



LÄNSFÖRSÄKRINGAR BANK AB (publ)

(incorporated with limited liability in Sweden under corporate registration number 516401-9878)

EUR 2,000,000,000

Euro Medium Term Note Programme

Due from One month from the date of original issue

Under the Euro Medium Term Note Programme described in this Base Prospectus (the **Programme**), Länsförsäkringar Bank AB (publ) (the **Issuer** or the **Bank**), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the **Notes**). The aggregate nominal amount of Notes outstanding will not at any time exceed €2,000,000,000 (or the equivalent in other currencies).

An investment in Notes issued under the Programme involves certain risks. For a discussion of some of these risks see “*Risk Factors*”.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the CSSF) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the **Prospectus Act 2005**) to approve this document as a base prospectus. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for the Notes to be listed on the official list and traded on the Regulated Market of the Luxembourg Stock Exchange. In relation to Notes listed on the official list and traded on the Regulated Market of the Luxembourg Stock Exchange, this Base Prospectus is valid for a period of one year from the date hereof. References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange’s regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange’s Regulated Market is a regulated market for the purposes of the Directive on Markets in Financial Instruments (Directive 2004/39/EC).

The requirement to publish a prospectus under the Prospectus Directive only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area and/or offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Base Prospectus to **Exempt Notes** are to Notes for which no prospectus is required to be published under the Prospectus Directive. The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.

Each Series (as defined in “*Overview of the Programme*”) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a **temporary Global Note**) or a permanent global note in bearer form (each a **permanent Global Note**). Notes in registered form will be represented by registered certificates (each a **Certificate**), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Global Notes and Certificates may (or in the case of Notes listed on the Luxembourg Stock Exchange will) be deposited on the issue date with a common depositary or, as the case may be, a common safekeeper on behalf of Euroclear Bank S.A./N.V. (Euroclear) and Clearstream Banking, *société anonyme* (Clearstream, Luxembourg). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in “*Summary of Provisions Relating to the Notes while in Global Form*”.

Tranches of Notes (as defined in “*Overview of the Programme*”) may be rated or unrated. Where a Tranche of Notes is rated, such rating will be specified in the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes). It is expected that Senior Notes (as defined in “*Terms and Conditions of the Notes*”) will be rated A by Standard & Poor’s Credit Market Services Europe Limited (Standard & Poor’s) and A3 by Moody’s Investors Service Limited (Moody’s). 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. See “*Overview of the Programme*” for the meanings of the ratings set out above.

Each of Standard & Poor’s and Moody’s is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, each of Standard & Poor’s and Moody’s is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche of Notes will (other than in the case of Exempt Notes, as defined above) be set out in a final terms document (the **Final Terms**) which will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). In the case of Exempt Notes, notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche will be set out in a pricing supplement document (the **Pricing Supplement**).

Arranger

UBS Investment Bank

Dealers

Credit Suisse

Nordea

Swedbank

UBS Investment Bank

Danske Bank

SEB

The Royal Bank of Scotland

The date of this Base Prospectus is 27 June 2014

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme for the purposes of Article 5.4 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**). The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms or, in the case of Exempt Notes, the Pricing Supplement for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and makes no omission likely to affect its import.

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*” below).

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger (as defined in “*Overview of the Programme*”). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Issuer and its subsidiaries and affiliates taken as a whole (the **Bank Group**) since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Bank Group since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see “*Subscription and Sale*”.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.

The Arranger and the Dealers have not separately verified the information contained in this Base Prospectus. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Prospective investors should have regard to the factors described under the section headed “*Risk Factors*” in this Base Prospectus. The Base Prospectus does not describe all of the risks of an investment in the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Bank Group during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche, the Dealer or Dealers (if any) acting as the stabilisation manager(s) (the **Stabilisation Manager(s)**) (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of

the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

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

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate 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 (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

In this document, unless otherwise specified or the context otherwise requires, all references to **U.S. dollars**, **U.S.\$** and **dollars** are to the lawful currency of the United States of America, references to **euro**, **EUR** 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 **Sterling** and **£** are to the lawful currency of the United Kingdom, and references to **Swedish Kronor**, **Kronor**, **Swedish Kрона**, **Krona** or **SEK** are to the lawful currency of the Kingdom of Sweden.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

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Risk Factors

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Base Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read all other information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

RISKS RELATING TO THE ISSUER

Risks relating to the Kingdom of Sweden

The government debt issues in Sweden are rated Aaa by Moody's and AAA by Standard & Poor's. Relatively healthy public finances, a declining government debt and a competitive export sector, together with a well-educated labour force and a high standard of living are some of the credit strengths that are significant for Sweden. On the credit challenging side are high tax rates and rigidities in labour and product markets. Although Sweden has an ageing population, the pension system reforms will help insulate these costs from the rest of the government finances.

Risks relating to the Swedish banking industry

Sweden has one of the most consolidated banking sectors in Europe, dominated by four large banks. The risks within the banking sector mainly consist of credit and market risks. Credit risk refers to the risk that a counterparty cannot meet its obligations and the risk that pledged assets will not cover the claim. Market risk is defined as the risk that changes in interest rates, exchange rates and share prices will lead to a decline in the value of the bank's net assets and liabilities. The banking sector in Sweden has comparatively low levels of credit and market risks. The low credit risk profile reflects the dominance of retail business among Swedish banks. High cost efficiency and low risk profile are significant to the Swedish bank sector. Increasing competition and lower margins are future challenges for all the players within the sector.

Credit risks

Investors investing in Notes take a credit risk on the Issuer. Credit risk is the potential risk of financial loss arising from the failure of a counterparty to fulfil its financial obligations as they fall due (and such loss is not covered by any collateral (if any)). The Issuer's credit risk primarily arises from its lending activities. Furthermore, credit risk includes transfer risk, settlement risk and credit risk in financial instruments such as derivatives.

One of the Bank Group's core and main businesses is residential mortgage lending to Swedish borrowers. The business risk principally pertains to credit risks on the Bank Group's customers. The Bank Group's business shows relatively low credit risks and the Bank Group has historically showed low credit losses. This is largely due to the fact that the Bank Group lends against security over Swedish residential real property (*fastigheter*), residential site leasehold rights (*tomträtter*) and residential tenant ownership rights (*bostadsrätter*). The volume of historical credit losses is however not any indication as to the volume of any future credit losses.

As the principal part of the Bank Group's lending is made against security over real property, site leasehold rights and tenant ownership rights, the risks associated with the Bank Group's business are linked to the development of the Swedish real estate and housing market.

Operating within the banking sector and offering financial products and services involves taking calculated risks. The risks linked with these products and services are taken consciously and shall be reflected in, and covered by, the prices offered to the customers. Significant risks that the Issuer is exposed to are credit risks,

market risks, liquidity risks, counterparty risks, operational risks, regulatory risks, competition and business risks (see below). Failure to control these risks can result in a material adverse effect on the Issuer's financial position.

Market risks

The Issuer currently lends in Swedish Kronor but may fund itself in foreign currencies. The currency risk arising in connection with the funding is limited by the use of derivative instruments. There are also interest rate risks in the Issuer's business, which arise when there is an imbalance in the interest rate structure between its assets and liabilities and corresponding off-balance-sheet items. The Issuer limits its exposure to interest rate fluctuations by the use of derivative instruments and by matching the interest rate and the maturity structure for its assets and liabilities.

Risks relating to disruptions in the global credit markets and economy

Financial markets are subject to periods of volatility which may impact the Issuer's ability to raise debt in a similar manner, and at a similar cost, to the funding raised in the past. These conditions and changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, may affect the financial performance of the Issuer. In addition, the financial performance of the Issuer could be adversely affected by a worsening of general economic conditions in the markets in which it operates.

Liquidity and financing risks

Liquidity risk is the risk of the Issuer, due to insufficient cash and cash equivalents, being unable to fulfil its commitments or only being able to fulfil its commitments by borrowing cash and cash equivalents at a significantly higher cost. Liquidity risk also refers to the risk of financial instruments that cannot immediately be converted to cash and cash equivalents without decreasing in value. Financing risk is the risk that the Issuer, in the event of financing maturity, does not successfully refinance the maturity or only succeeds in borrowing at substantially increased costs. The Issuer's lending is to a large extent made on longer terms than the Issuer's funding. Therefore, the Issuer is dependent on the ability to refinance borrowings upon their maturity.

Counterparty risks

Counterparty risk is the risk of a counterparty being unable to fulfil its commitments to the Issuer, which could lead to losses. The Issuer's counterparty risk relates to agreements with counterparties for interest-rate and currency swaps. Failure to control these risks can result in a material adverse effect on the Issuer's financial position.

Operational risks

Although identification, management and control of operational risks is a clear and integrated part of the Issuer's business, deficiencies or errors in internal processes and control routines, human errors, incorrect systems or external events that affect operations may occur. This could result in a material adverse effect on the Issuer's financial position, business, the products and services it offers or its assets.

Regulatory risks

The Issuer's business is subject to regulation and regulatory supervision. Any significant regulatory developments could have a material effect on how the Issuer conducts its business and on the Issuer's results of operations. The Issuer is subject to numerous financial services laws, regulations, administrative actions and policies. Any significant changes to this regulatory framework could materially affect the Issuer's business, the products and services it offers or the value of its assets. In the aftermath of the global economic crisis, many initiatives for regulatory changes have been taken.

Competition and the demand for the Issuer's products

Sweden has one of the most consolidated banking sectors in Europe. The Swedish banking market is dominated by a few large banks and the Swedish residential mortgage market is dominated by a few bank-owned and one government-owned mortgage institutions. In recent years, low interest rates, low inflation,

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higher real estate prices and increased disposable income for the households have led to a continued strong growth in demand for mortgage loans, especially in the residential mortgage sector.

Increased competition and lower margins are future challenges for the mortgage institutions. Even though the Issuer deems that it has a strong position to meet the increased competition, no guarantee can be given that the increased competition may not have a negative impact on the Issuer's financial performance. The demand for the Issuer's products is also dependent on the customers' forecasts for the future, market rates and other factors that have an influence on the customers' financial situation.

Business risks

Business risk comprises strategic risk, earnings risk and reputation risk.

Strategic risk

Institutional changes and changes in basic market conditions may occur to the Issuer. The ability of the Board of Directors and President to plan, organize, follow up on and control the operations and to continuously monitor market conditions is important. Failure to do so may result in a material adverse effect on the Issuer's financial position.

Earnings risk

Earnings risk is volatility in earnings that creates a risk of lower income due to an unexpected decrease in income as a result of such factors as competition or volume reductions. Earnings risk is associated with all of the Bank Group's products and portfolios. A considerable portion of the Bank Group's business operations is mortgage lending. Mortgage lending has a low level of volatility.

Reputation risk

Reputation risk is the risk of a tarnished reputation among customers, owners, employees, authorities and other parties resulting in reduced income. Reputation risk is difficult to assess, but could be substantially damaging to the Issuer's operations based on a well-established brand, if materialised.

RISKS RELATING TO THE NOTES

There is no active trading market for the Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for the Notes other than Exempt Notes issued under the Programme to be admitted to listing on the official list and trading on the Regulated Market of the Luxembourg Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

The Notes may be redeemed prior to maturity

Unless in the case of any particular Tranche of Notes the relevant Final Terms or, in the case of Exempt Notes, the relevant Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Sweden or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms or, in the case of Exempt Notes, the relevant Pricing Supplement specify that the Notes are redeemable at the Issuer's option in certain other circumstances the Issuer may choose to redeem the Notes at times when prevailing interest rates may

be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary or common safekeeper, as applicable, for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or common service provider, as applicable, for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Some Notes may be subordinated to most of the Issuer's liabilities

If in the case of any particular Tranche of Notes the relevant Final Terms or, in the case of Exempt Notes, the relevant Pricing Supplement specify that the Notes are subordinated obligations of the Issuer and the Issuer is declared insolvent and a winding up is initiated, it will be required to pay the holders of senior debt and meet its obligations to all its unsubordinated creditors in full before it can make any payments on the relevant Notes. Depending on the status of a particular Tranche of subordinated Notes, the Issuer may also be required to pay the holders of other subordinated debt instruments in full before it can make any payments on the relevant Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under the relevant Notes. In addition, interest on Undated Subordinated Notes may be deferred.

Deferral of interest payments for Undated Subordinated Notes

On any optional interest payment date relating to a Tranche of Undated Subordinated Notes (being an interest payment date in respect of which no dividend has been declared, paid or set apart for payment on or with respect to any class of share capital of the Issuer at the most recent annual general meeting of the Issuer immediately prior to such interest payment date, or any interest payment date following the publication of the most recent audited annual accounts of the Issuer which annual accounts disclose an operating loss for the Issuer before extraordinary items, appropriations and tax), the Issuer may pay (if it so elects) the interest in respect of that Tranche of Notes accrued to that date, but the Issuer shall not have any obligation to make such payment and any such failure to pay shall not constitute a default by the Issuer. Any such unpaid interest constitutes **Arrears of Interest** payable in accordance with the Terms and Conditions of the Notes.

Utilisation and conversion of principal (and Accrued Interest) of the Undated Subordinated Notes

To the extent that it may be required to avoid the Issuer being obliged to enter into liquidation (*likvidation*), the shareholders of the Issuer may decide that the principal amount of the Undated Subordinated Notes (together with Accrued Interest) will be utilised in restoring equity to a level which is equal to the registered share capital of the Issuer, by writing down the principal amount (together with Accrued Interest) by the amount required to avoid liquidation (*likvidation*) and converting such amount into a conditional capital contribution (*villkorat kapitaltillskott*). The rights of the holders of the Undated Subordinated Notes in respect of the principal amount and interest so utilised will thereupon be converted into rights of providers of capital contributions as set out in Condition 3(c)(i) of the Notes.

Perpetual nature of the Undated Subordinated Notes

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

Fixed/Floating Rate Notes

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

Notes issued at a substantial discount or premium

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

Interest rate risks

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

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

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

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions 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.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of the Noteholders or the Couponholders, agree to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed) and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 11 of the Terms and Conditions of the Notes.

The impact of changes to the capital adequacy framework and other regulatory risks

The Issuer's business is subject to regulation and regulatory supervision. Any significant regulatory developments could have a material effect on how the Issuer conducts its business and on the Issuer's results of operations. The Issuer is subject to numerous financial services laws, regulations, administrative actions and policies. Any significant changes to this regulatory framework could materially affect the Issuer's business, the products and services it offers or the value of its assets.

In the aftermath of the global economic crisis, many initiatives for regulatory changes have been taken, including an overview of the capital adequacy framework. On 16 December 2010, the Basel Committee on Banking Supervision (the **Basel Committee**) published its final guidelines 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 guidelines**). In addition, on 13 January 2011, the Basel Committee published the minimum requirements for regulatory capital to ensure loss absorbency at the point of non-viability (the **January 2011 release**, and together with the Basel III guidelines, the **Basel III Framework**).

The Basel III guidelines have been implemented in the EU through a regulation establishing the prudential requirements institutions need to respect (the Capital Requirements Regulation) and an associated directive (the Capital Requirements Directive (together, **CRD IV**)) which were adopted in June 2013. Full implementation of CRD IV in the EU began from 1 January 2014, although implementation of important parts of the package in Sweden has been delayed and is not expected to occur until 1 August 2014. CRD IV permits a transitional period for certain of the enhanced capital requirements and certain other measures. The Swedish authorities have, however, announced that they will implement the higher capital requirements resulting from the implementation of CRD IV as soon as possible without any phasing-in period, to the extent that this is possible given the European legislation.

To complement the CRD IV legislative package, on 6 June 2012 the European Commission proposed a new Directive on a comprehensive framework for dealing with failing banks (Proposal for a directive establishing a framework for the recovery and resolution of credit institutions and investment firms, the **RRD**). In December 2013 the European Commission published a revised draft of the RRD. The draft RRD would, among other things, require EU banks to hold a minimum level of debt that could be "bailed-in" and would enable authorities to write-down or convert into equity, subordinated debt at the point of non-viability and to bail-in subordinated, and certain senior unsecured, debt of EU banks in a resolution situation of the issuing institution. On 6 May 2014, the approved text of the RRD was formally adopted by the European Council. On 12 June 2014, the RRD was published in the EU Official Journal and will come into force 20 days following publication. Each Member State has until 1 January 2015 to transpose the RRD into national law, other than the bail-in provisions (as contained in Title IV, Chapter IV and Section 5) for which the implementation deadline is 1 January 2016. When implemented, these new requirements and supervision structures may impact existing business models and could adversely affect the Issuer's results of operation, financial condition or the treatment of its creditors in an insolvency situation.

In November 2011, the Financial Stability Board published an integrated set of policy measures to address the systemic and moral hazard risks associated with systemically important financial institutions (**SIFIs**). In that publication, the FSB identified an initial group of 29 global systemically important banks (**G-SIBs**), using a methodology developed by the Basel Committee. This list of G-SIBs will be updated in November of each year, with the banks on the November 2014 list being required to hold additional capital (in the form of CET1), above that required by the Basel III rules. Based on the latest list published in November 2013, the Issuer has not been identified as a G-SIB by the FSB. Also, in October 2012, the FSB and the Basel Committee finalised a framework for addressing domestic systemically important banks (**D-SIBs**). Banks designated as D-SIBs will be required to hold additional capital. The CRD IV text adopted by the European Parliament and published in the Official Journal of the European Union on 27 July 2013 contains flexibility for national authorities to impose additional capital buffer requirements on banks based on their systemic importance. On 12 June 2014, the Swedish FSA published a proposal to activate a countercyclical capital buffer of 1 per cent. which is proposed to be effective from 13 September 2015.

To complement the CRR/CRD IV legislative package, on 6 June 2012 the European Commission proposed a new Directive on a comprehensive framework for dealing with ailing banks (Proposal for a directive establishing a framework for the recovery and resolution of credit institutions and investment firms, COM(2012) 280/3, the **Crisis Management Directive**). A possible introduction of so-called "bail-in" capital,

and ringfencing of specific activities, as well as the introduction of a single supervisory mechanism and a full banking union in the Eurozone, is also being discussed. Where implemented, these new requirements and supervision structures may impact existing business models and could adversely affect the Issuer's results of operation, financial condition or the treatment of its creditors in an insolvency situation. It should be noted that at the time of this Prospectus, there is a general uncertainty as to *inter alia* the content and the proposed time table of the Crisis Management Directive.

As a result of CRD IV being introduced in Sweden, the Issuer may be required to raise additional tier 1, common equity tier 1 and tier 2 capital by way of further issuances of securities. Such changes will also result in existing tier 1 and tier 2 securities which do not comply with the new capital criteria contained in CRD IV ceasing to count towards the Issuer's regulatory capital, the capital treatment of such legacy capital being phased out over the period to 31 December 2021. Any failure by the Issuer to maintain the increased regulatory capital requirements or to comply with any other requirements introduced by regulators could result in intervention by regulators or the imposition of sanctions, which may have a material adverse effect on the Issuer's profitability and results and may also have other effects on the Issuer's financial performance and on the pricing of the Notes, both with or without the intervention by regulators or the imposition of sanctions.

Furthermore, in May 2014, the Swedish FSA announced and sent out to consultation until 30 June 2014 its intention to further increase the risk weighting floor for Swedish mortgages from 15 per cent. to 25 per cent. Such an increase and any other changes in the risk weighting of assets may cause reductions in the capital adequacy ratios and solvency levels of the Länsförsäkringar Bank group as a whole and/or cause the applicable minimum capital requirements to increase.

European Monetary Union

If the United Kingdom or Sweden joins the European Monetary Union prior to the maturity of the Notes, there is no assurance that this would not adversely affect investors in the Notes. It is possible that prior to the maturity of the Notes the United Kingdom or Sweden may become a participating Member State and that the Euro may become the lawful currency of the United Kingdom or Sweden. In that event (i) all amounts payable in respect of any Notes denominated in Sterling or Swedish Krona may become payable in Euro; (ii) the law may allow or require such Notes to be re-denominated into Euro and additional measures to be taken in respect of such Notes; and (iii) there may no longer be available published or displayed rates for deposits in Sterling or Swedish Krona used to determine the rates of interest on such Notes or changes in the way those rates are calculated, quoted and published or displayed.

EU Savings Directive

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

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

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Change of law

The Terms and Conditions of the Notes are based on English law or, in the case of Conditions 3(b) and 3(c), the laws of the Kingdom of Sweden, in each case in effect as at the date of issue of the relevant Notes.

No assurance can be given as to the impact of any possible judicial decision or change to English or Swedish law or administrative practice after the date of this Base Prospectus.

Foreign Account Tax Compliance withholding

Whilst the Notes are in global form and held within Euroclear Bank S.A./N.V. or Clearstream Banking, *société anonyme* (together the ICSDs), in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (FATCA) will affect the amount of any payment received by the ICSDs (see *Taxation – Foreign Account Tax Compliance Act*). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depositary or common safekeeper for the ICSDs (as bearer or registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries.

During 2014 the Kingdom of Sweden entered into an agreement with U.S. tax authorities. The contents of the agreement is not yet known to the public. The purpose of the agreement is to improve compliance with tax laws at an international level and to implement rules in Swedish legislation corresponding to certain parts of FATCA. The agreement is expected to contain a provision under which the parties undertake to, together with other countries who have entered into similar agreements with the U.S. tax authorities, develop a practical and efficient alternative solution to achieve the purpose of the agreement. The result of this might be that the Issuer will be obliged to make deductions for U.S. income tax for payments in connection with the Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

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

Overview of the Programme

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of Notes other than Exempt Notes and, if appropriate, a supplement to the Offering Circular or a new Offering Circular will be published.

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

Issuer: Länsförsäkringar Bank AB (publ)

Risk Factors: There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. As set out under "*Risk Factors*" above, these risks include credit risks resulting from the Issuer's lending activities; currency risks (which arise as the Issuer currently lends in Swedish Kronor but may fund itself in foreign currencies); risks relating to the Issuer's dependence on the ability to refinance borrowings on their maturity; the risk of incurring losses due to deficiencies or errors in internal processes and control routines, human errors or external events that affect operations; risks relating to regulatory supervision of the Issuer's business; and risks relating to competition within the Swedish banking sector.

In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Risk Factors*" and include certain risks relating to the structure of particular Series of Notes; and certain market risks.

Description: Euro Medium Term Note Programme

Size: Up to EUR 2,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.

Arranger: UBS Limited

Dealers: Credit Suisse Securities (Europe) Limited
Danske Bank A/S
Nordea Bank Danmark A/S
Skandinaviska Enskilda Banken AB (publ)
Swedbank AB (publ)
The Royal Bank of Scotland plc
UBS Limited

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to **Permanent Dealers** are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to **Dealers** are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

Trustee: Citicorp Trustee Company Limited

Issuing and Paying Agent: Citibank, N.A.

Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a Series) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a Tranche) on the same or different issue dates. The specific terms of each Tranche will be completed in the final terms (the Final Terms) or, in the case of Exempt Notes, the pricing supplement (the Pricing Supplement).
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Form of Notes:	The Notes may be issued in bearer form only (Bearer Notes), in bearer form exchangeable for Registered Notes (Exchangeable Bearer Notes) or in registered form only (Registered Notes). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “ <i>Overview of the Programme – Selling Restrictions</i> ”), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems or in the name of a nominee of the common safekeeper, as the case may be, are referred to as Global Certificates .
Clearing Systems:	Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer.
Initial Delivery of Notes:	On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Certificate representing Registered Notes may (or, in the case of Notes listed on the Luxembourg Stock Exchange, shall) be deposited with a common depositary or, as the case may be, a common safekeeper for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates relating to Notes that are not listed on the Luxembourg Stock Exchange may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems or common safekeeper, as the case may be.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.
Maturities:	Subject to compliance with all relevant laws, regulations and directives, any maturity from one month from the date of original issue. According to Part II of the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities, the CSSF is not competent to approve prospectuses for the admission to trading of money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities in the Act.

Denomination:	Notes will be in such denominations as may be specified in the relevant Final Terms or, in the case of Exempt Notes, the relevant Pricing Supplement, save that (i) the minimum denomination of Notes (other than in the case of Exempt Notes) shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes); and (ii) unless otherwise permitted by then current laws and regulations, Notes which have a maturity of less than one year from their date of issue will have a minimum denomination of £100,000 (or its equivalent in other currencies).
Fixed Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms or, in the case of Exempt Notes, the relevant Pricing Supplement.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none">(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or(ii) by reference to LIBOR or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms (or, in the case of Exempt Notes, the relevant Pricing Supplement)) as adjusted for any applicable margin. <p>Interest periods will be specified in the relevant Final Terms or, in the case of Exempt Notes, the relevant Pricing Supplement.</p>
Zero Coupon Notes:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Exempt Notes:	The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period.
Redemption:	The relevant Final Terms (or, in the case of Exempt Notes, the relevant Pricing Supplement) will specify the basis for calculating the redemption amounts payable which for Notes other than Zero Coupon Notes will be at 100 per cent. of its nominal amount. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Optional Redemption:	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Status of Notes:	Senior Notes will constitute unsubordinated and unsecured obligations of the Issuer and Subordinated Notes will constitute subordinated obligations

of the Issuer. Subordinated Notes may be subordinated with or without a specified maturity date all as described in “*Terms and Conditions of the Notes – Status*”.

Negative Pledge:

None.

Cross Default:

Applicable to Senior Notes only. See “*Terms and Conditions of the Notes – Events of Default*”.

Early Redemption:

Except as provided in “*Optional Redemption*” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See “*Terms and Conditions of the Notes – Redemption, Purchase and Options*”.

Withholding Tax:

All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Kingdom of Sweden, subject to customary exceptions (including the ICMA Standard EU Exception), all as described in “*Terms and Conditions of the Notes – Taxation*”.

Governing Law:

English, except that Conditions 3(b) and (c) of the Terms and Conditions of the Notes will be governed by, and construed in accordance with, the laws of the Kingdom of Sweden.

Listing and Admission to Trading:

Application has been made for Notes other than Exempt Notes issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms or, in the case of Exempt Notes, the relevant Pricing Supplement, a Series of Notes may be unlisted.

Ratings:

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, such rating will be specified in the relevant Final Terms or, in the case of Exempt Notes, the relevant Pricing Supplement. It is expected that Senior Notes will be rated A by Standard & Poor’s and A3 by Moody’s. 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.

As defined by Standard & Poor’s, an obligation rated A is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor’s capacity to meet its financial commitment on the obligation is still strong.

As defined by Moody’s, an obligation rated A is considered upper-medium grade and is subject to low credit risk. Numerical modifier 3 indicates a ranking in the bottom of that generic A rating category.

Each of Standard & Poor’s and Moody’s is established in the European Union and is registered under the CRA Regulation. As such, each of Standard & Poor’s and Moody’s is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.

Selling Restrictions:

United States, the European Economic Area, United Kingdom, Japan, Sweden. See “*Subscription and Sale*”.

The Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the **D Rules**) unless (i) the relevant Final Terms or, in the case

of Exempt Notes, the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the **C Rules**) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (**TEFRA**), which circumstances will be referred to in the relevant Final Terms or, in the case of Exempt Notes, the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

Documents Incorporated by Reference

This Base Prospectus should be read and construed in conjunction with the audited consolidated annual financial statements of the Issuer for the financial years ended 31 December 2012 and 2013 (the **2012 Financial Statements** and **2013 Financial Statements**, respectively), together in each case with the audit report thereon, and the unaudited consolidated quarterly financial statements of the Issuer for the three months ended 31 March 2014 and certain information relating to the Issuer's capital adequacy as of 31 March 2014 (together, the **Interim Information**) which have been previously published or are published simultaneously with this Base Prospectus and filed with it. Such documents, and the Terms and Conditions of the Notes contained in previous Base Prospectuses dated 28 June 2013 (pages 36 to 60 (inclusive)), 20 June 2012 (pages 35 to 59 (inclusive)), 22 June 2011 (pages 34 to 58 (inclusive)) and 22 June 2010 (pages 32 to 56 (inclusive)) prepared by the Issuer in connection with the Programme, shall be incorporated by reference, and form part of this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus. Copies of documents incorporated by reference in this Base Prospectus, as well as the Base Prospectus itself, may be obtained without charge from the Issuer and the Paying Agents (as defined under "*Terms and Conditions of the Notes*") and on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Any information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Commission Regulation (EC) 809/2004.

The information incorporated by reference above is available as follows:

Information incorporated by reference	Reference
2012 Financial Statements	
Consolidated Income Statement.....	Page 30 of the 2012 Annual Report
Consolidated Balance Sheet	Page 30 of the 2012 Annual Report
Consolidated Cash Flow Statement	Page 31 of the 2012 Annual Report
Consolidated Change in Shareholders' Equity	Page 32 of the 2012 Annual Report
Supplementary Disclosures (Notes).....	Pages 33 – 69 of the 2012 Annual Report
Audit Report	Page 89 of the 2012 Annual Report
2013 Financial Statements	
Consolidated Income Statement.....	Page 28 of the 2013 Annual Report
Consolidated Balance Sheet	Page 28 of the 2013 Annual Report
Consolidated Cash Flow Statement	Page 29 of the 2013 Annual Report
Consolidated Change in Shareholders' Equity	Page 30 of the 2013 Annual Report
Supplementary Disclosures (Notes).....	Pages 31 – 65 of the 2013 Annual Report
Audit Report	Page 85 of the 2013 Annual Report
Interim Information	
Capital Adequacy	The section headed " <i>Capital Adequacy</i> ", Page 4 of the Interim Report, January-March 2014
Consolidated Income Statements	Page 6 of the Interim Report, January-March 2014
Consolidated Balance Sheets.....	Page 7 of the Interim Report, January-March 2014
Consolidated Cash Flow Statements.....	Page 8 of the Interim Report, January-March 2014
Consolidated Change in Shareholders' Equity	Page 8 of the Interim Report, January-March 2014
Notes	Pages 9 – 18 of the Interim Report, January-March 2014

Supplement to the Base Prospectus

If at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment

Documents Incorporated by Reference

of any Notes whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Base Prospectus, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes the Issuer shall prepare a supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes.

Applicable Final Terms

The form of Final Terms that will be issued in respect of each Tranche of Notes other than Exempt Notes issued under the Programme, subject only to the deletion of non-applicable provisions, is set out below:

Final Terms dated [date]

LÄNSFÖRSÄKRINGAR BANK AB (PUBL)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the EUR 2,000,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 27 June 2014 [and the supplement[s] to the Base Prospectus dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the website of the Luxembourg Stock Exchange at *www.bourse.lu* and copies may be obtained from the office of the Issuer, Tegelluddsvägen 11-13, SE-10650 Stockholm, Sweden and the offices of the Paying Agents, Citibank, N.A., Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and Banque Internationale à Luxembourg, 69, route d'Esch, L-2953 Luxembourg. In the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable final terms will also be published on the website of the Luxembourg Stock Exchange *www.bourse.lu*.

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [28 June 2013/20 June 2012/22 June 2011/22 June 2010] [and the supplement to the Base Prospectus dated [date]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement[s] to the Base Prospectus dated [date] [and [date]]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses. [The Base Prospectuses are available for viewing at [address] [and] [website] and copies may be obtained from [address].]

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

- | | | | |
|----|-------|--|--|
| 1. | (i) | Series Number: | [•] |
| | (ii) | Tranche Number: | [•] |
| | (iii) | Date on which the Notes will be consolidated and form a single Series: | [The Notes will be consolidated and form a single Series with [•] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 20 below, which is expected to occur on or about [•]][Not Applicable] |
| 2. | | Specified Currency or Currencies: | [•] |

3. Aggregate Nominal Amount of Notes admitted to trading:
- (i) Series: [•]
- (ii) Tranche: [•]
4. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (*if applicable*)]
5. (i) Specified Denominations: [•]
- (Note – where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:*
- “€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000.”)*
- (Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).)*
- (ii) Calculation Amount: [•]
(Applicable to Notes in definitive form.) *(If only one Specified Denomination, insert the Specified Denomination.*
- If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
6. (i) Issue Date: [•]
- (ii) Interest Commencement Date: [•]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
7. Maturity Date: *[Fixed rate – specify date/ Floating rate – Interest Payment Date falling in or nearest to the relevant month and year]*
8. Interest Basis: [[•] per cent. Fixed Rate]
[[•] month [LIBOR/EURIBOR] +/- [•] per cent. Floating Rate]
[Zero Coupon]
(see paragraph [13] [14] [15] below)
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] [•] per cent. of their nominal amount

10. Change of Interest Basis: *[Specify the date when any fixed to floating rate change occurs or cross reference to paragraphs 13 and 14 below and identify there]*[Not Applicable]
11. Put/Call Options: [Not Applicable]
[Investor Put]
[Issuer Call]
[(see paragraph [16] [17] below)]
12. (i) Status of the Notes: [Senior Notes/Dated Subordinated Notes/Undated Subordinated Notes]
- (ii) [Date Board approval for issuance of Notes obtained: [•] [Not Applicable]
(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate(s) of Interest: [•] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [•] in each year up to and including the Maturity Date
- (iii) Fixed Coupon Amount(s): [•] per Calculation Amount
(Applicable to Notes in definitive Form)
- (iv) Broken Amount(s): [[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]] [Not Applicable]
(Applicable to Notes in definitive Form)
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)]
- (vi) Determination Dates: [[•] in each year] [Not Applicable] *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*
14. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Interest Period(s): [•]
- (ii) Specified Interest Payment Dates: [•] [, subject to adjustment in accordance with the Business Day Convention set out in (iii) below/, not subject to adjustment, as the Business Day Convention in (iii) below is specified to be Not Applicable]
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
[Not Applicable]

- | | |
|---|--|
| (iv) Business Centre(s): | [•] |
| (v) Manner in which the Rate(s) of Interest is/are to be determined: | [Screen Rate Determination/ISDA Determination] |
| (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): | [•] [Not Applicable] |
| (vii) Screen Rate Determination: | [Applicable/Not Applicable] |
| – Reference Rate: | [•] month [LIBOR/EURIBOR] |
| – Interest Determination Date(s): | [•]

<i>(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)</i> |
| – Relevant Screen Page: | [•]
<i>(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)</i> |
| (viii) ISDA Determination: | [Applicable/Not Applicable] |
| – Floating Rate Option: | [•] |
| – Designated Maturity: | [•] |
| – Reset Date: | [•] |
| (ix) Linear Interpolation: | [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (<i>specify for each short or long interest period</i>)] |
| (x) Margin(s): | [+/-][•] per cent. per annum |
| (xi) Minimum Rate of Interest: | [•] per cent. per annum |
| (xii) Maximum Rate of Interest: | [•] per cent. per annum |
| (xiii) Day Count Fraction: | [Actual/Actual (ISDA)][Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
[30E/360 (ISDA)] |

15. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub paragraphs of this paragraph)
- (i) [Amortisation/Accrual] Yield: [•] per cent. per annum
- (ii) Reference Price: [•]
- (iii) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

16. Call Option [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount
- (iii) If redeemable in part: [Applicable/Not Applicable]
- (a) Minimum Redemption Amount: [•]
- (b) Maximum Redemption Amount: [•]
- (iv) Notice period (if other than as set out in the Conditions): [•]
17. Put Option [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount
- (iii) Notice period (if other than as set out in the Conditions): [•]
18. Final Redemption Amount of each Note [•] per Calculation Amount
19. Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption [•] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

20. Form of Notes:

(i) Form:

[Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]

[Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]]

[Registered Notes:

[Registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]

(N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)

[Notes shall not be physically delivered in Belgium, except to a clearing system, a depositary or other institution for the purposes of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005]

(ii) New Global Note:

[Yes][No]

21. Financial Centre(s):

[Not Applicable/[•]]*[Note that this item relates to the date and place of payment, and not interest period end dates, to which item 14(iv) relates]*

22. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):

[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

THIRD PARTY INFORMATION

[[•] has been extracted from [•]. 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 [•], no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/other (specify)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange with effect from [•].]
[Not Applicable.]
- (iii) Estimate of total expenses related to admission to trading: [•]

2. RATINGS

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

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business – *Amend as appropriate if there are other interests*]

4. Fixed Rate Notes only – YIELD

- Indication of yield: [•] [Not Applicable]

5. OPERATIONAL INFORMATION

- (i) ISIN Code: [•]
- (ii) Common Code: [•]
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s) [and address(es)]]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): [•]

- (vi) Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes]

[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS, and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

6. GENERAL

- (i) Method of distribution:
- (ii) If syndicated, names of Managers:
- (iii) Date of Subscription Agreement:
- (iv) Stabilisation Manager(s) (if any):
- (v) If non-syndicated, name of relevant Dealer:
- (vi) U.S. Selling Restrictions:

[Syndicated/Non-syndicated]

[Not Applicable/*give names*]

[•]

[Not Applicable/*give name(s)*]

[Not Applicable/*give name*]

[Reg. S Compliance Category [1/2]; TEFRA D/TEFRA C/TEFRA not applicable]]

Applicable Pricing Supplement

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes, whatever the denomination of those Notes, issued under the Programme.

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF NOTES DESCRIBED BELOW.

[Date]

LÄNSFÖRSÄKRINGAR BANK AB (PUBL)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the EUR 2,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

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

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Base Prospectus dated [date] [as supplemented by the supplement[s] dated [date[s]]] (the **Base Prospectus**). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. Copies of the Base Prospectus may be obtained from [address].

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus. Any reference in the Conditions to “applicable Final Terms” shall be deemed to include a reference to “applicable Pricing Supplement”, where relevant.

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

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

- | | | |
|----|--|---|
| 1. | Issuer: | Länsförsäkringar Bank AB (publ) |
| 2. | (i) Series Number: | [•] |
| | (ii) Tranche Number: | [•] |
| | (iii) Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below, which is expected to occur on or about [date]] [Not Applicable] |
| 3. | Specified Currency or Currencies: | [•] |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | [•] |

- (ii) Tranche: [•]
5. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (i) Specified Denominations: [•]
- (ii) Calculation Amount: [•]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: [•]
- (ii) Interest Commencement Date: *[specify/Issue Date/Not Applicable]*
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: *[Fixed rate – specify date/*
Floating rate – Interest Payment Date falling in or nearest to [specify month]]
9. Interest Basis: *[[•] per cent. Fixed Rate]*
[[specify Reference Rate] +/- [•] per cent. Floating Rate]
[Zero Coupon]
[specify other]
(further particulars specified below)
10. Redemption Basis: *Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [•] per cent. of their nominal amount*
11. Change of Interest Basis or Redemption Basis: *[Specify details of any provision for change of Notes into another Interest Basis or Redemption Basis][Not Applicable]*
12. Put/Call Options: *[Not Applicable]*
[Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. (i) Status of the Notes: *[Senior Notes/Dated Subordinated Notes/Undated Subordinated Notes]*
- (ii) Date Board approval of Notes obtained: [•] *[Not Applicable]*
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate(s) of Interest: [•] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [•] in each year up to and including the Maturity Date
- (N.B. Amend appropriately in the case of irregular coupons)*
- (iii) Fixed Coupon Amount(s): [•] per Calculation Amount
(Applicable to Notes in definitive form.)
- (iv) Broken Amount(s): [[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]][Not Applicable]
(Applicable to Notes in definitive form.)
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA)/specify other]
- (vi) Determination Date(s): [[•] in each year][Not Applicable]
- (Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes which are Exempt Notes: [None/Give details]
15. Floating Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Specified Period(s): [•]
- (ii) Specified Interest Payment Dates: [•] [, subject to adjustment in accordance with the Business Day Convention set out in (iii) below/, not subject to adjustment, as the Business Day Convention in (iii) below is specified to be Not Applicable]
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[specify other]] [Not Applicable]
- (iv) Business Centre(s): [•]
- (v) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]

- (vi) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [•] [Not Applicable]
- (vii) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: Reference Rate: [•] month [LIBOR/EURIBOR/specify other Reference Rate].

(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
 - Interest Determination Date(s): [•]

(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: [•]

(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (viii) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]

(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)
- (ix) Linear Interpolation: [Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
- (x) Margin(s): [+/-] [•] per cent. per annum
- (xi) Minimum Rate of Interest: [•] per cent. per annum
- (xii) Maximum Rate of Interest: [•] per cent. per annum
- (xiii) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
30E/360 (ISDA)
[Other]

- (xiv) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes which are Exempt Notes, if different from those set out in the Conditions: [•]

16. Zero Coupon Note Provisions

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

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

PROVISIONS RELATING TO REDEMPTION

17. Call Option:

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[•] per Calculation Amount/specify other/see Appendix]
- (iii) If redeemable in part: [Applicable/Not Applicable]
- (i) Minimum Redemption Amount: [•]
- (ii) Maximum Redemption Amount: [•]
- (iv) Notice period (if other than as set out in the Conditions): [•]

(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

18. Put Option:

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[•] per Calculation Amount/specify other/see Appendix]
- (iii) Notice period (if other than as set out in the Conditions): [•]
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent [or Trustee])
19. Final Redemption Amount: [[•] per Calculation Amount/specify other/see Appendix]
20. Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption: [[•] per Calculation Amount/specify other/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes:

- (i) Form: [Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]]

[Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]

[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice/at any time/ in the limited circumstances specified in the Permanent Global Note]]

[Registered Notes:

[Registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]

[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian law of 14 December 2005]
- (ii) New Global Note: [Yes][No]

22. Financial Centre(s): [Not Applicable/*give details*]
(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 15(iv) relates)
23. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
24. Other final terms: [Not Applicable/*give details*]

RESPONSIBILITY

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

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1 LISTING AND ADMISSION TO TRADING

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

2. RATINGS

Ratings:

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

(The above disclosure is only required if the ratings of the Notes are different to those stated in the Base Prospectus)

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business – *Amend as appropriate if there are other interests*]

4. OPERATIONAL INFORMATION

(i) ISIN Code: [•]

(ii) Common Code: [•]

(iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of additional Paying Agent(s) (if any): [•]

(vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as “no” at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the

Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

5. GENERAL

- | | |
|---|--|
| (i) Method of distribution: | [Syndicated/Non-syndicated] |
| (ii) If syndicated, names of Managers: | [Not Applicable/ <i>give names</i>] |
| (iii) Stabilisation Manager(s) (if any): | [Not Applicable/ <i>give name(s)</i>] |
| (iv) If non-syndicated, name of relevant Dealer: | [Not Applicable/ <i>give name</i>] |
| (v) U.S. Selling Restrictions: | Reg. S Compliance Category [1/2]; [TEFRA D/TEFRA C/TEFRA not applicable] |
| (vi) Additional United States selling restrictions: | [Not Applicable/ <i>give details</i>]

<i>(Additional selling restrictions are only likely to be relevant for certain structured Notes, such as commodity-linked Notes)</i> |

Terms and Conditions of the Notes

*The following is the text of the terms and conditions that, subject to completion and, in relation to Exempt Notes only, amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms or relevant Pricing Supplement, as the case may be, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or Pricing Supplement, as the case may be, or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms or relevant Pricing Supplement, as the case may be. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to **Notes** are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are constituted by an Amended and Restated Trust Deed dated 27 June 2014 (as amended, supplemented and/or restated as at the date of issue of the Notes (the **Issue Date**), the **Trust Deed**) between the Issuer and Citicorp Trustee Company Limited (the **Trustee**, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Amended and Restated Agency Agreement dated 28 June 2013 (as amended, supplemented and/or restated as at the Issue Date, the **Agency Agreement**) has been entered into in relation to the Notes between the Issuer, the Trustee, Citibank, N.A. as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the **Issuing and Paying Agent**, the **Paying Agents** (which expression shall include the Issuing and Paying Agent), the **Registrar**, the **Transfer Agents** (which expression shall include the Registrar) and the **Calculation Agent(s)**. Copies of the relevant Final Terms (as defined in the Trust Deed), the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (at 27 June 2014 at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB) and at the specified offices of the Paying Agents and the Transfer Agents.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms (or Pricing Supplement, in the case of Exempt Notes) attached to or endorsed on this Note which complete these Terms and Conditions (the **Conditions**) and, in the case of a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (an **Exempt Note**), may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the **relevant Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. Any reference in the Conditions to **relevant Final Terms** shall be deemed to include a reference to **relevant Pricing Supplement** where relevant. The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive) to the extent implemented in the relevant Member State of the European Economic Area and includes any relevant implementing measure in the relevant Member State and the expressions **2010 PD Amending Directive** means Directive 2010/73/EU.

The Noteholders, the holders of the interest coupons (the **Coupons**) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes and talons for further Coupons (the **Talons**) (the **Couponholders**), are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the relevant Final Terms and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1. FORM, DENOMINATION AND TITLE

The Notes are issued in bearer form (**Bearer Notes**, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (**Registered Notes**) or in bearer form exchangeable for Registered Notes (**Exchangeable Bearer Notes**) in each case in the Specified Denomination(s) shown hereon

provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates (**Certificates**) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the **Register**). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, **Noteholder** means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), **holder** (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon or in the Trust Deed, as the case may be, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. EXCHANGES OF EXCHANGEABLE BEARER NOTES AND TRANSFERS OF REGISTERED NOTES

- (a) Exchange of Exchangeable Bearer Notes: Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.
- (b) Transfer of Registered Notes: One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the

Registrar and the Trustee. A copy of the current regulations will be made available free of charge by the Registrar and at the specified office of the Paying Agent in Luxembourg to any Noteholder upon request.

- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), **business day** means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (e) **Exchange Free of Charge:** Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3. STATUS

- (a) **Status of Senior Notes:** The Senior Notes (being those Notes that specify their status as Senior) and the Coupons relating to them constitute unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Senior Notes and the Coupons relating to them shall, subject to the provisions of applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.
- (b) **Status of Dated Subordinated Notes:** The Dated Subordinated Notes (being those Notes that specify their status as Dated Subordinated and which have a specified maturity, the **Dated Subordinated Notes**) and the Coupons relating to them constitute subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. In the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, the payment obligations of the Issuer under the Dated Subordinated Notes and the Coupons relating to them shall rank in right of payment after

depositors and other unsubordinated unsecured creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer having a specified maturity that are not expressed by their terms to rank junior to the Dated Subordinated Notes, and/or expressed to rank junior to other indebtedness of the Issuer ranking equally with the Dated Subordinated Notes and in priority to all undated subordinated indebtedness of the Issuer, including the claims of shareholders of the Issuer.

(c) Status of Undated Subordinated Notes:

- (i) The Undated Subordinated Notes (being those Notes that specify their status as Undated Subordinated and which do not have a specified maturity, the **Undated Subordinated Notes**) constitute subordinated obligations of the Issuer, and, in the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, the payment obligations of the Issuer under the Undated Subordinated Notes and the Coupons relating to them (including, for the avoidance of doubt, in respect of any Converted Amount (as defined below)) whether or not the whole or any part of the principal amount of the Notes together with accrued but unpaid interest (including Arrears of Interest and any Additional Interest Amount (each as defined in Condition 5(k)) (**Accrued Interest**) has been made available in meeting losses of the Issuer and such amount has been converted into capital contributions as described below, shall rank in right of payment:
 - (A) after depositors and other unsubordinated unsecured creditors of the Issuer, and subordinated creditors of the Issuer in respect of subordinated indebtedness having a specified maturity;
 - (B) *pari passu* without any preference among the Undated Subordinated Notes;
 - (C) at least *pari passu* with all outstanding perpetual or undated (hereinafter **perpetual**) subordinated obligations of the Issuer whether or not so converted as described below; and
 - (D) in priority to payments to holders of all classes of share capital of the Issuer in their capacity as such holders and any obligation of the Issuer expressed to rank junior to the Undated Subordinated Notes and/or expressed to rank junior to other indebtedness of the Issuer ranking equally with the Undated Subordinated Notes.

To the extent that may be required in order to avoid the Issuer being obliged to enter into liquidation (*likvidation*), the shareholders of the Issuer, by resolution passed at a general meeting, may decide that the principal amount of the Undated Subordinated Notes (together with Accrued Interest) be utilised in meeting losses of the Issuer, by writing down the principal amount (together with Accrued Interest) by the amount required to avoid liquidation and converting such amount (the **Converted Amount**) into a conditional capital contribution (*villkorat kapitaltillskott*). The Issuer shall forthwith give notice to the Trustee and the Noteholders of such decision and the rights of the holders of Undated Subordinated Notes in respect of the principal amount and interest so converted will thereupon be converted into rights of providers of capital contributions as set out below.

Interest will not accrue on the Converted Amount but holders of Undated Subordinated Notes shall, if and to the extent that the Converted Amount is reconverted and reinstated as debt in full on the balance sheet of the Issuer (as described below), upon such reversion and reinstatement, be compensated for loss of interest before payments to shareholders of the Issuer are made.

Utilisation of the principal amount of the Undated Subordinated Notes (together with Accrued Interest) for the purpose of meeting losses shall be made *pro rata* to the principal amount (and accrued but unpaid interest) of other perpetual subordinated notes or other perpetual subordinated debt (*Sw. eviga förlagslån*) issued by the Issuer and outstanding at the time of such utilisation. Utilisation of the principal amount of the Undated Subordinated Notes (together with Accrued Interest) as aforesaid may only be made provided that (a) the Swedish Financial Supervisory Authority (*Finansinspektionen*) (**SFSA**) shall have given its approval thereto and (b) the Articles of Association of the Issuer shall, in connection with the implementation of such decision, have been amended by the incorporation of a duly registered Article substantially to the following effect

(unless the same is provided for under Swedish law or unless the Articles have previously been so amended and such Article has not since been amended).

Until an amount equal to the portion of the principal amount of the Undated Subordinated Notes (together with Accrued Interest) which has been converted to a capital contribution has been reinstated as debt in full in the balance sheet of the Issuer, or such amount has been redeemed (such redemption having been approved by the SFSA), and the Issuer has paid an amount equal to the interest (calculated in accordance with Condition 5) that would have accrued in the absence of such conversion as aforesaid, the Issuer may neither distribute dividends or otherwise make payments to its shareholders (except (i) in respect of claims that, in bankruptcy (*konkurs*) or liquidation (*likvidation*), would have priority in right of payment over perpetual subordinated obligations, or (ii) in connection with the distribution of assets in the event of merger as provided by law) nor redeem any capital contributions that may have been made by shareholders (*aktieägartillskott*). Notwithstanding the foregoing, the Issuer may, however, make payments to its shareholders, provided that, in connection with such payment, other measures are taken (x) to ensure that neither the capital stock (including restricted reserves) nor the non-restricted reserves of the Issuer will be reduced as compared with the amount of capital stock (including restricted reserves) and of the non-restricted reserves prior to the payment decision or (y) which will otherwise ensure that the interests of the holders of Undated Subordinated Notes are not adversely affected in any respect as a result of such payment to shareholders.

- (ii) Such utilisation (as described above) of the principal of the Undated Subordinated Notes (together with Accrued Interest) shall not constitute an Event of Default under the Terms and Conditions of the Undated Subordinated Notes.
- (iii) Reconversion and reinstatement as debt of the portion of the principal amount of the Undated Subordinated Notes (together with Accrued Interest) which has been converted to capital contribution and payment of an amount equal to the interest (calculated in accordance with Condition 5) that would have accrued in the absence of such conversion may only be made out of the unappropriated earnings (*disponibla vinstmedel*) of the Issuer according to its current adopted balance sheet and subject to a resolution of the shareholders passed at a general meeting.
- (iv) If the Issuer has so utilised and converted the principal amount of the Undated Subordinated Notes or any part thereof (together with Accrued Interest) to meet losses, and if the Issuer subsequently wishes to exercise any redemption option available to it under these Conditions in respect of the Undated Subordinated Notes, (such redemption having been approved by the SFSA), it may do so only once (a) the principal amount of Undated Subordinated Notes so converted has been reconverted and reinstated as debt in full on the balance sheet of the Issuer, and (b) an amount equal to the interest (calculated in accordance with Condition 5) that would have accrued in the absence of such conversion has been paid to the relevant holders upon such reconversion and reinstatement. Upon the date of such redemption, Accrued Interest to the date of such redemption shall be paid to the relevant holders.

For the avoidance of doubt, upon a redemption which takes place immediately following such reconversion and reinstatement, the amount referred to in (b) above may be paid to the relevant holders concurrently with the Optional Redemption Amount and Accrued Interest payable in respect of such Undated Subordinated Notes.

During any period(s) in which part of the principal amount of the Undated Subordinated Notes has been utilised and converted as aforesaid, interest shall accrue on the balance of the principal amount of the Undated Subordinated Notes not so utilised and converted at the appropriate rate of interest calculated in accordance with Condition 5.

If and to the extent that the Converted Amount has been reconverted and reinstated as debt in the balance sheet of the Issuer, the Issuer shall forthwith give notice to the Noteholders and the Trustee and interest thereon shall start to accrue again, and become payable in accordance with the terms of the Undated Subordinated Notes, as from the date of such reconversion and reinstatement.

The principal amount of the Undated Subordinated Notes (together with Accrued Interest) may be utilised and converted as described above on one or more occasions.

No holder of Undated Subordinated Notes who shall in the event of liquidation (*likvidation*) or bankruptcy (*konkurs*) 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 Undated Subordinated Notes held by such holder.

4. COVENANTS

So long as any Note is outstanding, the Issuer will ensure that the following documents will be available in the English language at the specified office of each Paying Agent and in electronic form on its official website:

(i) copies of its annual report and audited consolidated financial statements in respect of its latest fiscal year within 120 days following the end of such fiscal year; and (ii) copies of its latest published unaudited interim consolidated financial statements within 60 days following the end of such interim period.

5. INTEREST AND OTHER CALCULATIONS

(a) *Interest on Fixed Rate Notes:* Each Fixed Rate Note bears interest from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date in each year up to (and including) the Maturity Date.

If a Fixed Coupon Amount or a Broken Amount is specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified hereon.

(b) *Interest on Floating Rate Notes*

(i) *Interest Payment Dates:* Each Floating Rate Note bears interest from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub paragraph (A), **ISDA Rate** for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

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

(B) *Screen Rate Determination for Floating Rate Notes*

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or each replacement page on that service which displays the information) as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

- (y) If the Relevant Screen Page is not available or if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Rate Multiplier or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin, Rate Multiplier or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin, Rate Multiplier or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period.
- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).
- (d) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (e) **Margin, Maximum/Minimum Rates of Interest, Redemption Amounts, Rate Multipliers and Rounding:**
- (i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
 - (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
 - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all

figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes **unit** means the lowest amount of such currency that is available as legal tender in the country of such currency.

- (f) **Calculations:** Unless an Interest Amount (or a formula for its calculation) is specified in respect of any period, the amount of interest payable in respect of any Note for such period shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency (half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention). Where the Specified Denomination of a Note comprises more than one Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding. Where an Interest Amount is specified in respect of any period, the amount of interest payable in respect of such Note for such period shall equal such Interest Amount. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.
- (g) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or any Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (h) **Determination or Calculation by Trustee:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(i) *Interest Deferral:*

(i) This Condition 5(i) is applicable only in relation to Undated Subordinated Notes.

(ii) *Optional Interest Payment Dates:*

On any Optional Interest Payment Date (as defined below), the Issuer may pay (if it so elects) the interest in respect of the Notes accrued to that date, but the Issuer shall not have an obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose. Any interest in respect of the Notes not paid on an Optional Interest Payment Date shall, so long as the same remains outstanding, constitute **Arrears of Interest** and be payable as provided below.

In this Condition 5(i) **Optional Interest Payment Date** means any Interest Payment Date in respect of which no dividend has been declared or paid on or with respect to any class of share capital of the Issuer at the most recent annual general meeting of the Issuer immediately prior to such Interest Payment Date, or any Interest Payment Date following the publication of the most recent audited annual accounts of the Issuer which annual accounts disclose an operating loss for the Issuer before extraordinary items, appropriations and tax. The Issuer will be required to pay interest on the Undated Subordinated Notes on each Interest Payment Date which is not an Optional Interest Payment Date.

(iii) *Arrears of Interest:*

Arrears of Interest (together with corresponding Additional Interest Amount (as defined below)), may, at the option of the Issuer, be paid in whole or in part at any time, but Arrears of Interest (together with the corresponding Additional Interest Amount) in respect of all Notes for the time being outstanding shall become due on whichever is the earlier of:

- (A) the date upon which a dividend is next paid on or with respect to any class of share capital of the Issuer;
- (B) any date fixed for redemption of the Notes; and
- (C) a decree or order being made by a court or agency or supervisory authority in the Kingdom of Sweden having jurisdiction in respect of the same for the winding up or liquidation (*likvidation*) of the Issuer or a resolution being passed for the winding up or liquidation (*likvidation*) of the Issuer.

Each amount of Arrears of Interest shall bear interest (as if it constituted the principal of the Notes) at a rate which corresponds to the rate from time to time applicable to the Notes and the amount of such interest (the **Additional Interest Amount**) with respect to Arrears of Interest shall be due and payable pursuant to this Condition 5(i) and shall be calculated by the Calculation Agent applying the relevant rate to the amount of the Arrears of Interest and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 5. The Additional Interest Amount accrued up to any Interest Payment Date shall be added, for the purpose only of calculating the Additional Interest Amount accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date so that it will itself become Arrears of Interest.

(iv) *Notice of Interest Deferral and Payment of Arrears of Interest:*

The Issuer shall give no more than 14 nor less than 5 business days' prior notice to the holders of Notes in accordance with Condition 16:

- (A) of any Optional Interest Payment Date on which, pursuant to the provisions of Condition 5(i)(ii) above, interest will not be paid; and

- (B) of any date upon which amounts in respect of Arrears of Interest and/or Additional Interest Amounts shall become due and payable, or in relation to which the Issuer exercises the option to pay such amounts in accordance with Condition 5(i)(iii).

In this Condition 5(i)(iv), **business day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in **Stockholm, London and Luxembourg**.

(v) *Partial Payment of Arrears of Interest:*

If amounts in respect of Arrears of Interest and Additional Interest Amounts are at any date only partially payable:

- (A) all unpaid amounts of Arrears of Interest shall be payable before any Additional Interest Amounts;
- (B) Arrears of Interest accrued for any period shall not be payable until full payment shall have been made of all Arrears of Interest that have accrued during any earlier period and the order of payment of Additional Interest Amounts shall follow that of the Arrears of Interest to which they relate; and
- (C) the amount of Arrears of Interest or Additional Interest Amounts payable in respect of any Note in respect of any period shall be *pro rata* to the total amount of all unpaid Arrears of Interest or, as the case may be, Additional Interest Amounts accrued in respect of that period to the date of payment.
- (j) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

Business Day means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET2 system is operating (a **TARGET2 Business Day**); and/or
- (iii) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

Day Count Fraction means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the **Calculation Period**):

- (i) if **Actual/365** or **Actual/Actual-ISDA** is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if **Actual/365 (Fixed)** is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if **Actual/360** is specified hereon, the actual number of days in the Calculation Period divided by 360

- (iv) if **30/360, 360/360 or Bond Basis** is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

Y_1 is the year, expressed as a number, in which the first day of the Calculation Period falls

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls

M_1 is the calendar month, expressed as a number, in which the first day of the Calculation Period falls

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls

D_1 is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D_1 will be 30 and

D_2 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 D_1 is greater than 29, in which case D_2 will be 30

- (v) if **30E/360 or Eurobond Basis** is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

Y_1 is the year, expressed as a number, in which the first day of the Calculation Period falls

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls

M_1 is the calendar month, expressed as a number, in which the first day of the Calculation Period falls

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls

D_1 is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30

- (vi) if **30E/360 (ISDA)** is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

Y_1 is the year, expressed as a number, in which the first day of the Calculation Period falls

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls

M_1 is the calendar month, expressed as a number, in which the first day of the Calculation Period falls

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls

D_1 is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30 and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30

(vii) if **Actual/Actual-(ICMA)** is specified hereon,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

Determination Period means the period from and including a Determination Date in any year to but excluding the next Determination Date and

Determination Date means the date specified as such hereon or, if none is so specified, the Interest Payment Date

Effective Date means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such hereon or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

Euro-zone means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended.

Interest Accrual Period means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

Interest Amount means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

Interest Commencement Date means the Issue Date or such other date as may be specified hereon.

Interest Determination Date means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET2 Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

Interest Period means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

Interest Period Date means each Interest Payment Date unless otherwise specified hereon.

ISDA Definitions means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

Rate of Interest means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

Reference Banks means in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

Reference Rate means the rate specified as such hereon.

Relevant Screen Page means such page, section, caption, column or other part of a particular information service as may be specified hereon.

Specified Currency means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

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

- (k) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money or swap market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.
- (l) **Linear Interpolation:** Where Linear Interpolation is specified hereon as applicable in respect of an Interest Period, the Rate of Interest for such Interest Period shall be calculated by the Issuing and Paying Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate

(where Screen Rate Determination is specified as applicable hereon) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable hereon), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Issuing and Paying Agent in consultation with the Issuer shall determine such rate at such time and by reference to such sources as both determine appropriate. **Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

6. REDEMPTION, PURCHASE AND OPTIONS

- (a) **Final Redemption:** Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(d) or 6(e), each Note shall be finally redeemed on the Maturity Date specified hereon at (i) if the Notes are not Zero Coupon Notes, 100 per cent. of its nominal amount, or (ii) if the Notes are Zero Coupon Notes, its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount).
- (b) **Early Redemption:**
 - (i) **Zero Coupon Notes:**
 - (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
 - (B) Subject to the provisions of sub-paragraph (C) below, the **Amortised Face Amount** of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
 - (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c). Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.
 - (ii) **Other Notes:** The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.
- (c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to

pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above in which event it shall be conclusive and binding on Noteholders and Couponholders.

- (d) ***Redemption at the Option of the Issuer:*** If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. If redemption in part is specified as being applicable hereon, any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements. So long as the Notes are listed on the Luxembourg Stock Exchange or any other stock exchange and the rules of the relevant stock exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published either on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a leading newspaper of general circulation in Luxembourg or as specified by such other stock exchange, a notice specifying the aggregate nominal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

- (e) ***Redemption at the Option of Noteholders:*** If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (**Exercise Notice**) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period specifying the aggregate principal amount in respect of which such option is exercised (which must be the minimum denomination specified hereon or an integral multiple thereof). No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (f) ***Purchases:*** The Issuer and any of its Subsidiaries (as defined in Condition 10) may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

- (g) **Cancellation:** All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7. PAYMENTS AND TALONS

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. **Bank** means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET2 System.
- (b) **Registered Notes:**
- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
 - (ii) Interest on Registered Notes shall be paid to the person shown on the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date and (ii) where in definitive form, at the close of business on the fifteenth day before the due date for payment thereof (the **Record Date**). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments subject to Fiscal Laws:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices

are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities (including Luxembourg, so long as the Notes are listed on the Luxembourg Stock Exchange), (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee and (vii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) *Unmatured Coupons and unexchanged Talons:*

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes such Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) *Talons:* On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered

at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

- (h) **Non-Business Days:** If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, **business day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as **Financial Centres** hereon and:
- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
 - (ii) (in the case of a payment in euro) which is a TARGET2 Business Day.

8. TAXATION

All payments of principal and interest by or on behalf of the Issuer in the Kingdom of Sweden in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Kingdom of Sweden or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Kingdom of Sweden other than the mere holding of the Note or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day; or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) **Payment by another Paying Agent:** (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, **Relevant Date** in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) **principal** shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) **interest** shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) **principal** and/or **interest** shall be deemed to include any additional

amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

9. PRESCRIPTION

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. EVENTS OF DEFAULT

(a) *Events of Default and Enforcement – Senior Notes*

- (1) This Condition 10(a) shall apply only to Senior Notes.
- (2) If any of the following events occurs and is continuing (**Events of Default**), the Trustee at its discretion may, and if so requested by holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, provided that it shall in each case have been indemnified to its satisfaction give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together with accrued interest:
 - (i) **Non-Payment:** default is made for more than 15 days in the payment on the due date of interest or principal in respect of any of the Notes; or
 - (ii) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee; or
 - (iii) **Cross-Default:** (A) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (C) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (iii) have occurred equals or exceeds €15,000,000 or its equivalent (as reasonably determined by the Trustee); or
 - (iv) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged or stayed within 30 days; or
 - (v) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or
 - (vi) **Insolvency:** the Issuer or any of its Material Subsidiaries (A) is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, (B) stops, suspends or threatens to stop or suspend payment of all or (in the opinion of the Trustee) a material part of (or of a particular type of) its debts, (C) proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the

benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Material Subsidiaries or (i) a petition is filed or any action taken under or pursuant to any insolvency laws or (ii) a court or agency or supervisory authority having jurisdiction in respect of the same institutes proceedings, or a court in Sweden enters a decree or order, for the appointment of, or there is appointed, a receiver or liquidator, in respect of the Issuer or any of its Material Subsidiaries, and such proceedings, decree or order or appointment is not vacated or remains in force undischarged or unstayed for a period of 60 days or an application for any such appointment is made by or on behalf of the Issuer or any of its Material Subsidiaries; or

- (vii) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Material Subsidiaries, or the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or (in the opinion of the Trustee) a substantial part of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (including for the avoidance of doubt by operation of Swedish law pursuant to the concept of “universal succession” or otherwise pursuant to which the continuing entity effectively assumes all or (in the opinion of the Trustee) substantially all the assets and liabilities of the Issuer or such Material Subsidiary, as the case may be) (i) on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or (ii) in the case of a Material Subsidiary, whereby the undertaking and all or (in the opinion of the Trustee) substantially all the assets and liabilities of such Material Subsidiary are transferred to or otherwise vested in the Issuer or another of its Material Subsidiaries; or
- (viii) **Analogous Events:** any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs,

provided that in the case of paragraphs (ii), (iv) and (v), the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

As used in these Conditions:

Material Subsidiary means, at any time, any Subsidiary of the Issuer the net assets of which exceeds 10 per cent. of the consolidated net assets of the Issuer, all as calculated by reference to the then latest audited accounts of such Subsidiary and the then latest consolidated audited accounts of the Issuer.

Subsidiary means a company (i) the majority of the voting rights of which are held by the Issuer and/or by one or more other Subsidiaries or (ii) of which the Issuer and/or one or more other Subsidiaries is a member and has or have the right to appoint or remove a majority of its board of directors, or (iii) the Issuer and/or one or more other Subsidiaries is a member of it and controls, pursuant to an agreement with other shareholders or members, a majority of voting rights in it.

A certificate signed by two Authorised Signatories (as defined in the Trust Deed) of the Issuer (pursuant to Clause 8.13 of the Trust Deed) that in their opinion a Subsidiary is or is not or was or was not at a specific date a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

- (3) At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in nominal amount of the Notes outstanding, and (b) it shall have been indemnified to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

(b) *Events of Default and Enforcement – Dated and Undated Subordinated Notes*

- (1) This Condition 10(b) shall apply only to Dated and Undated Subordinated Notes.
- (2) If any of the following events occurs and is continuing (**Events of Default**), the Trustee at its discretion may, and if so requested by holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, provided that it shall in each case have been indemnified to its satisfaction, give notice to the Issuer that the Notes are and they shall, subject to the provisions set out below in this Condition 10(b), become, due and payable at their early redemption amount together with Accrued Interest:
 - (i) **Non Payment:** any default is made in the payment of principal in respect of any Note due and payable in accordance with these Conditions or in the payment of interest due on any Notes or on an Interest Payment Date (other than an Optional Interest Payment Date) or any other date on which the payment of interest is compulsory and any such default continues for 15 days; or
 - (ii) **Insolvency:** the Issuer (A) is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, (B) stops, suspends or threatens to stop or suspend payment of all or (in the opinion of the Trustee) a material part of (or of a particular type of) its debts, (C) proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or (i) a petition is filed or any action taken under or pursuant to any insolvency laws or (ii) a court or agency or supervisory authority having jurisdiction in respect of the same institutes proceedings, or a court in Sweden enters a decree or order, for the appointment of, or there is appointed, a receiver or liquidator, in respect of the Issuer, and such proceedings, decree or order or appointment is not vacated or remains in force undischarged or unstayed for a period of 60 days or an application for any such appointment is made by or on behalf of the Issuer; or
 - (iii) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (including for the avoidance of doubt by operation of Swedish law pursuant to the concept of “universal succession” or otherwise pursuant to which the continuing entity effectively assumes all or (in the opinion of the Trustee) substantially all the assets and liabilities of the Issuer) on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

If the Notes become due and payable under this Condition 10(b), the following restrictions apply:

- (1) the Trustee may institute such steps, including the obtaining of a judgment against the Issuer for any amount due in respect of the Notes, as it thinks desirable with a view to having the Issuer declared bankrupt (*konkurs*) or put into liquidation (*likvidation*) but not otherwise and consequently if the Notes become due and payable under this Condition 10(b) the Issuer shall, except with the prior consent of the SFSA, only be required to make such payment after it has been declared bankrupt (*konkurs*) or put into liquidation (*likvidation*).
- (2) the Trustee may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Notes (other than, without prejudice to paragraph (1)) above, any obligation for the payment of any principal or interest in respect of the Notes) provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

- (3) no remedy against the Issuer, other than as provided in paragraphs (1) and (2) above or proving or claiming in the bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer in the Kingdom of Sweden or elsewhere, shall be available to the Trustee, 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 obligations or undertakings under the Notes or the Trust Deed.
- (4) The Trustee is not obliged to institute any steps or proceedings as described in paragraphs (1) to (3) above unless (a) it shall have been so directed or so requested in writing by Noteholders holding at least one-fifth in nominal amount of the Notes outstanding and (b) it shall have been indemnified to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound to proceed, fails to do so within a reasonable time.

11. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.
- (b) **Modification of the Trust Deed:** The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.
- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any subsidiary of the Issuer or its successor in business in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes, provided (*inter alia*) that the Issuer gives notice of such substitution to the Noteholders in accordance with the provisions of Condition 16. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12. INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

13. REPLACEMENT OF NOTES, CERTIFICATES, COUPONS AND TALONS

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Paying Agent in Luxembourg (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

14. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

15. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

16. NOTICES

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*) and so long as the Notes are listed on the Luxembourg Stock Exchange, either in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in

Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

17. GOVERNING LAW AND JURISDICTION

- (a) **Governing Law:** The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law except that the provisions of Conditions 3(b) and (c) are governed by, and shall be construed in accordance with, the laws of the Kingdom of Sweden.
- (b) **Jurisdiction:** To the extent allowed by law, the Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes, Coupons or Talons) and accordingly any legal action or proceedings arising out of or in connection with any Notes Coupons or Talons (**Proceedings**) (including any Proceedings relating to any non-contractual obligations arising out of or in connection with any Notes, Coupons or Talons) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.
- (c) **Service of Process:** The Issuer has irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

Summary of Provisions Relating to the Notes while in Global Form

Initial Issue of Notes

Each Tranche of Notes issued in bearer form and cleared through Euroclear and Clearstream, Luxembourg will be initially issued in the form of a temporary Global Note or, if so specified in the relevant Final Terms or relevant Pricing Supplement, as the case may be, a permanent Global Note which in either case will:

- (i) if the Global Notes are intended to be issued in new global note (NGN) form, as stated in the relevant Final Terms or relevant Pricing Supplement, as the case may be, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear and Clearstream, Luxembourg; and
- (ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Depositing the Global Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Upon the initial deposit of a Global Note with (i) the Common Depositary (if the Global Note is not intended to be issued in NGN form) or (ii) the Common Safekeeper (if the Global Note is intended to be issued in NGN form) or registration of Registered Notes in the name of any nominee (i) for the Common Depositary or (ii) the Common Safekeeper (if the Registered Notes are intended to be held under the new safekeeping structure (NSS)) and delivery of the relative Global Certificate to the Common Depositary or Common Safekeeper, as the case may be, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

If the Global Note is a NGN or the Registered Notes are held under NSS, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of both Euroclear and Clearstream, Luxembourg. The records of such clearing systems shall be conclusive evidence of the nominal amount of Notes represented by the Global Note or the relative Global Certificate and a statement issued by a clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary or Common Safekeeper, as applicable, may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms or relevant Pricing Supplement, as the case may be) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms or relevant Pricing Supplement, as the case may be, indicate that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “*Overview of the Programme – Selling Restrictions*”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms or relevant Pricing Supplement, as the case may be, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “*Partial Exchange of Permanent Global Notes*”, in part for Definitive Notes or Registered Notes:

- (i) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and
- (ii) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an **Alternative Clearing System**) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

Permanent Global Certificates

If the Final Terms or Pricing Supplement, as the case may be, state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the Registered Holder has given the Registrar not less than 30 days’ notice at its specified office of the Registered Holder’s intention to effect such transfer.

Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes if so provided in, and in accordance with, the Conditions.

Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, (A) if the Global Notes are not NGNs, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (B) if the Global Notes are NGNs, procure that details of such exchange shall be entered *pro rata* in the records of the relevant clearing systems or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Base Prospectus, **Definitive Notes** means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

Exchange Date means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Base Prospectus. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation (and, in the case of a Global Note not intended to be issued in NGN form, endorsement) and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If a Global Note is not a NGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. If the Global Note is a NGN, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing systems and the nominal amount of the Notes recorded in the records of the relevant clearing systems and represented by the Global Note will be reduced accordingly. Condition 7(e)(vii) and Condition 8(d) will apply to the Definitive Notes only.

Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each minimum Specified Denomination of Notes for which such Global Note may be exchanged. (All holders of Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest (if any) thereon.

Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or any other clearing system (as the case may be).

Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is not a NGN, presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Where the permanent Global Note is a NGN, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

NGN nominal amount

Where the relevant Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, shall be entered *pro rata* in the records

of the relevant clearing systems and upon any such entry being made, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note, except that so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published either in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Interest

So long as any Notes are represented by a Global Note, interest shall be calculated in respect of any period by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Comments on Certain Aspects of Swedish Law

The following is a summary of certain aspects of Swedish law. The summary does not incorporate all aspects of Swedish law which may be relevant in connection with the Notes.

Providers of conditional capital contributions are strictly speaking neither creditors nor shareholders of the Issuer. They are providers of conditional capital contributions who may be repaid if there are sufficient funds available following payment to all creditors ranking prior the holders/providers of conditional capital contributions in connection with the liquidation or bankruptcy of the Issuer. Although there is no specific statutory Swedish law relating to the ranking of claims of providers of conditional capital contributions in a liquidation or bankruptcy, the rights of providers of conditional capital contributions will in any such liquidation or bankruptcy be as set out in the terms and conditions of the Notes and, consequently, in such an event providers of conditional capital contributions would be paid amounts represented by their conditional capital contributions ahead of any payments being made to shareholders in their capacity as such.

Use of Proceeds

The net proceeds from each issue of Notes will be used for general corporate purposes of the Issuer and its Subsidiaries.

Description of the Issuer

OVERVIEW

Länsförsäkringar Bank Group (the **Bank Group**) is part of the Länsförsäkringar Alliance (the **Alliance**), one of the larger insurance and banking operations in Sweden. The Alliance is a mutually owned banking and insurance group. Länsförsäkringar Bank AB (publ) (the **Issuer**) is wholly owned by Länsförsäkringar AB (publ) (**LFAB**). LFAB is principally owned by 23 independent, local and customer-owned regional insurance companies in Sweden (the **Regional Insurance Companies**) which, together with LFAB and its subsidiaries, including the Bank Group, comprise the Alliance. The banking operations offer a full range of banking services to private individuals, farmers and small businesses. Sales, advisory services and customer services are carried out through 130 (130) of the branches of the 23 Regional Insurance Companies and via the Internet, mobile services and telephone. Sales and certain administration of banking services are carried out at the branches of the Regional Insurance Companies. The Regional Insurance Companies are reimbursed for sales, administration and service through a reimbursement system based on volumes managed. Another part of the full-service offering is the 152 branches (150) of the real-estate brokerage Länsförsäkringar Fastighetsförmedling throughout Sweden.

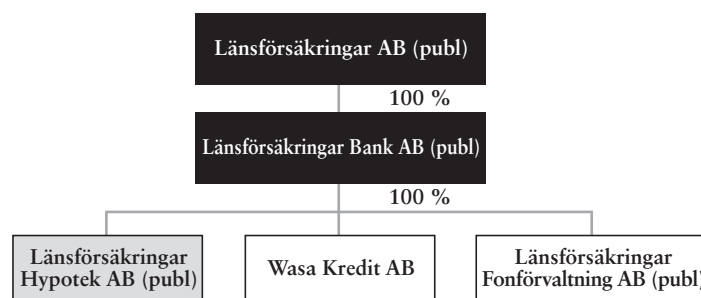
The Issuer is a limited liability public company incorporated on 12 March 1996 for an unlimited duration under the Swedish Companies Act. The Issuer is registered in the Swedish Companies Registration Office in Sundsvall under corporate registration number 516401-9878.

The Issuer has three subsidiaries: Länsförsäkringar Hypotek AB (publ) (**LF Hypotek**), the Issuer's mortgage institution; Wasa Kredit AB (**Wasa Kredit**), a finance company offering leasing, hire purchase and personal loans; and Länsförsäkringar Fondförvaltning AB (publ) (**LF Fondförvaltning**), which manages mutual funds.

The Board of Directors of the Issuer, in taking any decisions, do so after taking into account the best interests of the Issuer and their responsibilities as directors. The Issuer is not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Issuer.

The Issuer relies upon its parent, LFAB, for the injection of necessary capital. The Issuer's financial condition and results of operations are impacted by the conditions prevailing within the Alliance.

The following diagram shows the structure of the Alliance, and the Bank Group within it:



The Issuer is the fifth largest retail bank in Sweden (source: Statistics Sweden) with 879,000 customers and a business volume (loans, deposits and funds) of SEK 314 billion as at December 31, 2013. In 2013, the business continued to grow in all main product segments. In January 2014, the Issuer won the prize for best mobile app at the Web Service Award. Continued investments in mobile services based on customer requirements and needs are a priority area.

Figures in parentheses pertain to 2012.

STRATEGY

The Issuer's strategy, which has not been changed since 2000, is to provide the Alliance's Regional Insurance Companies' customers with a banking offering. Customer contact is performed by the 130 branches of the

23 Regional Insurance Companies. The real estate brokerage Länsförsäkringar Fastighetsförmedling also conducts customer contacts at the 152 branches. The strategy for the Issuer's banking operations is primarily based on the existing infrastructure of the Alliance: a large customer base, a strong brand and the value basis and core values of the customer-owned Regional Insurance Companies.

History

The Issuer was founded in 1996 to further broaden the Alliance's offering. In 2000, the strategy of becoming a full-service retail bank was adopted and in 2001 the Issuer started retail mortgage lending operations through LF Hypotek.

Large customer base

The Alliance has more than 3.5 million customers and the prioritised target groups in the banking operations are the 2.9 million private individuals, the 1.8 million home-insurance customers and the agricultural customers.

The reputation of the brand "Länsförsäkringar" is the highest among banking and insurance companies, according to the Reputability Barometer for 2013.

Local customer-owned

The banking operations, which are conducted in Sweden only, have a local presence with customer-owned Regional Insurance Companies that manage all contact with customers. The insurance customers of the Alliance own the Regional Insurance Companies, meaning that the Issuer is operated based on the principles of customer ownership. The Regional Insurance Companies' involvement, network and local decision-making, provide a broad and in-depth local presence.

Customer-driven business model

The Issuer supports the 23 Regional Insurance Companies in their advisory services and sales. Product development takes place in close cooperation between the Issuer and the Regional Insurance Companies. This cooperation features continuous efficiency enhancements to implement improvements that lead to better processes and advisory services, greater expertise and lower costs.

Several new products were launched during the year and the Swedish service performed well during the year. The Issuer is making a major investment in mobile services and the aim is to secure a leading position in the Swedish retail bank market. The mobile services fared well in the competition.

OBJECTIVES

The Issuer's objectives are as follows:

- achieve profitable growth;
- have the most satisfied customers; and
- increase the percentage of customers who combine their banking and insurance commitments.

Key figures of the Issuer in brief 2013

- Operating profit increased 16% to SEK 647 M (556 M).
- Net interest income rose 8% to SEK 2,230 M (2,071 M).
- Total business volumes rose 11% to SEK 314 billion (283 billion).
- The Tier 1 ratio according to Basel III was 14.4% (–) and the capital adequacy ratio was 19.1% (–).

Description of the Issuer

- The number of customers rose 4% to 879,000 (847,000) and the number of bank cards increased 12% to 388,000 (376,000).

Figures in parentheses pertain to 2012.

REGULATORY FRAMEWORK

The Issuer is subject to the Companies Act (Sw: Aktiebolagslagen 2005:551) and the Banking and Financing Business Act (Sw: lagen 2004:297 om bank- och finansieringsrörelse) which regulates, inter alia, the Issuer's lending activities. In addition, the act on Capital Adequacy and Large Exposures in Credit Institutions and Securities Companies (Sw: lagen 2006:1371 om kapitaltäckning och stora exponeringar för kreditmarknadsinstitut och värdepappersbolag) (which is in the process of being replaced by CRR and the Swedish legislation implementing CRD IV) sets forth certain requirements on regulatory capital and exposure that the Issuer must observe.

The Issuer is supervised by the Swedish Financial Supervisory Authority (SFSA).

CREDIT QUALITY

Total loans in the Bank Group rose 8% to SEK 162 billion (150 billion) during 2013. The geographic distribution of the loan portfolio encompasses all of Sweden, and no loans were granted outside Sweden. Mortgages account for 71% (71%) of the loan portfolio and agricultural loans for 13% (13%). Combined, these loans account for approximately 84% (84%) of the Bank Group's loan portfolio. Impaired loans amounted to SEK 393 M (298 M), which corresponds to 0.23% (0.19%) of the loan portfolio before reserves. Reserves amounted to SEK 422 M (325 M) and the reserve ratio in relation to loans was 0.25% (0.21%). Loan losses remained low at SEK 126 M (91 M), corresponding to a loan loss of 0.08% (0.06%).

Figures in parentheses pertain to 2012.

FUNDING STRATEGY OF THE BANK GROUP

The Bank Group manages its funding and liquidity with the aim to have a sufficiently strong liquidity position to ensure that it can handle periods with stress in the capital markets, when access to new funding is limited or not even available. The liquidity risk is controlled and limited through a survival horizon methodology, meaning how long all known contracted obligations can be met without any access to capital market financing.

Given its retail oriented business mix and large mortgage lending operation the Bank Group's main funding sources are naturally retail deposits and covered bonds. The amount of deposits held by the Issuer has increased during the last years and currently represent 33% of its total funding. The covered bonds are issued out of the issuers subsidiary LF Hypotek and mainly in the form of liquid benchmark bonds in the domestic Swedish market. In recent years the funding diversification has been enhanced through the issuance of Euro benchmark covered bonds as well as through covered bonds issued in CHF and NOK. Senior unsecured debt and commercial papers are issued by the Issuer.

The market risk that arises from the lending and the funding operations are managed mainly through derivatives. Using derivatives increases the flexibility of borrowing activities, entailing that the financing can be based on market conditions without exposing the operation to interest rate and currency risks.

Intercreditor agreement and subordination of the Issuer's claims against LF Hypotek

The Issuer and LF Hypotek have granted, and will grant additional, loans to certain borrowers which are secured by security granted to the Issuer and LF Hypotek jointly and/or on a first and second ranking basis with respect to existing and/or future obligations of the borrowers (the Joint Collateral). The Issuer and LF Hypotek have, in an intercreditor agreement, agreed that, unless otherwise agreed in a specific case in relation to a certain borrower, LF Hypotek's claims in respect of the Joint Collateral (and any income from the realisation thereof) shall rank senior to the Issuer's claims in respect thereof.

Liquidity facility agreement between the Issuer and LF Hypotek

The Issuer and LF Hypotek have entered into a liquidity facility agreement, pursuant to which the Issuer makes available a committed liquidity loan facility to LF Hypotek to support its ability to repay principal and pay interest on covered bonds issued under LF Hypotek's covered bonds programmes.

CREDIT POLICY

The lending portfolio is entirely comprised of Swedish-based loans. The loan book is geographically well-distributed across Sweden meaning there is no concentration in any particular region. Loan origination is primarily directed towards mortgages for private individuals' homes and family-owned agricultural operations. The Issuer does however also, itself and through Wasa Kredit, to a certain extent offer unsecured loans as well as, through Wasa Kredit, leasing and hire purchase loans. All loans are given subject and pursuant to the credit policy decided by the Board of Directors and the credit process is largely automated. The Regional Insurance Companies have good knowledge about their customers and the local markets. The business agreements between the Issuer and the Regional Insurance Companies provide a strong incentive to maintain excellent credit quality. The banking operations impose strict requirements on customers' repayment capacity and the quality of any collateral. In connection with credit scoring, the repayment capacity of borrowers and households is stress tested and the quality of the loan portfolio and the borrowers' repayment capacity is continuously monitored and reviewed. The decision-support model, combined with the expertise, local market knowledge and credit responsibility of the Regional Insurance Companies, creates favourable conditions for balanced and consistent loan origination and a loan portfolio of high credit quality.

RISK MANAGEMENT

The overall objective is to protect shareholders' equity and the investors' and depositors' capital. Returns are maximised through active and secure financial management within the guidelines of the Bank Group's overall risk policy.

A sound financial management is ensured by the Issuer being proactive, maintaining clear divisions of responsibility and exercising strict controls. All limits, methods of measuring, financial instruments, reporting and responsibilities in respect of the policy are to be well defined and updated and modified as appropriate.

The divisions of responsibility in financial management are of utmost importance. This means that position taking and executing roles should have no influence on risk control and back office functions.

Division of Responsibility in Risk Management

The Board of Directors of the Issuer is ultimately responsible for the Bank Group's operations and, as a result, for safeguarding the Bank Group's assets and for creating risk awareness in the Bank Group. The Board of Directors of the Issuer achieves this goal, among others, by annually establishing central risk tolerances and risk strategies that ensure a sound and well-balanced process for risk-taking and risk management. Such a process should be characterised by a deliberate focus on changes in the operations and its macro-economic environment. The Board of Directors of the Issuer is also responsible for establishing all of the methods, models, systems and processes that form the internal measurement, control and reporting of identified risks. Through the Bank Group's Compliance, Risk Control and Internal Audit functions, the Board of Directors of the Issuer is also responsible for ensuring that the Issuer's regulatory compliance and risks are managed in a satisfactory manner.

The President is responsible for the ongoing administration of the Issuer in accordance with the risk tolerances and risk strategies established by the Board of Directors of the Issuer. This means that the President is responsible for ensuring that the methods, models, systems and processes that form the internal measurement, control and reporting of identified risks work in the manner intended and decided by the Board of Directors of the Issuer.

The President is the Chairman of an Asset Liability Committee (ALCO) whose main task is to follow up capital and financial matters arising in the Bank Group.

Risk Control is an independent unit and has an independent position in relation to the corporate operations that it has been assigned to monitor and control. Risk Control is under the supervision of the President and is responsible to the Board of Directors of the Issuer for ensuring that risk policies are complied with, risk

limits are monitored and non-compliance is reported to the President and Board of Directors of the Issuer. In addition, Risk Control is responsible for the validation of the risk-classification system (the IRB Approach) and its use in the Issuer's operations. One of the most important tasks of the Risk Control is to ensure that the Issuer's operations have active risk management and that the risk tolerance established by the Board of Directors of the Issuer is converted into limits according to which the operations conduct their activities.

CAPITAL ADEQUACY

The Bank Group applies the Internal Ratings Based Approach (**IRB Approach**). The advanced IRB Approach is applied to all retail exposure and to counterparty exposures to corporates and the agricultural sector up to SEK 5 M. The fundamental IRB Approach is used for counterparty exposures to corporates and the agricultural sector in excess of SEK 5 M. The Standardised Approach is used for other exposures. On 31 December 2013, 88% of the loan portfolio comprised retail credits in accordance with the advanced IRB Approach. Core Tier 1 ratio according to Basel III amounted to 14.4% (-). The capital adequacy ratio according to Basel III was 19.1% (-).

THE SWEDISH BANKERS' ASSOCIATION

The Swedish Bankers' Association organises banks and financial institutions established in Sweden. The aim is to contribute to a sound and efficient regulatory framework that facilitates banks to help create economic wealth for customers and society.

The Issuer is a member of the association.

MANAGEMENT AND EMPLOYEES

Board of Directors

Sten Dunér

Born 1951

Chairman since 2009

President and CEO of Länsförsäkringar AB

Other Board appointments: Chairman of Länsförsäkringar Sak, Länsförsäkringar Fondliv, Svensk Försäkrings and the Swedish Insurance Employers' Association (FAO). Board member of Länsförsäkringar Liv Försäkrings AB and Fastighets AB Balder.

Örian Söderberg

Born 1952

Board member since 2009

President of Länsförsäkringar Jönköping

Other Board appointments: Chairman of Destination Jönköping and Board member of Länsförsäkringar Jönköping and Wasa Kredit AB.

Christian Bille

Born 1962

Board member since 2010

President of Länsförsäkringar Halland

Other Board appointments: Board member of Länsförsäkringar Halland and Länsförsäkringar Hypotek AB.

Ingrid Jansson

Born 1950

Board member since 2013.

Maria Engholm (pending approval from the Swedish FSA)

Born 1967

Board member since 2014

Other Board appointments: Dalecarlia Fastighets Aktiebolag, Folke Byggmaterial Aktiebolag, Folke Perforering Aktiebolag, Fakturatjänst i Sverige AB, BTF mark & trädgård AB, HSB ProjektPartner AB, Dalarnas Försäkringsbolags Förvaltningsaktiebolag, Lugnets Gård Fastighets AB, Dalecarlia Fastigheter i Falun AB, Dalarnas Försäkringsbolag, HSB Dalarna ek för and HSB Riksförbund ekonomisk förening.

Bengt-Erik Lindgren

Born 1950

Board member since 2012

Chairman of Länsförsäkringar Bergslagen

Other Board appointments: Chairman of Arver Lastbilar AB and Grönklittsgruppen AB, Board Member of NordanåTrä AB, AB Inlandsinnovation and Prevas AB.

Ingrid Ericson

Born 1958

Employee representative since 2004

Board member, Confederation of Professional Associations (SACO)

Other Board appointments: Board member of Länsförsäkringar AB's local SACO Board.

Susanne Petersson

Born 1962

Board member since 2013

President of Länsförsäkringar Skåne

Other Board appointments: Board member of Länsförsäkringar Skåne and P.U.L.S AB.

Description of the Issuer

Torleif Carlsson

Born 1953

Deputy Board member since 2010

Employee representative of the Länsförsäkringar Alliance's Employee Association (LFP)

Other Board appointments: Deputy Board member LFP Länsförsäkringar Fondförvaltning.

Marianne Björkman

Born 1955

Employee representative since 2014

Other Board appointments: Board member of Länsförsäkringar AB; local FTF Board.

Executive Management

Rikard Josefson, born 1965

President. Employed since June 2011.

Anders Borgcrantz, born 1961

CFO. Employed since 2003.

Susanne Bergh, born 1969

Head of Internet. Employed since 2009.

Susanne Calner, born 1969

Head of Credit. Employed since March 2012.

Bengt Clemedtson, born 1964

Head of Business. Employed since 2006.

Sven Eggefalk, born 1969

President Wasa Kredit. Employed since December 2011.

Eva Gottfridsdotter Nilsson, born 1960

President of Länsförsäkringar Fondförvaltning. Employed since 2000.

Gert Andersson, born 1959

Head of Product. Employed since 2013.

Richard Lundberg, born 1976

Head of Backoffice. Employed since 2012.

Louise Lindgren, born 1959

Chief Risk Officer. Employed since 2014.

The business address of each member of the Issuer's Board of Directors and Executive Management is Tegeluddsvägen 11-13, SE-106 50 Stockholm, Sweden.

Maria Edsparr

Compliance Officer

Desirée Nordkvist

Head of Internal audit

Auditor

KPMG AB

Stefan Holmström (Authorized Public Accountant)

Box 16106

103 23 Stockholm

Telephone +46 8-723 91 00

Description of the Issuer

To the best knowledge of the Issuer, no potential conflicts of interest exist between the private interests and other duties of the members of the Board of Directors or the Executive Management and their duties towards the Issuer. The aforesaid applies also to other persons from the Issuer involved in the preparation of this Base Prospectus.

Employees

In 2013 the Issuer had an average of 369 (363) employees.

Taxation

SWEDEN

The following summary outlines certain Swedish income tax consequences of the acquisition, ownership and disposition of Notes and is based on the Swedish tax laws in force as of the date of this Base Prospectus. The summary does not address all potential aspects of Swedish taxation that may be applicable to a potential investor in the Notes and the summary is neither intended to be, nor should be construed as, legal or tax advice. A potential investor in the Notes should therefore consult with its own tax advisor as to the Swedish or foreign tax consequences of the acquisition, ownership and disposition of Notes. Certain categories of investors may also be exempt from income tax and/or subject to other tax consequences.

(i) *Non-resident Holders of Notes*

As used herein, a **Non-resident Holder** means a holder of Notes who is (a) an individual who is not a resident of Sweden for tax purposes and who has no connection to Sweden other than his/her investment in the Notes, or (b) an entity not organised under the laws of Sweden.

Under Swedish tax law, payments of principal or interest to a Non-resident Holder of Notes will not be subject to Swedish income tax unless such Non-resident Holder of Notes carries on a trade or business through a permanent establishment in Sweden to which the payment of principal or interest is attributable.

Swedish tax law does not impose withholding tax on payments of principal or interest to a Non-resident Holder of Notes.

Under Swedish tax law, a capital gain on a sale of Notes by a Non-resident Holder will not be subject to Swedish income tax unless the Non-resident Holder of Notes carries on a trade or business in Sweden through a permanent establishment to which the capital gain is attributable.

Private individuals who are not resident in the Kingdom of Sweden for tax purposes may be liable to capital gains taxation in the Kingdom of Sweden upon disposal or redemption of certain financial instruments, depending on the classification of the particular financial instrument for Swedish income tax purposes, if they have been resident in the Kingdom of Sweden or have lived permanently in the Kingdom of Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption. This liability may, however, be limited by tax treaties between Sweden and other countries.

(ii) *Resident Holders of Notes*

As used herein, a **Resident Holder** means a holder of Notes who is (a) an individual who is a resident of Sweden for tax purposes, or (b) an entity organised under the laws of Sweden.

In general, payment of any amount that is considered to be interest for Swedish tax purposes to a Resident Holder of Notes will be subject to Swedish income tax. A Resident Holder of Notes will also be subject to Swedish income tax on any capital gain on the sale of Notes. Redemption of Notes is treated as a sale of Notes. Amortisation of principal is not otherwise subject to Swedish income tax.

Swedish tax law does not impose withholding tax on payments of principal or interest to a Resident Holder of Notes. However, preliminary income tax is withheld on payments of interest to individuals and estates of deceased individuals.

EU SAVINGS DIRECTIVE

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

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

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

LUXEMBOURG

The following summary is of a general nature and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

(i) *Non-resident Holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 as amended (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the competent fiscal authority of Luxembourg, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 35 per cent.

(ii) *Resident Holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 as amended (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

THE PROPOSED FINANCIAL TRANSACTIONS TAX (the FTT)

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under current proposals 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 and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. 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.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a “foreign financial institution”, or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States Account” of the Issuer (a **Recalcitrant Holder**). The Issuer is classified as an FFI.

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the **grandfathering date**, which is the later of (a) 1 July 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the “Model 1” and “Model 2” IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments

it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS.

The Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes are made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the Common Depositary or Common Safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

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

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

Subscription and Sale

SUMMARY OF DEALER AGREEMENT

Subject to the terms and on the conditions contained in an Amended and Restated Dealer Agreement dated 27 June 2014 (such Dealer Agreement as modified and/or restated and/or restated from time to time the **Dealer Agreement**) between the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

SELLING RESTRICTIONS

United States

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

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations promulgated thereunder. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder. The relevant Final Terms (or relevant Pricing Supplement, in the case of Exempt Notes) will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Issuing and Paying Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells 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.

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

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including

the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms or Pricing Supplement, as the case may be, in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented, warranted and agreed that:

- (i) in relation to any Notes which have a maturity of less than one year from the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; **FIEA**). Accordingly, each of the Dealers has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other

applicable laws, regulations and ministerial guidelines of Japan. As used in this paragraph, **resident of Japan** means as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended).

Sweden

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale except in circumstances that will not result in a requirement to prepare a prospectus for an offer to the public pursuant to the provisions of the Swedish Financial Instruments Trading Act (*lag (1991: 980) om handel med finansiella instrument*).

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Subscription Agreement in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms or Pricing Supplement, as the case may be, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms or Pricing Supplement, as the case may be, and neither the Issuer nor any other Dealer shall have responsibility therefor.

General Information

- (1) The Issuer has obtained all necessary consents, approvals and authorisations in the Kingdom of Sweden in connection with the establishment and update of the Programme. The establishment and update of the Programme was authorised pursuant to resolutions of the board of directors of the Issuer passed on 23 April 2004, 26 April 2005, 16 June 2009, 9 June 2010, 29 April 2011, 15 June 2012, 22 April 2013 and 29 April 2014.
- (2) There has been no significant change in the financial or trading position of the Issuer or of the Bank Group since 31 March 2014.
- (3) There has been no material adverse change in the prospects of the Issuer or of the Bank Group or of the Issuer since 31 December 2013.
- (4) Neither the Issuer nor any of its subsidiaries is or has been involved in any 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 Base Prospectus which may have or have had in the recent past significant effects, in the context of the Notes, on the financial position or profitability of the Issuer or of the Bank Group.
- (5) Each Bearer Note, Coupon and Talon will bear the following legend: 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.
- (6) Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms or relevant Pricing Supplement, as the case may be. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1 855 Luxembourg. The address of any alternative clearing system will be specified in the relevant Final Terms or relevant Pricing Supplement, as the case may be.
- (7) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms or relevant Pricing Supplement, as the case may be of each Tranche, based on then prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to underlying securities, indices, interest rates or other equivalent information in respect of any issues of Notes.
- (8) For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer and at the specified office of the Paying Agents:
 - (i) the Agency Agreement and the Trust Deed (which includes the forms of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons and the Talons);
 - (ii) the constitutional documents of the Issuer;
 - (iii) the Issuer's annual report in respects of the years ended 31 December 2012 and 2013;
 - (iv) the most recently published quarterly unaudited interim consolidated and unconsolidated accounts of the Issuer;
 - (v) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus; and
 - (vi) each set of Final Terms for Notes that are listed on the official list and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange or on any other stock exchange.

In addition, copies of this Base Prospectus, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's Regulated Market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website at www.bourse.lu.

- (9) KPMG AB (Chartered Accountants) (a member of the Swedish Institute of Authorised Public Accountants) has audited, and rendered unqualified audit reports on, the accounts of the Issuer for the two years ended 31 December 2012 and 31 December 2013.
- (10) The Issuer confirms that the information sourced from Statistics Sweden on page 71, as well as the ratings descriptions sourced from Standard & Poor's and Moody's on page 17 of this document have been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by such parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- (11) The yield relating to a particular issue of Notes will be stated in the Final Terms relating to those Notes and is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

REGISTERED OFFICE OF THE ISSUER

Tegeluddsvägen 11-13,
SE-10650 Stockholm
Sweden
Tel: +46(0)8-588-41600

DEALERS

Credit Suisse Securities (Europe) Limited

One Cabot Square
London E14 4QJ
United Kingdom

Danske Bank A/S

2-12 Holmens Kanal
DK-1092 Copenhagen K
Denmark

Nordea Bank Danmark A/S

Strangade 3
1401 Copenhagen K
Denmark

Skandinaviska Enskilda Banken AB (publ)

Kungsträdgårdsgatan 8
106 40 Stockholm
Sweden

Swedbank AB (publ)

SE-105 34 Stockholm
Sweden

The Royal Bank of Scotland plc

135 Bishopsgate
London EC2M 3UR
United Kingdom

UBS Limited

1 Finsbury Avenue
London EC2M 2PP
United Kingdom

TRUSTEE

Citicorp Trustee Company Limited

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

ISSUING AND PAYING AGENT, REGISTRAR AND TRANSFER AGENT

Citibank, N.A.

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

PAYING AGENT, TRANSFER AGENT AND LUXEMBOURG LISTING AGENT

Banque Internationale à Luxembourg

69, route d'Esch
L-2953 Luxembourg

CALCULATION AGENT

Citibank, N.A.

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

ARRANGER

UBS Limited

1 Finsbury Avenue
London EC2M 2PP
United Kingdom

AUDITORS TO THE ISSUER

KPMG AB

Tegelbacken 4A
Box 16106
SE103 23 Stockholm
Sweden

LEGAL ADVISERS

To the Issuer

in respect of Swedish law

Mannheimer Swartling Advokatbyrå AB

Norrlandsgatan 21
Box 1711
SE-111 87 Stockholm
Sweden

To the Dealers

in respect of English law

Allen & Overy LLP

One Bishops Square
London E1 6AD
United Kingdom

