-105 34 Stockholm, Sweden) and the specified office of the Fiscal Agent in London:
 - (a) Certificate of Registration and Articles of Association of the Issuer;
 - (b) the Agency Agreement;
 - (c) the Deed of Covenant;

- (d) the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2018 and 2017 in each case together with the audit reports prepared in connection therewith; and
 - (e) the unaudited financial information in the published unaudited interim report of the Issuer as at 30 June 2019.
8. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Offering Circular and is not itself seeking admission of the Notes to the Official List or to trading on the Global Exchange Market of Euronext Dublin.
 9. Some of the Joint Lead Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.
 10. The indication of the yield of the Notes is 5.624 per cent. per annum and is calculated as at the date of this Offering Circular on the basis of the issue price and the Initial Rate of Interest. It is not an indication of future yield.
 11. 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.
 12. Permanent Global Notes, Definitive Notes, and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE."

THE ISSUER

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*For the financial years ended 31 December 2018
and 31 December 2017*

*For the financial year ending 31 December 2019
onwards*

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