IMPORTANT: You must read the following before continuing.

The following applies to the prospectus (the "**Prospectus**") following this page. You are advised to read this disclaimer carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications made to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that delivery of this electronic transmission and the Prospectus are confidential and intended for you only and you agree you will not forward, reproduce or publish this electronic transmission and/or the Prospectus in any manner whatsoever to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION AND/OR THE PROSPECTUS CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THIS ELECTRONIC TRANSMISSION AND THE PROSPECTUS MAY ONLY BE DISTRIBUTED IN "OFFSHORE TRANSACTIONS" AS DEFINED IN, AND PERMITTED BY, REGULATION S UNDER THE US SECURITIES ACT OF 1933 ("**REGULATION S**"), AS AMENDED (THE "**US SECURITIES ACT**") OR ANOTHER EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE US SECURITIES ACT. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS ELECTRONIC TRANSMISSION AND/OR THE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE US SECURITIES ACT AND/OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE NOTES REFERRED TO HEREIN (THE "**NOTES**") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

This electronic transmission and the Prospectus are only addressed to and directed at persons in member states of the European Economic Area ("**EEA**") who are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC as amended, including by Directive 2010/73/EC) ("**Qualified Investors**"). In addition, in the United Kingdom, this electronic transmission and the Prospectus are addressed to and directed only at, Qualified Investors who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) are other persons to whom they may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). This electronic transmission and the Prospectus must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the EEA other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this electronic transmission and the Prospectus relate is available only to relevant persons in the United Kingdom and Qualified Investors in any member state of the EEA other than the United Kingdom, and will be engaged in only with such persons.

Confirmation of Your Representation: This electronic transmission and the Prospectus are delivered to you on the basis that you are deemed to have represented to Länsförsäkringar Bank AB (publ) (the "**Issuer**") and Skandinaviska Enskilda Banken AB (publ) (the "**Lead Manager**") that you have understood and agree to the terms set out herein, and (i) you are a person that is outside the United States for the purpose of Regulation S, and (ii) either (a) you are a person in a member state of the EEA, other than the United Kingdom, and you are a Qualified Investor and/or a Qualified Investor acting on behalf of Qualified Investors or relevant persons, to the extent that you are acting on behalf of persons or entities in the EEA or the United Kingdom, or (b) you are a person in the United Kingdom and you are a relevant person and/or a relevant person acting on behalf of relevant persons or Qualified Investors, to the extent that you are acting on behalf of persons or entities in the United Kingdom or in the EEA, or (c) you are an institutional investor that is otherwise eligible to receive this electronic transmission and the Prospectus. You shall also be deemed to have represented to the Issuer and the Lead Manager that you consent to delivery by electronic transmission.

You are reminded that you have received this electronic transmission and the Prospectus on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver the Prospectus, electronically or otherwise, to any other person. If you receive the Prospectus by e-mail, you should not reply by e-mail to this announcement. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. If you receive the Prospectus in electronic format by e-mail, your use of such Prospectus in electronic format and e-mail is at your own risk and it is your responsibility to take precautions to ensure that each is free from viruses and other items of a destructive nature.

If a jurisdiction requires that the offering to which this electronic transmission and the Prospectus relates be made by a licensed broker or dealer and the Lead Manager or any affiliate of the Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Lead Manager or affiliate on the behalf of the Issuer in such jurisdiction.

You are reminded that documents transmitted electronically may be altered or changed during the process of transmission and consequently neither the Issuer nor the Lead Manager nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus delivered by electronic transmission and the hard copy version.

Neither the Lead Manager nor any of its affiliates accepts any responsibility whatsoever for the contents of this electronic transmission or the Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Issuer or the Notes or the offering referred to herein. The Lead Manager and each of its affiliates disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of the electronic transmission, the Prospectus or any such statement. No representation or warranty, express or implied, is made by the Lead Manager or any of its affiliates as to the accuracy, completeness or sufficiency of the information set out in this electronic transmission or the Prospectus.

RESTRICTIONS ON MARKETING AND SALES TO RETAIL INVESTORS

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

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

The Lead Manager is required to comply with the TMR Rules. By purchasing, or making or accepting an offer to purchase, any Notes from the Issuer and/or the Lead Manager, each prospective investor will be deemed to represent, warrant, agree with, and undertake to, the Issuer and the Lead Manager that:

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

2. whether or not it is subject to the TMR Rules, it will not sell or offer the Notes to retail clients in the EEA or do anything (including the distribution of the Prospectus) that would or might result in the buying of the Notes or the holding of a beneficial interest in the Notes by a retail client in the EEA (in each case within the meaning of the TMR Rules), other than (i) in relation to any sale or offer to sell Notes to a retail client in or resident in the United Kingdom (the "**UK**"), in circumstances that do not and will not give rise to a contravention of the TMR Rules by any person and/or (ii) in relation to any sale or offer to sell Notes to a retail client in any EEA member state other than the UK, where (a) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Notes and is able to bear the potential losses involved in an investment in the Notes and (b) it has at all times acted in relation to such sale or offer in compliance with the Markets in Financial Instruments Directive (2004/39/EC) ("**MiFID**") to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and

3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Notes, including any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes by investors in any relevant jurisdiction.

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

PROSPECTUS DATED 5 JUNE 2015

LÄNSFÖRSÄKRINGAR BANK AB (publ)
(incorporated with limited liability in Sweden under corporate registration number 516401-9878)
(the "Issuer" or the "Bank")

SEK 1,200,000,000 Floating Rate Perpetual Additional Tier 1 Capital Notes (the "Notes")

Terms used but not defined in this Prospectus shall have the same meaning as ascribed to them in the terms and conditions of the Notes (set out in "*Terms and Conditions of the Notes*") (the "**Conditions**").

The issue price of the Notes is 100 per cent. of their principal amount.

Subject as provided in the Conditions, the Notes will constitute unsecured and subordinated obligations of the Issuer, as described in Condition 3 (*Status*).

Subject to the right of the Issuer to cancel any payment of interest in respect of the Notes in accordance with Condition 5 (*Interest Cancellation*), from and including 9 June 2015 (the "**Issue Date**"), the Notes will bear interest on their Prevailing Principal Amount at a floating rate of interest equal to the Stockholm Inter-bank Offered Rate ("**STIBOR**") for three month deposits in Swedish Krona, plus a margin of 3.25 per cent. per annum, payable quarterly in arrear on 9 March, 9 June, 9 September and 9 December in each year, commencing on 9 September 2015. Each such date for the payment of interest shall be a "**Interest Payment Date**".

The Notes are perpetual securities and have no fixed date for redemption and Noteholders do not have the right to call for their redemption. Subject as provided herein and to the prior approval of the Swedish Financial Supervisory Authority (*Finansinspektionen*) (the "**SFSA**"), the Notes may be redeemed at the option of the Issuer in whole (but not in part) at their then Prevailing Principal Amount, together with accrued interest (if any) thereon (i) on 9 June 2020 (the "**First Call Date**") or on any Interest Payment Date after the First Call Date, and (ii) upon the occurrence of a Capital Event or a Tax Event.

The Issuer may elect, in its sole and absolute discretion, to cancel in whole or in part any payment of interest in respect of the Notes which is otherwise scheduled to be paid on an Interest Payment Date and payments of interest in respect of the Notes will also not be in made in certain other circumstances as provided in Condition 5 (*Interest Cancellation*). Interest payments in respect of the Notes will be non-cumulative. Accordingly, if any payment of interest (or part thereof) is not made in respect of the Notes then the right of the Noteholders to receive the relevant interest payment (or part thereof) will be extinguished (and shall not accumulate) and the Issuer will have no obligation to pay such interest payment (or part thereof), whether or not future interest payments on the Notes are paid. The cancellation or other non-payment of interest as provided in Condition 5(e) (*No default*) will not constitute an event of default or entitle any action to be taken by Noteholders.

In the event that the CET1 ratio, as calculated in accordance with Applicable Banking Regulations, of the Issuer is less than 5.125 per cent. or the CRR Consolidated Bank Group is less than 7 per cent. (each, a "**Trigger Event**"), the Issuer will reduce the Prevailing Principal Amount of each Note (such reduction, a "**Write-Down**" and "**Written-Down**" shall be construed accordingly) by the relevant Write-Down Amount. Following such Write-Down, the Issuer may in certain circumstances, in its sole and absolute discretion, increase the Prevailing Principal Amount of each Note (a "**Write-Up**"). See Condition 6 (*Loss Absorption and Discretionary Reinstatement*).

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the heading "*Risk Factors*" on pages 7 to 25 herein.

This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Directive 2003/71/EC, as amended (the "**Prospectus Directive**") for the purpose of giving information

with regard to the issue of the Notes. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange (the "**Main Securities Market**"). There can be no assurance that any such admission to trading will be obtained. Application has been made to The Irish Stock Exchange plc (the "**Irish Stock Exchange**") for the Notes to be admitted to the official list and trading on its regulated market. The Main Securities Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

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

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the "**Securities Act**") and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Manager (as defined in "*Subscription and Sale*") in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes will be in bearer form and in the denomination of SEK 2,000,000 and integral multiples of SEK 10,000 in excess thereof, up to and including SEK 2,990,000. The Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), without interest coupons, which will be deposited on or around the Issue Date with a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "**Permanent Global Note**"), without interest coupons, not earlier than 40 days after the Issue Date upon certification as to non U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in the denomination of SEK 2,000,000 and integral multiples of SEK 10,000 in excess thereof, up to and including SEK 2,990,000 and with interest coupons attached. See "*Summary of Provisions Relating to the Notes in Global Form*".

The long-term/short-term funding ratings of the Issuer are A/A-1 by Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**") and A3/P-2 by Moody's Investors Service Limited ("**Moody's**"). It is expected that the Notes will be rated BBB- by Standard & Poor's. **A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

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 (as of 12 December 2014) published by the European Securities and Markets Authority on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with such Regulation.

STRUCTURING ADVISOR AND SOLE LEAD MANAGER

SEB

IMPORTANT NOTICES

Restrictions on marketing and sales to retail investors

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

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

The Manager (as defined below in "*Subscription and Sale*") is required to comply with the TMR Rules. By purchasing, or making or accepting an offer to purchase, any Notes from the Issuer and/or the Manager, each prospective investor will be deemed to represent, warrant, agree with, and undertake to, the Issuer and the Manager that:

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

2. whether or not it is subject to the TMR Rules, it will not sell or offer the Notes to retail clients in the EEA or do anything (including the distribution of the Prospectus) that would or might result in the buying of the Notes or the holding of a beneficial interest in the Notes by a retail client in the EEA (in each case within the meaning of the TMR Rules), other than (i) in relation to any sale or offer to sell Notes to a retail client in or resident in the United Kingdom (the "**UK**"), in circumstances that do not and will not give rise to a contravention of the TMR Rules by any person and/or (ii) in relation to any sale or offer to sell Notes to a retail client in any EEA member state other than the UK, where (a) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Notes and is able to bear the potential losses involved in an investment in the Notes and (b) it has at all times acted in relation to such sale or offer in compliance with the Markets in Financial Instruments Directive (2004/39/EC) ("**MiFID**") to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and

3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Notes, including any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes by investors in any relevant jurisdiction.

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

Other important information

This Prospectus comprises a prospectus for the purposes of Article 5.3 of the Prospectus Directive.

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus to the best of its knowledge is in accordance with the facts and does not omit anything likely to affect its import.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Information Incorporated by Reference*"). This Prospectus should be read and construed on the basis that such documents are incorporated and form part of this Prospectus.

Neither the Manager nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus

nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering 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 the Manager.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Manager that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Manager to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

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

(a) has sufficient knowledge and experience to make an informed assessment of (i) the Conditions and (ii) the benefits and risks of investing in the Notes, based upon the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(b) has access to, and knowledge of, appropriate analytical tools to properly evaluate, in the context of the investor's particular financial situation, an investment in the Notes and the impact such an investment would have on the investor's investment portfolio;

(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the currency in which such investor's financial activities are principally denominated;

(d) understands thoroughly the Conditions and is familiar with the behaviour of any relevant markets; and

(e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the associated risks.

The Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the investor's overall portfolio. A potential investor should not invest in the unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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

In this Prospectus, unless otherwise specified, references to a "**Member State** are references to a Member State of the European Economic Area, references to "**SEK**" are to Swedish Krona, and references to "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

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

In connection with the issue of the Notes, Skandinaviska Enskilda Banken AB (publ) (the "Stabilising Manager") (or persons acting on behalf of the Stabilising Manager) may over allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

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OVERVIEW

This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference.

Words and expressions defined in the Conditions or elsewhere in this Prospectus have the same meanings in this overview.

The Issuer:	Länsförsäkringar Bank AB (publ)
The CRR Consolidated Bank Group:	References herein to the "**CRR Consolidated Bank Group**" are to the Issuer and each entity which is part of the Swedish prudential consolidated situation (as that term, or its successor, is used in the Applicable Banking Regulations) of which the Issuer is part from time to time
Lead Manager:	Skandinaviska Enskilda Banken AB (publ)
The Notes:	SEK 1,200,000,000 Floating Rate Perpetual Additional Tier 1 Capital Notes
Issue Price:	100 per cent. of the principal amount of the Notes.
Issue Date:	Expected to be on or about 9 June 2015.
Use of Proceeds:	The issue of the Notes will form part of the Issuer's capital base and the net proceeds of the issue of the Notes will be applied by the Issuer to meet part of its general financing requirements. See "*Use of Proceeds*".
Interest:	Subject to "*Interest Cancellation*" below, the Notes will bear interest on their Prevailing Principal Amount at the rate of interest equal to 3.25 per cent. above three month STIBOR, reset quarterly, payable quarterly in arrear on each Interest Payment Date. The first Interest Payment Date will be 9 September 2015. Each Note will cease to bear interest from the date fixed for redemption (if any) unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest in accordance with, and subject to, the Conditions (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
Interest Cancellation:	The Issuer may elect, in its sole and absolute discretion, to cancel in whole or in part any payment of interest which is otherwise scheduled to be paid on an Interest Payment Date and payments of interest in respect of the Notes will also not be made in certain other circumstances as provided in Condition 5 (*Interest Cancellation*). Interest will only be due and payable on an Interest Payment Date to the extent it is not cancelled in accordance with the terms of the Notes. Non-payment of any amount of interest scheduled to be paid on an Interest Payment Date will constitute evidence of cancellation of the relevant payment, whether or not notice of cancellation has been given by the Issuer. If any payment of interest (or part thereof) is cancelled by the Issuer, then the right of the Noteholders to receive the relevant interest payment (or part thereof) in respect of that interest period will be extinguished (and shall not accumulate) and the Issuer will have no obligation to pay such interest (or part thereof) or to pay any interest thereon, whether or not interest on the Notes is paid in respect of any future interest period.

Failure to pay such interest (or part thereof) shall not constitute an event of default or the occurrence of any event related to the insolvency of the Issuer or entitle Noteholders to take any action to cause the Issuer to be declared bankrupt (*konkurs*) or for the liquidation (*likvidation*), winding-up or dissolution of the Issuer.

Status: The Notes constitute unsecured, subordinated obligations of the Issuer.

In the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, the rights of the Noteholders to payments on or in respect of the Notes (which in the case of any payment of principal shall be to payment of the then Prevailing Principal Amount only) shall rank:

(a) *pari passu* without any preference among themselves;

(b) at least *pari passu* with payments to holders of any other Additional Tier 1 Instruments and claims of any other subordinated creditors the claims of which are expressed to rank *pari passu* with the Notes;

(c) in priority to payments to holders of all classes of share capital of the Issuer in their capacity as such holders; and

(d) junior in right of payment to the payment of any present or future claims of (i) depositors of the Issuer, (ii) other unsubordinated creditors of the Issuer and (iii) except as expressed in (b) above, any other subordinated creditors of the Issuer.

Form and Denomination: The Notes will be issued in bearer form in the denomination of SEK 2,000,000 and integral multiples of SEK 10,000 in excess thereof, up to and including SEK 2,990,000. The Notes will be represented by one or more Global Notes deposited on or around the Issue Date with the common depositary for Euroclear and Clearstream, Luxembourg. Definitive Notes will only be available in certain limited circumstances. See "*Summary of Provisions Relating to the Notes in Global Form*" below.

Maturity: The Notes are perpetual securities and have no fixed date for redemption. Subject to the provisions of Condition 3 (*Status*) and Condition 10 (*Bankruptcy or Liquidation*) and without prejudice to the provisions of Condition 11 (*Prescription*), the Issuer may only redeem the Notes in the circumstances described herein.

Loss Absorption: If a Trigger Event occurs at any time, the Issuer will:

(a) cancel any accrued and unpaid interest in respect of the Notes to (but excluding) the Write-Down Date in accordance with Condition 5 (*Interest Cancellation*) (including if payable on the Write-Down Date); and

(b) on the Write-Down Date (without any requirement for the consent or approval of Noteholders), reduce the then Prevailing Principal Amount of each Note by the relevant Write-Down Amount, pro rata with the other Notes and taking into account the write-down or other loss absorption of any Similar Loss Absorbing Instruments and the prior write-down or other loss absorption of any Prior Loss Absorbing Instruments, provided, however, that if for any reason the Issuer is unable to effect the concurrent (or substantially concurrent) write-down or other loss absorption of any given Prior Loss Absorbing Instruments and/or Similar Loss Absorbing Instruments within the period required by the SFSA, the Notes will be Written-Down notwithstanding that the relevant Prior Loss Absorbing Instruments and/or Similar Loss Absorbing Instruments are not also written down or otherwise absorbing losses.

A Write-Down will not constitute an event of default or the occurrence of any event related to the insolvency of the Issuer or entitle Noteholders to take any

action to cause the Issuer to be declared bankrupt (*konkurs*) or for the liquidation (*likvidation*), winding-up or dissolution of the Issuer.

For the purposes of determining whether a Trigger Event has occurred, the Issuer will (i) calculate the CET1 ratios of the Issuer and the CRR Consolidated Bank Group based on information (whether or not published) available to management of the Issuer, including information internally reported within the Issuer pursuant to its procedures for ensuring effective ongoing monitoring of the capital ratios of the Issuer and the CRR Consolidated Bank Group and (ii) calculate and publish the CET1 ratios of the Issuer and the CRR Consolidated Bank Group on at least a quarterly basis.

Discretionary Reinstatement:

If, at any time while any Note remains Written-Down, the Relevant Entity records a positive Net Profit, the Issuer may, in its sole and absolute discretion and subject to the Maximum Distributable Amount (when the amount of the Write-Up is aggregated together with other distributions of the Issuer or the CRR Consolidated Bank Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive (or, if different, any provision of Applicable Banking Regulations implementing Article 141(2) of the CRD IV Directive)) not being exceeded thereby, Write-Up each Note to a maximum of the Initial Principal Amount, on a pro rata basis with the other Notes and with any Written-Down Additional Tier 1 Instruments of the Relevant Entity that have terms permitting a principal write-up to occur on a similar basis to that set out in these provisions in the circumstances existing on the date of the relevant Write-Up, provided that the sum of:

(a) the aggregate amount of the relevant Write-Up on all the Notes (out of the same Relevant Profits);

(b) the aggregate amount of any payments of interest in respect of the Notes that were paid on the basis of a Prevailing Principal Amount lower than the Initial Principal Amount at any time after the Reference Date;

(c) the aggregate amount of the increase in principal amount of each such Written-Down Additional Tier 1 Instrument at the time of the relevant Write-Up (out of the same Relevant Profits); and

(d) the aggregate amount of any interest payments or distributions in respect of each such Written-Down Additional Tier 1 Instrument that were calculated or paid on the basis of a prevailing principal amount that is lower than the principal amount it was issued with at any time after the Reference Date,

does not exceed the Maximum Write-Up Amount.

Optional Redemption by the Issuer on the First Call Date and any Interest Payment Date after the First Call Date:

Subject to Condition 7(e) (*Conditions to Redemption and Purchase*), the Issuer may, in its sole and absolute discretion, upon the expiry of the appropriate notice, redeem all (but not some only) of the Notes on any Optional Redemption Date at their then Prevailing Principal Amount, together with accrued interest (if any) thereon (excluding any cancelled interest).

Optional Redemption by the Issuer upon the occurrence of a Tax Event or a Capital Event:

Subject to Condition 7(e) (*Conditions to Redemption and Purchase*), upon the occurrence of a Tax Event or a Capital Event the Issuer may, in its sole and absolute discretion, and having given not less than 30 days' nor more than 60 days' notice to the Noteholders, at any time redeem all (but not some only) of the Notes at an amount equal to the then Prevailing Principal Amount of such Notes, together with accrued interest (if any) thereon (excluding any cancelled interest).

Purchase:

Subject to Condition 7(e) (*Conditions to Redemption and Purchase*), the Issuer may, at any time, purchase Notes at any price in the open market or otherwise except that no purchase of such Notes may be made at any time during the period

	of five years from the Issue Date. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.
Conditions to Redemption and Purchase:	Any redemption or purchase of Notes is subject to the prior permission of the SFSA and compliance with the Applicable Banking Regulations.
Substitution and Variation:	Upon the occurrence of a Tax Event or a Capital Event, the Issuer may, subject to the permission of the SFSA, (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Securities provided that such variation or substitution does not itself give rise to any right of the Issuer to redeem, substitute or vary the terms pursuant to Condition 7 in relation to the Qualifying Securities so varied or substituted.
Bankruptcy or Liquidation:	If the Issuer is declared bankrupt (*konkurs*) or put into liquidation (*likvidation*), a Noteholder may prove or claim in the bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer, whether in the Kingdom of Sweden ("**Sweden**") or elsewhere and instituted by the Issuer itself or by a third party, for payment in respect of the then Prevailing Principal Amount of such Note together with interest accrued to (but excluding) the date of commencement of the relevant bankruptcy (*konkurs*) or liquidation (*likvidation*) proceedings to the extent not cancelled but subject to such Noteholder only being able to claim payment in respect of the Note in the bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer. See Condition 10 (*Bankruptcy or Liquidation*). If the Issuer fails to pay any amount that has become due and payable under the Notes and the failure continues for a grace period of fourteen (14) days, each Noteholder may, subject to the Swedish Bankruptcy Act (1987:672) (*konkurslagen*), institute proceedings in the Kingdom of Sweden (or such other jurisdiction in which the Issuer may be organised) (but not elsewhere) for the Issuer to be declared bankrupt (*konkurs*) and/or prove or claim in the bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer. No interest (or part thereof) will be due and payable if such interest (or part thereof) has been cancelled as provided in Condition 5 (*Interest Cancellation*) and, accordingly, no default in payment under the Notes will have occurred in such circumstances.
Rating:	The Notes are expected to be rated BBB- by Standard and Poor's. Standard & Poor's is established in the European Union and is registered under the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Taxation:	All payments of principal and interest in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes or duties of whatever nature imposed or levied by, or on behalf of, the Taxing Jurisdiction unless such withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction, subject to certain customary exceptions.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law, except for the provisions relating to subordination, and any non-contractual obligations arising out of or in connection

	with such provisions, all of which are governed by, and shall be construed in accordance with, Swedish law. Each of the Agency Agreement, the Deed of Covenant and the Subscription Agreement and any non-contractual obligations arising out of or in connection with such documents are governed by English law.
Listing and Trading:	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the official list and trading on its regulated market.
Clearing Systems:	Euroclear and Clearstream, Luxembourg.
Selling Restrictions:	See "*Subscription and Sale*".
Risk Factors:	Investing in the Notes involves risks. See "*Risk Factors*".

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus, including the documents incorporated by reference, and reach their own views prior to making any investment decision. The Issuer does not represent that the statements below regarding the risks are exhaustive.

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 are considered to 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 asset 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 risk of a potential 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 core and main businesses of the Bank Group (as defined in "*Description of the Issuer*" below) 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 primarily 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. Furthermore, if the Issuer's inability to meet its payment obligations when they fall due is not temporary, it could mean that the Issuer might be considered insolvent. The Issuer is also subject to liquidity requirements in its capacity as a credit institution supervised by the SFSA, including a statutory requirement to maintain sufficient liquidity to enable it to discharge its obligations as they fall due. The SFSA has issued regulations on liquidity (including Sw: FFFS 2010:7 and FFFS 2012:6). Serious or systematic deviations from such regulations may lead to the SFSA determining that the Issuer's business does not satisfy the statutory soundness requirement for credit institutions and could result in the SFSA imposing sanctions against the Issuer, or as a last resort, withdrawal of licence to operate as a credit institution.

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.

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.

No access to equity capital markets

Since the Issuer is not a listed company, it does not have direct access to the equity capital markets, and as a consequence, the Issuer is partly dependent upon its owner LFAB (as defined in "*Description of the Issuer*" below) as a source for capital. If LFAB does not provide the Issuer with capital to the extent the

Issuer needs it, this can have a negative impact on the Issuer's business. However, it may be noted that the Issuer has access to capital via the debt capital markets.

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.

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, 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, organise, 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. Failure to control credit risk, market risk, operational risk and liquidity risk can result in material adverse effects on the Issuer's financial performance and reputation. Reputation risk is difficult to assess, but could be substantially damaging to the Issuer's operations based on a well-established brand, if materialised.

Regulatory risks

The Issuer's business is subject to regulation and regulatory supervision pursuant to directives, laws, regulations and policies issued by inter alia the European Union ("**EU**") and Sweden. Any significant legal or regulatory developments could increase the Issuer's capital requirements, expose it to additional

costs and liabilities and have an adverse effect on the results of its operations. This supervision and regulation, in particular in the EU and Sweden, if changed, could materially affect how the Issuer conducts its 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 and the impact of such initiatives is still difficult to predict in full.

Increased capital requirements and standards

Regulation and supervision of the global financial system remains a priority for governments and supranational organisations. Since the onset of the global financial crisis in 2008 and the increased loan losses and asset quality impairment suffered by financial institutions as a result, governments in some European countries (including Sweden) have increased, or have announced that they are likely to increase, the minimum capital requirements for credit institutions domiciled in these countries over and above the increased capital requirements of the Basel III Framework and the CRD IV (as defined below) proposal discussed below.

At the international level, a number of initiatives are being implemented with the aim of increasing the capital requirements, increasing the quantity and quality of capital and raising liquidity levels in the financial institutions sector. Among these are a number of specific measures proposed by the Basel Committee on Banking Supervision (the "**Basel Committee**") which are being implemented by the European Union.

The Basel Committee issued a comprehensive set of reform measures in December 2010 ("**Basel III**"). 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, the "**Basel III Framework**"). The aim of the framework is to improve the ability of credit institutions to absorb shocks arising from financial and economic stress, improve risk management and governance and strengthen credit institutions' transparency and disclosures. The framework is intended to raise both the quality and quantity of the capital base and increases capital requirements for certain exposures. The minimum requirements for capital will be underpinned by a leverage ratio that serves as a backstop to the risk-based capital measures. In addition to the minimum requirements, there are also buffer requirements in the form of both a capital conservation buffer and a countercyclical capital buffer, as well as additional capital buffers for institutions of systemic importance, which may be on a global, European or domestic basis. The framework also introduces internationally harmonised minimum requirements for liquidity risk. The regulatory framework will continue to evolve and any resulting changes could have a material impact on the Issuer's business.

Following the Basel III Framework, the European Commission published on 20 July 2011 the corresponding proposed changes at the EU level to replace the amended Capital Requirements Directive (2006/48/EC and 2006/49/EC) with two legislative instruments: a directly applicable European Parliament and Council Regulation establishing the prudential requirements for credit institutions and investment firms (known as the Capital Requirements Regulation or "**CRD IV Regulation**") and a European Council Directive (through an amendment of Directive 2002/87/EC) governing access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (known as "**CRD IV Directive**", together with the CRD IV Regulation, the "**CRD IV**"). The CRD IV Regulation has been directly effective in Sweden since 1 January 2014, while CRD IV was implemented in Sweden on 2 August 2014 by a combination of amendments to existing Swedish legislation and regulations of the SFSA, and the enactment of new legislation and regulations. The CRD IV are to be supported by a set of binding technical standards currently being developed by the European Banking Authority (the "**EBA**"). The new EU regulatory framework is broadly in line with the Basel III capital and liquidity standards, however certain issues continue to remain under discussion and certain details remain to be clarified.

The changes to the capital adequacy framework include stricter minimum capital requirements for the components in the capital base with the highest quality: common equity tier 1 ("**CET1**") capital must be at least 4.5 per cent. of risk weighted assets at all times and tier 1 capital 6.0 per cent. The minimum total capital (or 'own funds') requirement (tier 1 capital plus tier 2 capital) is 8.0 per cent. of risk weighted assets. In addition to the minimum capital requirements, CRD IV Directive introduces further capital buffer requirements that are required to be satisfied with common equity tier 1 capital. It will introduce five new capital buffers: (i) the capital conservation buffer, (ii) the countercyclical buffer, (iii) the global systemically important institutions buffer, (iv) the other systemically important institutions buffer and (v)

the systemic risk buffer. Certain of these buffers may be applicable to the Issuer as determined by the SFSA. Breach of the combined buffer requirements will result in restrictions on certain capital distributions from the bank, for example, dividend and coupon payments on CET1 and tier 1 capital instruments (see "*Interest payments on the Notes may be cancelled by the Issuer (in whole or in part) at any time and, in certain circumstances, the Issuer will be required to cancel such interest payments*" and "*CRD IV Directive introduces capital requirements that are in addition to the minimum capital ratio*" below). The CRD IV permit 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 the CRD IV as soon as possible, without any phasing-in period, to the extent permitted.

In connection with the ongoing tightening of capital requirements for Swedish banks, on 8 September 2014, the SFSA published its regulation in relation to countercyclical capital buffers (FFFS: 2014:33). The buffer is a capital requirement which varies over time and is to be used to support credit supply in adverse market conditions. According to the regulation, a countercyclical capital buffer of 1 per cent. will be effective from 13 September 2015. In addition, on 10 September 2014, as a result of concerns over rising house prices, low levels of residential construction and increasing levels of household debt, the SFSA confirmed that it was further increasing the risk weight floor for Swedish mortgages to 25 per cent. This followed the introduction of a risk weight floor of 15 per cent. in May 2013 in the context of the supervisory capital assessment under Pillar 2. 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 Issuer and/or cause the applicable minimum capital requirements to increase.

On 11 May 2015, the SFSA published a memorandum dated 8 May 2015, describing the methods it plans to use to evaluate the capital requirements as regards the three most important risk types within other Pillar 2 requirements for all major Swedish banks, namely credit-related concentration risk, interest rate risk in the banking book and pension risk. The SFSA will on 30 September 2015, communicate the final results of its total capital evaluation, including the results of the evaluations of the above mentioned important risks that will apply under Pillar 2. There can be no assurance that these new requirements and methods of evaluation of principal risks will not have an effect on the Issuer's capital and capital ratios.

The conditions of the Issuer's business as well as external conditions are constantly changing. For the foregoing reasons, the Issuer may need to raise additional capital in the future. Such capital, whether in the form of debt financing, hybrid capital or additional equity, may not be available on attractive terms, or at all. The Issuer is unable to predict what regulatory requirements may be imposed in the future or accurately estimate the impact that any currently proposed regulatory changes may have on its business, the products and services that it offers and the values of its assets. For example, if the Issuer is required to make additional provisions, increase its reserves or capital, or exit or change its approach to certain businesses as a result of the initiatives to strengthen the regulation of credit institutions, this could adversely affect its results of operations or financial condition. Banks that are considered systemically important in the context of the Swedish banking system, which currently comprise the four major Swedish banks, are subject to more stringent demands than other banks. The requirement for additional capital at a later stage could encompass more banks including the Issuer.

Bank Recovery and Resolution Directive

To supplement the CRD IV legislative package, on 2 July 2014, the directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (known as the Bank Recovery and Resolution Directive or "**BRRD**") entered into force. The BRRD is designed to provide authorities with a harmonised set of tools and powers to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system. The BRRD provides that it will be applied by Member States from 1 January 2015, other than the bail-in provisions (as contained in Section 5 of Chapter IV of Title IV) for which the implementation deadline is 1 January 2016. The Swedish Ministry of Finance has informally stated that the implementation of the BRRD in Sweden is expected in the first half of 2016.

The BRRD establishes a framework for the recovery and resolution of credit institutions and, *inter alia*, requires EU credit institutions to produce and maintain recovery plans setting out the arrangements that may be taken to restore the long-term viability of the institution in the event of a material deterioration of

its financial position. National competent authorities will be required to prepare resolution plans setting out how an institution might be resolved in an orderly fashion and its essential functions preserved, if it were to fail. This includes the potential application of the resolution tools and powers referred to below as well as options for ensuring the continuity of critical functions.

The BRRD contains a number of resolution tools and powers intended to ensure that resolution authorities across the EU have a harmonised toolkit to manage institutions' failure provided that the resolution conditions are satisfied. These tools and powers may be used alone or in combination and include the following: (i) a sale of business tool - which enables resolution authorities to direct the sale of the institution or the whole or part of its business on commercial terms; (ii) a bridge institution tool - which enables resolution authorities to transfer all or part of the business of the institution to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) an asset separation tool - which enables resolution authorities to transfer impaired or problem assets to one or more publically owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down; and (iv) a general bail-in tool - which gives resolution authorities the power to write-down all or a portion of the principal amount of, or interest on, certain other eligible liabilities (which could include the Notes), whether subordinated or unsubordinated, of a financial institution undergoing one of the resolution procedures noted above and/or to convert certain unsecured debt claims including senior notes and subordinated notes (such as the Notes) into another security, including CET1 instruments of the surviving entity, which equity could also be subject to any further application of the general bail-in tool. Article 48 of the BRRD establishes the sequence in which resolution authorities should apply the general bail-in tool: in general, shareholders' claims should be exhausted before those of subordinated creditors (such as Noteholders) and only when those claims are exhausted can resolution authorities impose losses on senior claims. The Swedish resolution authority is expected to be the National Debt Office (*Riksgälden*).

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

A resolution authority will only be permitted to use resolution powers and tools in relation to an institution if it determines that all the conditions for resolution are satisfied. These conditions are (a) the determination that the institution is failing or likely to fail (the 'failure condition'); (b) there is no reasonable prospect that any solution, other than a resolution action taken in respect of the institution, would prevent the failure of the institution within a reasonable timeframe (the 'no alternative condition'), and (c) intervention through resolution action is necessary in the public interest (the 'public interest condition').

Under the BRRD, an institution will be considered as failing or likely to fail when:

(i) it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation;

(ii) its assets are, or are likely in the near future to be, less than its liabilities;

(iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or

(iv) it requires extraordinary public financial support (except in limited circumstances).

In addition to the general bail-in tool, the BRRD provides for relevant authorities to have the further power, before any other resolution action is taken, to permanently write-down or convert into equity relevant capital instruments such as the Notes at the point of non-viability (see the risk factor "*Loss absorption at the point of non-viability of the Issuer*" below for further information).

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Once the BRRD is implemented, Noteholders may be subject to write-down or conversion into equity on any application of the general bail-in tool and non-viability loss absorption. In such circumstances, this may result in Noteholders losing some or all of their investment. The general bail-in tool can be used to recapitalise an institution that is failing or about to fail, allowing authorities to restructure it through the resolution process and restore its viability after

reorganisation and restructuring. The write-down and conversion power in respect of capital instruments can be used to ensure that tier 1 and tier 2 capital instruments fully absorb losses at the point of non-viability of an institution and before any other resolution action is taken. Other powers provided to resolution authorities under the BRRD in respect of debt instruments (which could include the Notes) include replacing or substituting the bank as obligor in respect of such debt instruments; modifying the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), and/or discontinuing the listing and admission to trading of debt instruments. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of Noteholders, the price or value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Going forward, the BRRD is also likely to have an impact on how large a capital buffer a bank will need, in addition to those set out in the CRD IV. To ensure that banks always have sufficient loss-absorbing capacity, the BRRD requires institutions to maintain at all times a sufficient aggregate amount of own funds (as defined in Article 4(1)(118) of the CRD IV Regulation) and 'eligible liabilities' (namely, liabilities and other instruments that do not qualify as Tier 1 or Tier 2 capital and that may be bailed-in using the bail-in tool). This is known as the minimum requirement for eligible liabilities ("**MREL**"). The minimum requirement is calculated as the amount of own funds and eligible liabilities expressed as a percentage of the total liabilities and own funds of the institution. The relevant competent authorities are responsible for determining the minimum requirement for each institution on the basis of, amongst other criteria, its size, risk and business model. See "*EBA Consultation Paper on the minimum requirement for own funds and eligible liabilities under the BRRD*" below for further information regarding the determination of an institution's MREL under the BRRD.

There remains uncertainty regarding how these powers as described in the BRRD would affect the Issuer or the Bank Group as a whole and how the BRRD will be implemented in Sweden. Accordingly, it is not yet possible to assess the full impact of the BRRD on the Issuer or the Bank Group. It is possible that pursuant to the BRRD or other resolution or recovery rules which in the future apply to the Issuer, new powers may be given to the relevant authorities in Sweden which could be used in such a way as to result in any debt instruments of the Issuer, including the Notes, absorbing losses.

Loss absorption at the point of non-viability of the Issuer

Noteholders are subject to the risk that the Notes may be required to absorb losses as a result of statutory powers conferred on competent and resolution authorities in Sweden. This is in addition to any contractual loss absorbency measures which are provided for, and may be imposed upon Noteholders, under the Terms and Conditions (see "*Loss Absorption following a Trigger Event*" below). As noted above, the powers provided to competent and/or resolution authorities in the BRRD include write-down/conversion powers to ensure that relevant capital instruments (such as the Notes) fully absorb losses at the point of non-viability of the issuing institution in order to allow it to continue as a going concern subject to appropriate restructuring. As a result, the BRRD contemplates that competent authorities may require the permanent write-down (which write-down may be in full) of such capital instruments or the conversion of them into common equity tier 1 instruments at the point of non-viability (which common equity tier 1 instruments may also be subject to any application of the general bail-in tool described above) and before any other bail-in or resolution tool can be used.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which one or more of the following circumstances apply: (a) the determination has been made by the relevant authority that the conditions for resolution (i.e. the 'failure condition', the 'no alternative condition' and the 'public interest condition' described above under "*Bank Recovery and Resolution Directive*") have been met, before any resolution action is taken; (b) the relevant authority determines that unless the write-down/conversion power is exercised in relation to the relevant capital instruments, the institution "will no longer be viable" (as described in Article 59(4) of the BRRD) and/or (c) extraordinary public financial support is required by the institution.

The application of any non-viability loss absorption measure may result in Noteholders losing some or all of their investment. Any such conversion to equity or write-off of all or part of an investor's principal (including accrued but unpaid interest) shall not constitute an event of default and Noteholders will have no further claims in respect of any amount so converted or written off. The exercise of any such power may be inherently unpredictable and may depend on a number of factors which may be outside the

Issuer's control. Any such exercise, or any suggestion that the Notes could become subject to such exercise, could, therefore, materially and adversely affect the value of the Notes.

EBA Consultation Paper on the minimum requirement for own funds and eligible liabilities under the BRRD

On 28 November 2014, the EBA published a consultation paper setting out draft regulatory technical standards ("**RTS**") on the criteria for determining an institution's MREL under the BRRD. In order to ensure the effectiveness of bail-in and other resolution tools introduced by the BRRD, the BRRD requires that all institutions must meet an individual MREL requirement, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities, with effect from 1 January 2016 (or, if earlier, the date of national implementation of the BRRD). The draft RTS provide for resolution authorities to allow institutions a transitional period of up to four years to reach the applicable MREL requirements.

The RTS do not set a minimum EU-wide level of MREL, and the MREL requirement applies to all credit institutions, not just to those identified as being of a particular size or of systemic importance. Each resolution authority is required to make a separate determination of the appropriate MREL requirement for each resolution group within its jurisdiction, depending on the resolvability, risk profile, systemic importance and other characteristics of each institution.

The MREL requirement for each institution will be comprised of a number of key elements, including the required loss absorbing capacity of the institution (which will, as a minimum, equate to the institution's capital requirements under CRD IV, including applicable buffers), and the level of recapitalisation needed to implement the preferred resolution strategy identified during the resolution planning process. Other factors to be taken into consideration by resolution authorities when setting the MREL requirement include: the extent to which an institution has liabilities in issue which are excluded from contributing to loss absorption or recapitalisation; the risk profile of the institution; the systemic importance of the institution; and the contribution to any resolution that may be made by deposit guarantee schemes and resolution financing arrangements.

Items eligible for inclusion in MREL will include an institution's own funds (within the meaning of CRD IV), along with "eligible liabilities", meaning liabilities which, *inter alia*, are issued and fully paid up, have a maturity of at least one year (or do not give the investor a right to repayment within one year), and do not arise from derivatives. The MREL requirement may also have to be met partially through the issuance of contractual bail-in instruments, being instruments that are effectively subordinated to other eligible liabilities in a bail-in or insolvency of the relevant institution.

The EBA's proposals are in draft form, and may therefore be subject to change. As a result, it is not possible to give any assurances as to the ultimate scope and nature of any resulting obligations, or the impact that they will have on the Issuer or the Bank Group once implemented. If the EBA's proposals are implemented in their current form however, it is possible that the Issuer or any other members of the Bank Group may have to issue a significant amount of additional eligible liabilities in order to meet the new MREL requirements within the required timeframes. If the Bank Group was to experience difficulties in raising eligible liabilities, it may have to reduce its lending or investments in other operations.

The Notes will be structurally subordinated to the liabilities of the Issuer's subsidiaries

A major part of the Bank Group's business is to serve its customers with mortgage loans. All mortgage loans with loan to value up to 75% are, however, placed in the Issuer's subsidiary Länsförsäkringar Hypotek AB (publ) ("**LF Hypotek**") and mortgage loans with loan to value above 75% are placed in the Issuer. As a significant share of the Issuer's revenue derives from the mortgage loans held by LF Hypotek, the Issuer is reliant on the ability of LF Hypotek to advance loans or make dividend distributions to the Issuer so as to enable it to meet its payment obligations (including making payments under the Notes). The Issuer is thus dependent upon receipt of sufficient income arising from the operations of LF Hypotek.

All of the Issuer's subsidiaries, including LF Hypotek, (the "**Subsidiaries**") are legally separate and distinct from the Issuer and have no obligation to pay amounts due with respect to the Issuer's obligations and commitments or to make funds available for such payments. The ability of the Subsidiaries to make such payments to the Issuer is subject to, among other things, the availability of funds, corporate

restrictions, the terms of each operation's indebtedness (including, but not limited to, LF Hypotek's issuance of covered bonds) and Swedish law. No present or future subsidiary of the Issuer will guarantee or provide any security for the Issuer's obligations under the Notes and consequently the Noteholders do not have any recourse to the assets of the Subsidiaries.

If any subsidiary of the Issuer is subject to any foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceeding, the creditors of such subsidiary, will generally be prioritised due to their position in the capital structure and will generally be entitled to payment in full from the sale or other disposal of the assets of such a subsidiary before the Issuer, as a direct or indirect shareholder, will be entitled to receive any distributions from such a subsidiary.

RISKS RELATED TO THE NOTES

Noteholders are subject to the credit risk of the Issuer

Noteholders take a credit risk on the Issuer. A Noteholder's ability to receive payment under the Notes is dependent on the Issuer's ability to fulfil its payment obligations, which in turn is dependent upon the financial condition and viability of the Issuer.

The Issuer's obligations under the Notes are deeply subordinated. An investor in the Notes assumes an enhanced risk of loss in the event of the Issuer's insolvency

The Notes constitute unsecured, deeply subordinated obligations of the Issuer. In the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, the rights of the Noteholders to payments on or in respect of the Notes (which in the case of any payment of principal shall be to payment of the then Prevailing Principal Amount only) shall rank:

(a) *pari passu* without any preference among themselves;

(b) at least *pari passu* with payments to holders of any other Additional Tier 1 Instruments and claims of any other subordinated creditors the claims of which are expressed to rank *pari passu* with the Notes;

(c) in priority to payments to holders of all classes of share capital of the Issuer in their capacity as such holders; and

(d) junior in right of payment to the payment of any present or future claims of (i) depositors of the Issuer, (ii) other unsubordinated creditors of the Issuer and (iii) except as expressed in (b) above, any other subordinated creditors of the Issuer.

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

Although the Notes may pay a higher rate of interest than comparable Notes which are not subordinated or which are subordinated but not so deeply, there is a significant risk that an investor in the Notes will lose all or some of his investment in the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer. See Condition 3 (*Status*) for a description of the ranking of the Notes.

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

There is no restriction on the amount or type of debt that the Issuer may issue or incur that ranks senior to, or *pari passu* with, the Notes. The incurrence of any such debt may reduce the amount recoverable by Noteholders in the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, may limit the ability of the Issuer to meet its obligations in respect of the Notes and could result in Noteholders losing all or some of their investment in the Notes. In addition, the Notes do not contain any restriction on the Issuer issuing securities ranking *pari passu* with the Notes and having similar or preferential terms to the Notes.

The Notes are of a perpetual nature

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

The Issuer has the right to redeem the Notes on any Optional Redemption Date or upon the occurrence of a Tax Event or a Capital Event. This may limit the market value of the Notes and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

The Notes contain provisions allowing the Issuer to call them on any Optional Redemption Date. To exercise such a call option the Issuer must obtain the prior permission of the SFSA and comply with the Applicable Banking Regulations.

In addition, the Issuer may be entitled to redeem the Notes if a Tax Event or a Capital Event (as defined in Condition 1 (*Interpretation*)) occurs, in each case subject to the prior permission of the SFSA and compliance with certain regulatory conditions set out in the Applicable Banking Regulations. Under the CRD IV Regulation, the SFSA should give its permission to a redemption of the Notes in such circumstances provided that either of the following conditions is met:

(a) on or before such redemption of the Notes, the Issuer replaces the Notes with instruments qualifying as Tier 1 Capital of an equal or higher quality on terms that are sustainable for the income capacity of the Issuer; or

(b) the Issuer has demonstrated to the satisfaction of the SFSA that its Tier 1 Capital and Tier 2 capital would, following such redemption, exceed the capital ratios required under CRD IV by a margin that the SFSA may consider necessary on the basis set out in CRD IV.

The CRD IV Regulation further provides that the SFSA may only approve any redemption of the Notes upon the occurrence of a Capital Event or a Tax Event before the First Call Date if, in addition to meeting the conditions referred to in one of either paragraphs (a) or (b) above, the following conditions are also met:

(i) in the case of any such redemption upon the occurrence of a Capital Event, the SFSA considers the relevant change to be sufficiently certain and the Issuer demonstrates to the satisfaction of the SFSA that such change was not reasonably foreseeable at the Issue Date; or

(ii) in the case of any such redemption upon the occurrence of a Tax Event, the Issuer demonstrates to the satisfaction of the SFSA that such Tax Event is material and was not reasonably foreseeable at the Issue Date.

If the Issuer elects to exercise its option to redeem the Notes upon the occurrence of a Capital Event or a Tax Event on or after the First Call Date (including as a result of a Capital Event or a Tax Event that occurred before such date), it may do so without the need to comply with these conditions. However, it will still need to comply with the conditions referred to in one of either paragraphs (a) or (b) above. These conditions, as well as a number of other technical rules and standards relating to regulatory capital requirements applicable to the Issuer, should be taken into account by the SFSA in its assessment of whether or not to permit any early redemption or repurchase. It is uncertain how the SFSA will apply these criteria in practice and such rules and standards may change during the life of the Notes. It is therefore difficult to predict whether at any time, and on what terms, the SFSA will permit any early redemption or repurchase of the Notes.

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

It was originally intended that the proposed rules should enter into force on 1 January 2016. However, the Committee's proposal has been subject to much criticism during the legislative process and referral period. The current Swedish Government has in its budget proposal presented on 15 April 2015 therefore announced that the proposal by the Committee will have to be continuously processed and reviewed and that new rules can only enter into force at the earliest on 1 January 2017. The current Swedish Minister of Finance has on 21 April 2015 also publicly announced that none of the models proposed by the Committee can be implemented without a more thorough analysis. It is thus not currently possible to predict whether and to what extent the changes proposed will be implemented (including whether in the form proposed or any other form).

However, the Issuer shall not be entitled to redeem the Notes based on a change in law which results from the proposal by the Swedish Committee on Corporate Taxation (*Företagsskattekommittén*) on 12 June 2014 insofar as it relates to the non-deductibility of interest payments on subordinated debt instruments.

It is not possible to predict whether or not any change in the laws or regulations of Sweden or the application or official interpretation thereof, or any of the other events referred to above, will occur and so lead to the circumstances in which the Issuer is able to elect to redeem the Notes, and if so whether or not the Issuer will elect to exercise such option to redeem the Notes. Any decision by the Issuer to exercise any option to redeem the Notes will involve consideration at the relevant time of, among other things, the economic impact of such redemption, the capital requirements of the Issuer and/or the CRR Consolidated Bank Group, prevailing market conditions and regulatory developments (see "*Call Options may not be exercised*" below). It will also require the approval of the SFSA and will be subject to the applicable conditions to such approval as mentioned above.

There can be no assurances that, in the event of any such early redemption, Noteholders will be able to reinvest the proceeds at a rate that is equal to the return on the Notes. In the case of a redemption of the Notes at the option of the Issuer on any Optional Redemption Date, the Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

Call options may not be exercised

Noteholders have no rights to call for the redemption of the Notes and should not invest in the Notes in the expectation that a call will be exercised by the Issuer. Even if the Issuer is given prior permission by the SFSA, any decision by the Issuer as to whether it will exercise calls in respect of the Notes will be taken at the absolute discretion of the Issuer with regard to factors such as the economic impact of exercising such calls, regulatory capital requirements and prevailing market conditions. Noteholders of the Notes should be aware that they may be required to bear the financial risks of an investment in the Notes for a period of time in excess of the minimum period.

Substitution or Variation of the Notes

Upon the occurrence of a Tax Event or a Capital Event, the Issuer may, subject to the permission of the SFSA and without any requirement for the consent or approval of the Noteholders, substitute or vary the terms of the Notes so that they remain, or become, Qualifying Securities, as provided in Condition 7(h) (*Substitution or Variation instead of Redemption*) (provided that such variation or substitution does not itself give rise to any right of the Issuer to redeem, substitute or vary the terms pursuant to Condition 7 in relation to the Qualifying Securities so varied or substituted.

Any such substitution or variation may have adverse consequences for Noteholders, dependent on a number of factors, including the nature and terms and conditions of the relevant Qualifying Securities and the tax laws to which a particular holder of the Notes is subject.

Interest rate risks

The Notes will bear interest at a floating rate from and including the Issue Date. In each case, the floating rate will be payable quarterly, and will be set immediately prior to any floating Interest Period to the then prevailing STIBOR rate plus the Margin.

Noteholders should be aware that the floating rate interest income is subject to changes to the STIBOR and therefore cannot be anticipated. Hence, Noteholders are not able to determine a definite yield of the Notes at the time of purchase, so that their return on investment cannot be compared with that of investments in simple fixed rate (i.e. fixed rate coupons only) instruments.

In addition, Noteholders are exposed to reinvestment risk with respect to proceeds from coupon payments or early redemptions by the Issuer. If the market yield declines, and if Noteholders want to invest such proceeds in comparable transactions, Noteholders will only be able to reinvest such proceeds in comparable transactions at the then prevailing lower market yields.

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

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

Any cancellation of interest (in whole or in part thereof) carried out in accordance with Condition 5 (*Interest Cancellation*) shall in no way limit or restrict the Issuer from making any payment of interest or equivalent payment or other distribution in connection with any instrument ranking junior to the Notes (including, without limitation, any CET1 Capital) of the Issuer or the CRR Consolidated Bank Group or in respect of any other Additional Tier 1 Instruments. In addition, the Issuer may without restriction use funds that could have been applied to make such cancelled payments to meet its other obligations as they become due.

Subject to the extent described in the following paragraph in respect of partial interest payments, the Issuer shall not make an interest payment on the Notes on any Interest Payment Date (and such interest payment shall therefore be deemed to have been cancelled and thus shall not be due and payable on such Interest Payment Date) if the Issuer has insufficient Distributable Items to make any payment of interest in respect of the Notes scheduled for payment in the then current financial year and any other interest payments paid and/or required and/or scheduled to be paid out of Distributable Items in such financial year in accordance with Applicable Banking Regulations (in each case excluding any portion of such payments already accounted for in determining the Distributable Items of the Issuer).

Although the Issuer may, in its sole discretion, elect to make a partial interest payment on the Notes on any Interest Payment Date, it may only do so to the extent that such partial interest payment may be made without breaching the restriction in the preceding paragraph.

In circumstances where Article 141 of the CRD IV Directive (or, as the case may be, any provision of Swedish law transposing or implementing such Article) applies, no payments will be made on the Notes (whether by way of principal, interest, or otherwise) if and to the extent that such payment would cause the maximum distributable amount (if any), determined in accordance with Article 141 of the CRD IV Directive (or, as the case may be, any provision of Swedish law transposing or implementing such Article) then applicable to either the Issuer and/or the CRR Consolidated Bank Group (as the case may be) to be exceeded. The maximum distributable amount is a novel concept, and its determination is subject to considerable uncertainty. See "*CRD IV introduces capital requirements that are in addition to the minimum capital ratio*" below.

Cancelled interest shall not be due and shall not accumulate or be payable at any time thereafter, and Noteholders shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation. Furthermore, no cancellation of interest in accordance with the terms of the Notes shall constitute a default in payment or otherwise under the Notes or entitle Noteholders to take any action to cause the Issuer to be declared bankrupt (*konkurs*) or for the liquidation (*likvidation*), winding-up or dissolution of the Issuer.

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

CRD IV introduces capital requirements that are in addition to the minimum capital ratio

Under CRD IV, institutions will be required to hold a minimum amount of regulatory capital of 8 per cent. of risk weighted assets. In addition to these so-called "own funds" requirements under CRD IV, supervisory authorities may impose additional capital requirements to cover other risks (thereby increasing the regulatory minimum required under CRD IV), which could include further capital requirements such as the additional CET1 Capital requirements imposed by the SFSA under the Swedish Pillar 2 framework. The Issuer may also decide to hold additional capital.

CRD IV further introduces capital buffer requirements that are in addition to the minimum capital requirement and are required to be satisfied with common equity tier 1 capital. It will introduce five new capital buffers: (i) the capital conservation buffer, (ii) the countercyclical buffer, (iii) the global systemically important institutions buffer, (iv) the other systemically important institutions buffer and (v) the systemic risk buffer. Some or all of these buffers may be applicable to the Issuer and/or the CRR Consolidated Bank Group as determined by the SFSA.

Under Article 141 of the CRD Directive, Member States of the European Union must require that institutions that fail to meet the "combined buffer requirement" (which, as implemented in Sweden, involves for the Issuer the combination of the capital conservation buffer and the counter-cyclical buffer) will be subject to restricted "discretionary payments" (which are defined broadly by CRD IV as payments relating to CET1 Capital, variable remuneration and payments on Additional Tier 1 Instruments such as the Notes). The "combined buffer requirement" and the associated restrictions under Article 141 above were implemented in Sweden on 2 August 2014. In addition, the SFSA recently published a statement indicating that the counter-cyclical buffer may be increased in 2015.

Where any such restrictions are to apply they will be scaled according to the extent of the breach of the "combined buffer requirement" and calculated as a percentage of the profits of the institution since the last distribution of profits or "discretionary payment". Such calculation will result in a "maximum distributable amount" in each relevant period. As an example, the scaling is such that in the bottom quartile of the "combined buffer requirement", no "discretionary distributions" will be permitted to be paid. As a consequence, in the event of breach of the combined buffer requirement (including where additional capital requirements are imposed by the SFSA that have the result of increasing the regulatory minimum required under CRD IV) it may be necessary for the Issuer to reduce discretionary payments, including in respect of the Notes as required in Condition 5(c) (*Interest Cancellation – Maximum Distributable Amount*) and the potential exercise by the Issuer of its discretion to cancel (in whole or in part) interest payments in respect of the Notes.

Loss Absorption following a Trigger Event

The principal amount of the Notes may be reduced to absorb losses

If at any time the CET1 ratio of the Issuer or the CRR Consolidated Bank Group, as calculated in accordance with Applicable Banking Regulations, is less than 5.125 per cent., in the case of the Issuer, or 7 per cent., in the case of the CRR Consolidated Bank Group, this shall constitute a "**Trigger Event**" for the purposes of the Conditions and the Notes will be utilised to absorb any losses of the Issuer and/or the CRR Consolidated Bank Group. In such circumstances, the Issuer shall cancel any accrued and unpaid interest (including if payable on the Write-Down Date) and, on the Write-Down Date, reduce the then

Prevailing Principal Amount of each Note by the relevant Write-Down Amount. Noteholders may lose all or some of their investment as a result of a Write-Down.

The Issuer's current and future other outstanding parity and junior securities might not include write-down or similar features with triggers comparable to those of the Notes. As a result, it is possible that the Notes will be subject to a Write-Down, while such other securities remain outstanding and continue to receive payments.

The Issuer may determine that a Trigger Event has occurred on more than one occasion and the then Prevailing Principal Amount of each Note may be reduced on more than one occasion, provided that the Prevailing Principal Amount of a Note may never be reduced to below SEK 0.01.

In addition, in the event of voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer prior to the Notes being written up in full, Noteholders' claims for principal will be based on the Prevailing Principal Amount of the Notes. Further, during any period when the Prevailing Principal Amount of a Note is less than the Initial Principal Amount, interest will accrue on the then Prevailing Principal Amount of the Notes and the Notes will be redeemable on any Optional Redemption Date or upon a Tax Event or a Capital Event at the Prevailing Principal Amount, which will be lower than the Initial Principal Amount.

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

The circumstances surrounding a Trigger Event are unpredictable, and there are a number of factors that could affect the CET1 ratio.

The CET1 ratio may fluctuate. The calculation of such ratio could be affected by one or more factors, including, among other things, changes in the mix of the CRR Consolidated Bank Group's business, major events affecting the CRR Consolidated Bank Group's earnings, dividend payments by the Issuer, regulatory changes (including changes to definitions and calculations of regulatory capital ratios and their components, including CET1 Capital and risk weighted assets) and the CRR Consolidated Bank Group's ability to manage risk weighted assets in both its ongoing businesses and those which it may seek to exit. In addition, the CRR Consolidated Bank Group has capital resources and risk weighted assets denominated in foreign currencies, and changes in foreign exchange rates will result in changes in SEK equivalent value of foreign currency denominated capital resources and risk weighted assets. As a result, the CET1 ratio is exposed to foreign currency movements.

The calculation of the CET1 ratio may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules. Moreover, even if changes in applicable accounting rules, or changes to regulatory adjustments which modify accounting rules, are not yet in force as of the relevant calculation date, the SFSA could require the Issuer to reflect such changes in any particular calculation of the CET1 ratio.

Accordingly, accounting changes or regulatory changes may have a material adverse impact on the CRR Consolidated Bank Group's calculations of regulatory capital, including CET1 Capital and Risk Weighted Assets, and the CET1 ratio.

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

The CET1 ratio will be affected by the Issuer's business decisions and, in making such decisions, the Issuer's interests may not be aligned with those of the Noteholders

As discussed, the CET1 ratio could be affected by a number of factors. It will also depend on the CRR Consolidated Bank Group's decisions relating to its businesses and operations, as well as the management of its capital position. The Issuer will have no obligation to consider the interests of the Noteholders in connection with the strategic decisions of the CRR Consolidated Bank Group, including in respect of capital management. Noteholders will not have any claim against the Issuer or any other member of the

CRR Consolidated Bank Group relating to decisions that affect the business and operations of the CRR Consolidated Bank Group, including its capital position, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause Noteholders to lose all or part of the value of their investment in the Notes.

The CET1 ratio shall be calculated by the Issuer and shall be binding on the Noteholders

For the purposes of determining whether a Trigger Event has occurred and if a Write-Down of the Notes is required, the Issuer must calculate the CET1 ratio of the Issuer or the CRR Consolidated Bank Group, as the case may be, based on information (whether or not published) available to management of the Issuer, including information internally reported within the Issuer pursuant to its procedures for ensuring effective ongoing monitoring of the capital ratios of the Issuer and the CRR Consolidated Bank Group. The Issuer will calculate and publish the relevant CET1 ratio on at least a quarterly basis.

The Issuer's calculation of the CET1 ratios of the Issuer and the CRR Consolidated Bank Group, and therefore its determination of whether a Trigger Event has occurred, shall be binding on the Noteholders, who shall have no right to challenge the published figures detailing the CET1 ratios of the Issuer or the CRR Consolidated Bank Group, as the case may be.

Any Write-Up of the Notes is at the sole and absolute discretion of the Issuer and may require unanimous shareholder approval

Any Write-Up shall apply at the sole and absolute discretion of the Issuer. However, the Issuer's ability to Write-Up the Prevailing Principal Amount of the Notes is subject to the Maximum Distributable Amount (when the amount of the Write-Up is aggregated together with other distributions of the Issuer or the CRR Consolidated Bank Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive (or, if different, any provision of Applicable Banking Regulations implementing Article 141(2) of the CRD IV Directive)) not being exceeded thereby. In addition, any such Write-Up may constitute a "transfer of value" (*värdeöverföring*) for the purposes of the Swedish Companies Act which would require the unanimous approval of the shareholders of the transferor (i.e. the Issuer) at the time of the transfer. As at the date of this Prospectus, the Issuer's sole shareholder is Länsförsäkringar AB (publ). No assurance can be given that the Issuer's shareholder will approve any such Write-Up at the relevant time nor that the Issuer will continue to be owned solely by Länsförsäkringar AB (publ).

Furthermore, the Issuer will not in any circumstances be obliged to write up the Prevailing Principal Amount of the Notes, but any Write-Up must be undertaken on a pro rata basis with the other Notes and with any other Written-Down Additional Tier 1 Instruments of the Relevant Entity that have terms permitting a principal write-up to occur on a similar basis to that set out in these provisions in the circumstances existing on the date of the relevant Write-Up.

The Notes may be subject to loss absorption on any application of the general bail-in tool or at the point of non-viability of the Issuer

With regard to risks applying to Noteholders in the context of loss absorption at the point of non-viability of the Issuer and resolution and further risks in connection with regulatory aspects concerning financial institutions in general, please see "*Bank Recovery and Resolution Directive*" and *"Loss absorption at the point of non-viability of the Issuer"* above.

Noteholders will have limited remedies

Notwithstanding that the Notes are perpetual securities and have no fixed date for redemption, Noteholders may prove or claim payment under the laws of Sweden and as further provided in Condition 10 (*Bankruptcy or Liquidation*) in the bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer in respect of the then Prevailing Principal Amount of the Notes together with any accrued and unpaid interest on the Notes that has not been cancelled.

The sole remedy against the Issuer for the recovery of amounts owing in respect of any non-payment of any amount that has become due and payable under the Notes is, subject to certain conditions, to institute proceedings in the Kingdom of Sweden (or such other jurisdiction in which the Issuer may be organised) (but not elsewhere) for the Issuer to be declared bankrupt (*konkurs*) and/or prove or claim in the bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer.

The Issuer is entitled (and in certain circumstances, required) to cancel the payment of any interest payments in whole or in part at any time and as further contemplated in Condition 5 (*Interest Cancellation*) and such cancellation will not constitute any event of default or similar event or entitle Noteholders to take any related action against the Issuer. No interest will be due and payable in such circumstances.

If the Issuer exercised its right to redeem or purchase the Notes in accordance with Condition 7 (*Redemption and Purchase*) but failed to make payment of the relevant Prevailing Principal Amount to redeem the Notes when due, such failure would only entitle Noteholders to institute proceedings in the Kingdom of Sweden (or such other jurisdiction in which the Issuer may be organised) (but not elsewhere) with a view to having the Issuer declared bankrupt (*konkurs*) and/or to prove or claim in the bankruptcy (*konkurs*) of the Issuer.

These are the only circumstances in which any claim for payment (or otherwise) may be made by the Noteholders.

Reliance on Euroclear and Clearstream, Luxembourg

The Notes will be represented on issue by one or more Global Notes that will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the limited circumstances described in each Global Note, investors will not be entitled to receive Definitive Notes. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing systems and their participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Notes.

Noteholders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing systems and their participants to appoint appropriate proxies.

Meetings of Noteholders: the Conditions permit defined majorities to bind all Noteholders

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

Modifications

The Fiscal Agent and the Issuer may agree, subject to the SFSA's permission but without the prior consent or sanction of any of the Noteholders or Couponholders, to:

(a) any modification of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error; or

(b) any other modification (except as described in Condition 14(a) (*Meetings of Noteholders*)) and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Agency Agreement that is in the opinion of the Issuer not materially prejudicial to the interests of the Noteholders.

Any such modification, authorisation or waiver will be binding on the Noteholders and Couponholders.

The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in Noteholders receiving less interest than expected and could significantly adversely affect their return on the Notes

Certain payments on Notes may be subject to U.S. withholding tax under FATCA

The United States has enacted rules, commonly referred to as "**FATCA**", that generally impose a new reporting and withholding regime with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends and certain payments made by entities that are classified as financial institutions under FATCA. The Issuer may be classified as a financial institution for purposes of FATCA. The governments of Sweden and the United States have entered into an intergovernmental agreement regarding the implementation of FATCA (the "**IGA**"). Under the IGA, the Issuer does not expect to be subject to withholding under FATCA on any payments it receives. Similarly, the Issuer does not expect to withhold under FATCA on payments with respect to the Notes. However, significant aspects of how FATCA will apply to non-US issuers like the Issuer remain unclear and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA, including the IGA, on an investment in the Notes.

Withholding under the EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or, certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

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 Savings Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be

implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

The proposed financial transactions tax may negatively affect Noteholders or the Issuer.

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common financial transactions tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary' market transactions) in certain circumstances.

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

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

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate. Prospective Noteholders are advised to seek their own professional advice in relation to the FTT. Although the effect of these proposals on the Issuer will not be known until the legislation is finalised, the FTT may also adversely affect certain of the Issuer's businesses.

The value of the Notes could be adversely affected by a change in English or Swedish Law or administrative practice

The Conditions and any non-contractual obligations arising out of or in connection therewith are based on English law (except for Condition 3 (*Status*) and any non-contractual obligations arising out of or in respect of Condition 3 (*Status*) which shall be governed by Swedish law) and, in each case, in effect as at the Issue Date. No assurance can be given as to the impact of any possible judicial decision or change to English or Swedish law or administrative practice after the date of issue of the Notes and any such change could materially adversely impact the value of the Notes.

There is no active trading market for the Notes

The Notes will be new securities which may not be widely distributed and for which there is currently no active trading market. If a market does develop, it may not be liquid or may become illiquid at a later stage. Individual investors, including members of the Länsförsäkringar Alliance, may hold significant portions of the Notes and may choose to hold such Notes rather than actively trade them. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. 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 applications have been made to the Irish Stock Exchange for the Notes to be admitted to the official list and trading on its regulated market, there can be no assurances that the application will be accepted, that the Notes will be so admitted or that an active trading market will develop. Accordingly, there can be no assurances as to the development or liquidity of any trading market for the Notes.

The Notes are subject to risks related to exchange rates and exchange controls

The Issuer will pay principal and interest on the Notes in Swedish Krona. 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 Swedish Krona. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Swedish Krona

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 Swedish Krona 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 or the ability of the Issuer to make payments in respect of the Notes. As a result, interest or principal payments may be delayed under such circumstances.

Credit ratings assigned to the Issuer or the Notes may not reflect all the risks associated with an investment in the Notes

The Notes are expected to be assigned a credit rating of BBB- by Standard & Poor's. These 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, suspended or withdrawn by the rating agency at any time. Any such revision, suspension or withdrawal could adversely affect the market value of the Notes. For the avoidance of doubt, the Issuer does not commit to ensure that any specific rating of the Notes will be upheld nor that any credit rating agency rating the Notes will remain the same.

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). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the Issuer's ratings, the ratings of the Notes and the credit rating agencies which have assigned such ratings is set out on page ii of this Prospectus.

European Monetary Union (EMU)

In the event that Sweden joins the EMU while the Notes remain outstanding, this could adversely affect investors. If the euro becomes the legal currency in Sweden, the Notes will be paid in euro. Furthermore, it may become allowed or required by law to convert outstanding securities denominated in Swedish Krona to euro and that other measures are taken. A transition to euro may be followed by an interest rate disturbance which may have an adverse effect on an investment in the Notes.

INFORMATION INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and form part of, this Prospectus:

(a) the audited consolidated annual financial statements of the Issuer for the financial years ended 31 December 2013 (the "**2013 Financial Statements**"), together with the audit report thereon;

(b) the audited consolidated annual financial statements of the Issuer for the financial years ended 31 December 2014 (the "**2014 Financial Statements**"), together with the audit report thereon; and

(c) the unaudited consolidated quarterly financial statements of the Issuer for the three months ended 31 March 2015 including the section headed "*Capital Adequacy*" (as set out below) containing certain information relating to the Issuer's capital adequacy as of 31 March 2015 (together, the "**Interim Information**"),

which have been previously published or are published simultaneously with this Prospectus and filed with it.

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 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 Prospectus.

The parts of the above-mentioned documents which are not incorporated by reference in this Prospectus are either not relevant for investors or are covered elsewhere in this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Copies of the documents specified above as containing information incorporated by reference in this Prospectus, as well as the Prospectus itself, may be obtained without charge from the Issuer and the Paying Agents and may be inspected, free of charge, in electronic format, from the Issuer's website, in case of item (1) at http://feed.ne.cision.com/wpyfs/00/00/00/00/00/2B/DC/3D/wkr0006.pdf; in case of item (2) at http://feed.ne.cision.com/wpyfs/00/00/00/00/00/24/92/4B/wkr0006.pdf; and in case of item (3) at http://feed.ne.cision.com/wpyfs/00/00/00/00/00/2C/F9/00/wkr0006.pdf.

This Prospectus will be available, in electronic format, on the website of the Irish Stock Exchange (www.ise.ie).

The information incorporated by reference above is available as follows:

Information incorporated by reference	Reference
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
2014 Financial Statements	
Consolidated Income Statement.....	Page 31 of the 2014 Annual Report
Consolidated Balance Sheet	Page 31 of the 2014 Annual Report
Consolidated Cash Flow Statement	Page 32 of the 2014 Annual Report
Consolidated Change in Shareholders' Equity	Page 33 of the 2014 Annual Report
Supplementary Disclosures (Notes).....	Pages 34 – 67 of the 2014 Annual Report
Audit Report	Page 88 of the 2014 Annual Report
Interim Information	
Capital Adequacy	The section headed "*Capital Adequacy*", Page 4 of the Interim Report, January-March 2015
Consolidated Income Statements	Page 7 of the Interim Report, January-March 2015
Consolidated Balance Sheets.....	Page 8 of the Interim Report, January-March 2015
Consolidated Cash Flow Statements.....	Page 9 of the Interim Report, January-March 2015
Consolidated Change in Shareholders' Equity	Page 9 of the Interim Report, January-March 2015
Notes	Pages 10 – 19 of the Interim Report, January-March 2015

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be endorsed on each Note in definitive form:

The SEK 1,200,000,000 Floating Rate Perpetual Additional Tier 1 Capital Notes (the "**Notes**", which expression includes any further notes issued pursuant to Condition 15 (*Further Issues*) and forming a single series therewith) of Länsförsäkringar Bank AB (publ) (the "**Issuer**") are the subject of a fiscal agency agreement dated 9 June 2015 (as amended and/or supplemented from time to time, the "**Agency Agreement**") between the Issuer, Citibank, N.A. as fiscal agent and principal paying agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and Citibank, N.A. acting as agent bank (the "**Agent Bank**", which expression includes any successor agent bank appointed from time to time in connection with the Notes), and a deed of covenant dated 9 June 2015 (as amended and/or supplemented from time to time, the "**Deed of Covenant**") by the Issuer in favour of the holders of the Notes (the "**Noteholders**"). Certain provisions of these Conditions are summaries of the Agency Agreement and subject to its detailed provisions. The Noteholders and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement and Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

1. **Interpretation**

(a) In these Conditions the following expressions have the following meanings:

"**Accounting Currency**" means SEK or such other primary currency used in the presentation of the CRR Consolidated Bank Group's accounts from time to time;

"**Additional Tier 1 Capital**" means Additional Tier 1 capital (*Primärkapital*) as defined in the Applicable Banking Regulations;

"**Additional Tier 1 Instruments**" means any instruments of the Issuer that at the time of issuance comply with the then current requirements under Applicable Banking Regulations in relation to Additional Tier 1 Capital;

"**Applicable Banking Regulations**" means, at any time, the laws, regulations, requirements, guidelines and policies relating to capital adequacy applicable to the Issuer or the CRR Consolidated Bank Group, as the case may be, including, without limitation to the generality of the foregoing, CRD IV and any other laws, regulations, requirements, guidelines and policies relating to capital adequacy as then applied in Sweden by the SFSA (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or the CRR Consolidated Bank Group);

"**Business Day**" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Stockholm;

"**Capital Event**" means the determination by the Issuer after consultation with the SFSA that, as a result of any amendment to, clarification of, or change in Swedish law or Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after 2 June 2015, the Prevailing Principal Amount of the Notes is excluded in full from inclusion in the Additional Tier 1 Capital of the Issuer or the CRR Consolidated Bank Group;

"**CET1 Capital**" means, at any time, the common equity tier 1 capital of the Issuer or the CRR Consolidated Bank Group, respectively, as calculated by the Issuer in accordance with Chapter 2 (Common Equity Tier 1 capital) of Title II (Elements of own

funds) of Part Two (Own Funds) of the CRD IV Regulation, and/or Applicable Banking Regulations at such time;

"**CET1 ratio**" means, at any time, with respect to the Issuer or the CRR Consolidated Bank Group, as the case may be, the reported ratio (expressed as a percentage) of the aggregate amount (in the Accounting Currency) of the CET1 Capital of the Issuer or the CRR Consolidated Bank Group, respectively, at such time divided by the Risk Weighted Assets Amount of the Issuer or the CRR Consolidated Bank Group, respectively, at such time, all as calculated by the Issuer;

"**CRD IV**" means the legislative package consisting of the CRD IV Directive, the CRD IV Regulation and any CRD IV Implementing Measures;

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

"**CRD IV Implementing Measures**" means any regulatory capital rules, regulations or other requirements implementing (or promulgated in the context of) the CRD IV Directive or the CRD IV Regulation which may from time to time be introduced, including, but not limited to, delegated or implementing acts or regulations (including technical standards) adopted by the European Commission, national laws and regulations, adopted by the SFSA and guidelines issued by the SFSA, the European Banking Authority or any other relevant authority, which are applicable to the Issuer or the CRR Consolidated Bank Group, as applicable;

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

"**CRR Consolidated Bank Group**" means the Issuer and each entity which is part of the Swedish prudential consolidation situation (as that term, or its successor, is used in the Applicable Banking Regulations) of which the Issuer is part from time to time;

"**Distributable Items**" shall have the meaning given to such term in CRD IV, as interpreted and applied in accordance with Applicable Banking Regulations;

"**First Call Date**" means 9 June 2020;

"**Floating Rate of Interest**" shall have the meaning provided in Condition 4(b) (*Interest Rate*);

"**Initial Principal Amount**" means SEK 2,000,000 for each SEK 2,000,000 in nominal amount of the Notes as at the Issue Date;

"**Interest Determination Date**" means the second day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in Stockholm and London prior to the start of each Interest Period;

"**Interest Period**" means each period beginning on (and including) an Interest Payment Date (or, in the case of the first Interest Period, the Issue Date) and ending on (but excluding) the next Interest Payment Date;

"**Issue Date**" means 9 June 2015;

"**Margin**" means 3.25 per cent. per annum;

"**Maximum Distributable Amount**" means any maximum distributable amount required to be calculated in accordance with Article 141 of the CRD IV Directive (or otherwise pursuant to CRD IV);

"**Maximum Write-Up Amount**" means the Relevant Profits multiplied by the sum of the aggregate Initial Principal Amount of the Notes and the aggregate initial principal amount of all Written-Down Additional Tier 1 Instruments of the Relevant Entity, and divided by the total Tier 1 Capital of such Relevant Entity as at the date of the relevant Write-Up, or any higher amount permissible pursuant to Applicable Banking Regulations in force on the date of the relevant Write-Up, as determined by the Issuer;

"**Net Profit**" means, at any time, (i) with respect to the Issuer, the non-consolidated net profit (excluding minority interests) of the Issuer as calculated and set out in the most recent published audited annual non-consolidated accounts of the Issuer and (ii) with respect to the CRR Consolidated Bank Group, the consolidated net profit (excluding minority interests) of the CRR Consolidated Bank Group, as calculated and set out in the most recent published audited annual consolidated accounts of the CRR Consolidated Bank Group;

"**Optional Redemption Date**" means the First Call Date and any Interest Payment Date after the First Call Date;

"**Prevailing Principal Amount**" means, in respect of a Note at any time, the Initial Principal Amount of that Note as reduced (on one or more occasions) by any Write-Down (as defined in Condition 6 (*Loss Absorption and Discretionary Reinstatement*) below) and increased (on one or more occasions) by any Write-Up (as defined below), in each case at or prior to such time;

"**Prior Loss Absorbing Instrument**" means, at any time, any instrument (other than the Notes) issued directly or indirectly by the Issuer or any member of the CRR Consolidated Bank Group which has a loss absorption trigger which has been breached as a result of the CET1 ratio of the Issuer or the CRR Consolidated Bank Group falling below a level that is higher than 5.125 per cent., in the case of the Issuer, or 7 per cent., in the case of the CRR Consolidated Bank Group and as a result of which, all or some of its principal amount may be written-down (whether on a permanent or temporary basis), converted into equity or otherwise absorb losses (in each case in accordance with its terms);

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

(a) have terms not materially less favourable to a holder of the Notes, certified by the Issuer acting reasonably, than the terms of the Notes, *provided that* they shall (i) include a ranking at least equal to that of the Notes, (ii) have at least the same interest rate and the same Interest Payment Dates as those applying to the Notes, (iii) have the same redemption rights as the Notes, (iv) preserve any existing rights under the Notes to any accrued interest which has not been paid but which has not been cancelled in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, (v) are assigned (or maintain) the same or higher credit ratings as were assigned to the Notes immediately prior to such variation or substitution, and (vi) comply with the then current requirements for Additional Tier 1 Capital contained in the Applicable Banking Regulations; and

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

"**Reference Banks**" means the principal Stockholm office of each of four major banks engaged in the Stockholm interbank market selected by the Issuer in consultation with the Agent Bank, provided that, once a Reference Bank has been selected by the Issuer, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such;

"**Reference Date**" means the accounting date as at which the applicable Relevant Profits were determined;

"**Relevant Entity**" means (a) if a Write-Down has occurred following the breach of the relevant CET1 ratio by the Issuer, the Issuer; (b) if a Write-Down has occurred following the breach of the relevant CET1 ratio by the CRR Consolidated Bank Group, the CRR Consolidated Bank Group; and (c) if a Write-Down has occurred following the breach of the relevant CET1 ratio by both the Issuer and the CRR Consolidated Bank Group, the Issuer and the CRR Consolidated Bank Group;

"**Relevant Profits**" means the lowest of the Net Profit of the Issuer and the CRR Consolidated Bank Group;

"**Representative Amount**" means, in relation to any quotation of a rate for which a Representative Amount is relevant, an amount that is representative for a single transaction in the relevant market at the relevant time;

"**Risk Weighted Assets Amount**" means, at any time, with respect to the Issuer or the CRR Consolidated Bank Group, as the case may be, the aggregate amount (in the Accounting Currency) of the risk weighted assets or equivalent of the Issuer or the CRR Consolidated Bank Group, respectively, calculated in accordance with Applicable Banking Regulations at such time;

"**Screen Rate**" means the Stockholm Inter-bank Offered Rate ("**STIBOR**") for three month deposits in Swedish Krona which appears on Reuters Screen SIDE page under the heading "FIXINGS" (or such replacement page or pages on that service which displays the information);

"**SFSA**" means the Swedish Financial Supervisory Authority (*Finansinspektionen*) or such other governmental authority in Sweden (or, if the Issuer becomes subject to primary bank supervision in a jurisdiction other than Sweden, in such other jurisdiction) having primary bank supervisory authority with respect to the Issuer and/or the CRR Consolidated Bank Group;

"**Similar Loss Absorbing Instrument**" means, at any time, any instrument (other than the Notes) issued directly or indirectly by the Issuer or any member of the CRR Consolidated Bank Group which at such time has terms pursuant to which all or some of its principal amount may be written-down (whether on a permanent or temporary basis), converted into equity or otherwise absorb losses (in each case in accordance with its terms) on the occurrence, or as a result, of a Trigger Event;

"**Tax Event**" means if, as a result of any change in, amendment to or clarification of any applicable law (including any change in, amendment to or clarification of the official position or interpretation of such law that differs from the theretofore generally accepted position or interpretation, irrespective of the manner in which such amendment, clarification or change is made known), which change, amendment or clarification occurs after the Issue Date, the Issuer determines that it would (a) on the occasion of the next payment in respect of the Notes, be required to pay additional amounts in accordance with Condition 9 (*Taxation*) or (b) not be entitled to claim a deduction in respect of its taxation liabilities in the Taxing Jurisdiction in respect of any payment of interest to be made on the next Interest Payment Date or the value of such deduction to the Issuer would be materially reduced; **provided that**, a change in law which results from the proposal by the Swedish Committee on Corporate Taxation (*Företagsskattekommittén*) on 12 June 2014 shall not be regarded as a Tax Event insofar as it relates to the non-deductibility of interest payments on subordinated debt instruments;

"**Taxing Jurisdiction**" means the Kingdom of Sweden or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any other jurisdiction or any political subdivision thereof or any authority or agency therein or thereof, having power to tax in which the Issuer is treated as having a permanent establishment, under the income tax laws of such jurisdiction;

"**Tier 1 Capital**" means, at any time, with respect to the Issuer or the CRR Consolidated Bank Group, as the case may be, the Tier 1 capital of the Issuer or the CRR Consolidated Bank Group, respectively, as calculated by the Issuer in accordance with Chapters 1, 2 and 3 (Tier 1 capital, Common Equity Tier 1 capital and Additional Tier 1 capital) of Title II (Elements of own funds) of Part Two (Own Funds) of the CRD IV Regulation and/or Applicable Banking Regulations at such time, including any applicable transitional, phasing in or similar provisions;

"**Trigger Event**" means if, at any time, the CET1 ratio of the Issuer or the CRR Consolidated Bank Group, as calculated in accordance with Applicable Banking Regulations, is less than 5.125 per cent., in the case of the Issuer, or 7 per cent., in the case of the CRR Consolidated Bank Group;

"**Write-Down Amount**" means, with respect to each Note, the lower of (a) and (b) below (in each case, as determined by the Issuer):

(a) the amount of such Prevailing Principal Amount that (together with (i) the concurrent pro rata Write-Down of the other Notes and (ii) the prior write-down or other loss absorption to the extent possible of any Prior Loss Absorbing Instruments and (iii) the concurrent (or substantially concurrent) pro rata write-down or other loss absorption to the extent possible of any Similar Loss Absorbing Instruments) would be sufficient to restore the CET1 ratio of the Issuer and/or the CRR Consolidated Bank Group, as the case may be, to 5.125 per cent., in the case of the Issuer, and 7 per cent., in the case of the CRR Consolidated Bank Group (but without taking into account for these purposes any further write-down or other loss absorption of any Similar Loss Absorbing Instruments in accordance with their terms by any amount greater than the pro rata amount necessary to so restore such CET1 ratios); or

(b) the amount necessary to reduce the Prevailing Principal Amount of each Note to SEK 0.01.

To the extent the prior write-down or other loss absorption of any Prior Loss Absorbing Instrument or write-down or other loss absorption of any Similar Loss Absorbing Instrument for the purposes of paragraphs (a) and (b) above is not possible for any reason, this shall not in any way impact on any Write-Down of the Notes. The only consequence shall be that the Notes will be Written-Down and the Write-Down Amount determined as provided above without taking into account any such write-down or other loss absorption of such Prior Loss Absorbing Instrument or Similar Loss Absorbing Instrument, as the case may be; and

"**Written-Down Additional Tier 1 Instruments**" means, at any time, any instrument (other than the Notes) issued directly or indirectly by the Issuer or, as applicable, any member of the CRR Consolidated Bank Group, which qualifies as Additional Tier 1 Capital of the Issuer or, as applicable, the CRR Consolidated Bank Group and which, immediately prior to the relevant Write-Up, has a prevailing principal amount lower than the principal amount that it was issued with due to such principal amount having been written down on a temporary basis pursuant to its terms.

(b) In these Conditions:

(i) references to Coupons shall be deemed to include references to Talons (as defined below);

(ii) any reference to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under Condition 9 (*Taxation*); and

(iii) references to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or

any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

2. **Form, Denomination and Title**

The Notes are serially numbered and in bearer form in the denomination of SEK 2,000,000 and integral multiples of SEK 10,000 in excess thereof, up to and including SEK 2,990,000 with Coupons and talons (each, a "**Talon**") for further Coupons attached at the time of issue. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

3. **Status**

The Notes constitute unsecured, subordinated obligations of the Issuer. In the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, the rights of the Noteholders to payments on or in respect of the Notes (which in the case of any payment of principal shall be to payment of the then Prevailing Principal Amount only) shall rank:

(a) *pari passu* without any preference among themselves;

(b) at least *pari passu* with payments to holders of any other Additional Tier 1 Instruments and claims of any other subordinated creditors the claims of which are expressed to rank *pari passu* with the Notes;

(c) in priority to payments to holders of all classes of share capital of the Issuer in their capacity as such holders; and

(d) junior in right of payment to the payment of any present or future claims of (i) depositors of the Issuer, (ii) other unsubordinated creditors of the Issuer and (iii) except as expressed in (b) above, any other subordinated creditors of the Issuer.

The Issuer reserves the right to issue or incur other Additional Tier 1 Instruments in the future, provided, however, that any such Additional Tier 1 Instruments may not in the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, rank ahead of the Notes.

No Noteholder who shall in the event of the liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer be indebted to it shall be entitled to exercise any right of set-off or counterclaim against amounts owed by the Issuer in respect of the Notes held by it.

4. **Interest**

(a) **Interest Payment Dates**

Subject to Condition 5 (*Interest Cancellation*), Condition 6 (*Loss Absorption and Discretionary Reinstatement*) and Condition 8 (*Payments*) below, the Notes bear interest on their Prevailing Principal Amount from and including the Issue Date, payable (subject as provided below) quarterly in arrear on 9 March, 9 June, 9 September and 9 December in each year commencing on 9 September 2015 (each, an "**Interest Payment Date**"). If any Interest Payment Date would otherwise fall on a day which is not a Business Day it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

Each Note will cease to bear interest from the date fixed for redemption (if any) unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest in accordance with, and subject to, the Conditions (both before and after judgment) until whichever is the earlier of (a) the day on which

all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

Interest shall be calculated on the basis of the actual number of days in the relevant period divided by 360 and otherwise in accordance with Condition 4(c) (*Determination of Floating Rate of Interest and Interest Amount*) below.

(b) **Interest Rate**

The rate of interest payable from time to time in respect of the Notes (the "**Floating Rate of Interest**"**)** will be determined on the basis of the following provisions:

(i) on each Interest Determination Date, the Agent Bank will determine the Screen Rate at approximately 11.00 a.m. (Stockholm time) on that Interest Determination Date. If the Screen Rate is unavailable, the Agent Bank will request each of the Reference Banks to provide the Agent Bank with the rate at which deposits in SEK are offered by it to prime banks in the Swedish interbank market for three months at approximately 11.00 a.m. (Stockholm time) on the Interest Determination Date in question and for a Representative Amount;

(ii) the Floating Rate of Interest for the Interest Period shall be the Screen Rate plus the Margin or, if the Screen Rate is unavailable, and at least two of the Reference Banks provide such rates, the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) as established by the Agent Bank of such rates, plus the Margin; and

(iii) if fewer than two rates are provided as requested, the Floating Rate of Interest for that Interest Period will be the arithmetic mean of the rates quoted by major banks in Stockholm selected by the Agent Bank, at approximately 11.00 a.m. (Stockholm time) on the first day of such Interest Period for loans in SEK to leading Swedish banks for a period of three months commencing on the first day of such Interest Period and for a Representative Amount, plus the Margin. If the Floating Rate of Interest cannot be determined in accordance with the above provisions, the Floating Rate of Interest shall be determined as at the last preceding Interest Determination Date.

(c) **Determination of Floating Rate of Interest and Interest Amount**

In respect of each Interest Period, the Agent Bank shall, as soon as practicable after 11.00 a.m. (Stockholm time) on each Interest Determination Date, but in no event later than the third Business Day thereafter, determine the SEK amount (the "**Interest Amount**") payable in respect of interest on each Note for the relevant Interest Period. The Interest Amount shall be determined by applying the Floating Rate of Interest to the Prevailing Principal Amount of such Note, multiplying such sum by the actual number of days in the Interest Period concerned divided by 360 and rounding the resultant figure to the nearest SEK 0.01, (SEK 0.005 being rounded upwards, or otherwise in accordance with applicable market convention).

(d) **Publication of Floating Rate of Interest and Interest Amount**

The Agent Bank shall cause the Floating Rate of Interest and the Interest Amount for each Interest Period and the relative Interest Payment Date to be notified to the Issuer and the Paying Agents and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed (by no later than the first day of each Interest Period) and to be published in accordance with Condition 16 (*Notices*) as soon as possible after their determination, and in no event later than the second Business Day thereafter. The Interest Amount and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

(e) **Notifications, etc. to be final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, whether by the Reference Banks (or any of them) or the Agent Bank, will (in the absence of wilful default, fraud and manifest error) be binding on the Issuer, the Agent Bank, the Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or fraud) no liability to the Issuer, or the Noteholders or the Couponholders shall attach to the Reference Banks (or any of them) or the Agent Bank in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 4.

(f) **Agent Bank**

The Issuer shall procure that, so long as any of the Notes remains outstanding, there is at all times an Agent Bank for the purposes of the Notes. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Agent Bank or failing duly to determine the Floating Rate of Interest and the Interest Amount for any Interest Period, the Issuer shall appoint another major bank engaged in the Stockholm interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed.

5. **Interest Cancellation**

The provisions of Condition 4 (*Interest*) above shall be subject to this Condition 5.

(a) *Cancellation of interest*

The Issuer may elect, in its sole and absolute discretion, to cancel in whole or in part any payment of interest which is otherwise scheduled to be paid on an Interest Payment Date. Non-payment of any amount of interest scheduled to be paid on an Interest Payment Date will constitute evidence of cancellation of the relevant payment, whether or not notice of cancellation has been given by the Issuer.

(b) *Restriction on interest payments*

Payments of interest in respect of the Notes in any financial year of the Issuer shall be made only out of Distributable Items of the Issuer. To the extent that the Issuer has insufficient Distributable Items to make any payment of interest in respect of the Notes scheduled for payment in the then current financial year and any other interest payments and/or distributions paid and/or required and/or scheduled to be paid out of Distributable Items in such financial year in accordance with Applicable Banking Regulations, in each case excluding any portion of such payments already accounted for in determining the Distributable Items of the Issuer, then the Issuer will, without prejudice to the right above to cancel all such payments of interest in respect of the Notes, make partial or, as the case may be, no such payment of interest in respect of the Notes.

(c) *Maximum Distributable Amount*

No payment of interest will be made in respect of the Notes if and to the extent that such payment would cause the Maximum Distributable Amount (if any) then applicable to the Issuer and/or the CRR Consolidated Bank Group to be exceeded.

(d) *Interest non-cumulative*

If any payment of interest (or part thereof) is cancelled in accordance with this Condition 5, then the right of the Noteholders to receive the relevant interest payment (or part thereof) in respect of that Interest Period will be extinguished (and shall not accumulate) and the Issuer will have no obligation to pay such interest (or part thereof) or to pay any interest thereon, whether or not interest on the Notes is paid in respect of any future Interest Period.

(e) *No default*

Failure to pay such interest (or part thereof) in accordance with this Condition 5 shall not constitute an event of default or the occurrence of any event related to the insolvency of the Issuer or entitle Noteholders to take any action to cause the Issuer to be declared bankrupt (*konkurs*) or for the liquidation (*likvidation*), winding-up or dissolution of the Issuer.

(f) *Notice of Interest Cancellation*

The Issuer shall provide notice of any cancellation of interest (in whole or in part) to the Noteholders and the Fiscal Agent as soon as possible. If practicable, the Issuer shall endeavour to provide such notice at least five (5) Business Days prior to the relevant Interest Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation or deemed cancellation of interest, or give Noteholders any rights as a result of such failure.

6. **Loss Absorption and Discretionary Reinstatement**

(a) *Write-Down*

If a Trigger Event occurs at any time, the Issuer will:

(i) cancel any accrued and unpaid interest in respect of the Notes to (but excluding) the Write-Down Date (as defined below) in accordance with Condition 5 (*Interest Cancellation*) above (including if payable on the Write-Down Date); and

(ii) on the Write-Down Date (without any requirement for the consent or approval of Noteholders), reduce the then Prevailing Principal Amount of each Note by the relevant Write-Down Amount (such reduction, a "**Write-Down**" and "**Written-Down**" shall be construed accordingly), pro rata with the other Notes and taking into account the write-down or other loss absorption of any Similar Loss Absorbing Instruments and the prior write-down or other loss absorption of any Prior Loss Absorbing Instruments, provided, however, that if for any reason the Issuer is unable to effect the concurrent (or substantially concurrent) write-down or other loss absorption of any given Prior Loss Absorbing Instruments and/or Similar Loss Absorbing Instruments within the period required by the SFSA, the Notes will be Written-Down notwithstanding that the relevant Prior Loss Absorbing Instruments and/or Similar Loss Absorbing Instruments are not also written down or otherwise absorbing losses.

(b) *Trigger Event Notice*

Upon the occurrence of a Trigger Event, the Issuer shall give notice to the Noteholders and to the Fiscal Agent, which notice, in addition to specifying that a Trigger Event has occurred, shall specify (i) the date on which the Write-Down shall occur (the "**Write-Down Date**"), which shall be as soon as practicable and in any event not later than one month following (or such other period as Applicable Banking Regulations may require) the occurrence of the Trigger Event and (ii) if then determined, the Write-Down Amount (together, a "**Trigger Event Notice**"). If the Write-Down Amount has not been determined when the Trigger Event Notice is given, the Issuer shall, as soon as reasonably practicable following such determination, notify Noteholders and the Fiscal Agent of the Write-Down Amount.

Such notice should be given as soon as practicable following the occurrence of a Trigger Event and in any event not later than 5 Business Days following such occurrence, although any failure by the Issuer to give any such notice to or otherwise to so notify Noteholders will not in any way impact on the effectiveness of, or otherwise invalidate, any Write-Down, or give Noteholders any rights as a result of such failure.

(c) *Write-Down may occur on one or more occasion; No default*

A Write-Down may occur on more than one occasion and the Notes may be Written-Down on more than one occasion. A Write-Down will not constitute an event of default or the occurrence of any event related to the insolvency of the Issuer or entitle Noteholders to take any action to cause the Issuer to be declared bankrupt (*konkurs*) or for the liquidation (*likvidation*), winding-up or dissolution of the Issuer.

(d) *CET1 ratios*

For the purposes of determining whether a Trigger Event has occurred, the Issuer will (i) calculate the CET1 ratios of the Issuer and the CRR Consolidated Bank Group based on information (whether or not published) available to management of the Issuer, including information internally reported within the Issuer pursuant to its procedures for ensuring effective ongoing monitoring of the capital ratios of the Issuer and the CRR Consolidated Bank Group and (ii) calculate and publish the CET1 ratios of the Issuer and the CRR Consolidated Bank Group on at least a quarterly basis.

(e) *Interest accrual on Prevailing Principal Amount*

Following a reduction of the Prevailing Principal Amount of the Notes as described above, interest will accrue on the reduced Prevailing Principal Amount of each Note from (and including) the relevant Write-Down Date, and (for the avoidance of doubt) such interest will be subject to Condition 5 (*Interest Cancellation*) and this Condition 6.

(f) *Discretionary Reinstatement*

If, at any time while any Note remains Written-Down, the Relevant Entity records a positive Net Profit, the Issuer may, in its sole and absolute discretion and subject to the Maximum Distributable Amount (when the amount of the Write-Up is aggregated together with other distributions of the Issuer or the CRR Consolidated Bank Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive (or, if different, any provision of Applicable Banking Regulations implementing Article 141(2) of the CRD IV Directive)) not being exceeded thereby, increase the Prevailing Principal Amount of each Note (a "**Write-Up**") up to a maximum of the Initial Principal Amount, on a pro rata basis with the other Notes and with any other Written-Down Additional Tier 1 Instruments of the Issuer (in the case where the Relevant Entity is the Issuer) and any Written-Down Additional Tier 1 Instruments of any members of the CRR Consolidated Bank Group (in the case where the Relevant Entity is the CRR Consolidated Bank Group) that have terms permitting a principal write-up to occur on a similar basis to that set out in these provisions in the circumstances existing on the date of the relevant Write-Up, provided that the sum of:

(i) the aggregate amount of the relevant Write-Up on all the Notes (out of the same Relevant Profits);

(ii) the aggregate amount of any payments of interest in respect of the Notes that were paid on the basis of a Prevailing Principal Amount lower than the Initial Principal Amount at any time after the Reference Date;

(iii) the aggregate amount of the increase in principal amount of each such Written-Down Additional Tier 1 Instrument at the time of the relevant Write-Up (out of the same Relevant Profits); and

(iv) the aggregate amount of any interest payments or distributions in respect of each such Written-Down Additional Tier 1 Instrument that were calculated or paid on the basis of a prevailing principal amount that is lower than the principal amount it was issued with at any time after the Reference Date,

does not exceed the Maximum Write-Up Amount.

The Issuer will not reinstate the principal amount of any Written-Down Additional Tier 1 Instruments of the Issuer or any member of the CRR Consolidated Bank Group that have terms permitting a write-up of such principal amount to occur on a similar basis to

that set out in these provisions unless it does so on a pro rata basis with a Write-Up of the Notes.

A Write-Up may be made on more than one occasion in accordance with these provisions until the Prevailing Principal Amount of the Notes has been reinstated to the Initial Principal Amount.

Any decision by the Issuer to effect or not to effect any Write-Up pursuant to these provisions on any occasion shall not preclude it from effecting or not effecting any Write-Up on any other occasion pursuant to these provisions.

If the Issuer decides to Write-Up the Notes pursuant to these provisions, a notice (a "**Write-Up Notice**") of such Write-Up shall be given to the Noteholders and to the Fiscal Agent specifying the amount of any Write-Up (as a percentage of the Initial Principal Amount of a Note that results in a pro rata increase in the Prevailing Principal Amount of each Note) and the date on which such Write-Up shall take effect. Such Write-Up Notice shall be given at least five Business Days prior to the date on which the relevant Write-Up is to become effective.

Following a Write-Up in respect of the Notes, interest will accrue on the increased Prevailing Principal Amount of each Note from (and including) the date on which the relevant Write-Up takes effect, and (for the avoidance of doubt) such interest will be subject to Condition 5 (*Interest Cancellation*) and this Condition 6.

(g) *No Liability of Paying Agents and Agent Bank*

None of the Paying Agents nor the Agent Bank shall have any responsibility for, or liability or obligation in respect of, any loss, claim or demand incurred as a result of or in connection with a Trigger Event or any consequent Write-Down and cancellation of the Notes or any claims in respect thereof, and none of the Paying Agents nor the Agent Bank shall be responsible for any calculation or determination or the verification of any calculation or determination in connection with the foregoing.

7. **Redemption and Purchase**

(a) *No scheduled redemption*

The Notes have no final maturity and, subject to the provisions of Condition 3 (*Status*) and Condition 10 (*Bankruptcy or Liquidation*) and without prejudice to the provisions of Condition 11 (*Prescription*)), are only redeemable or repayable in accordance with the relevant provisions set out in this Condition 7.

(b) *Issuer Call*

Subject to Condition 7(e) (*Conditions to Redemption and Purchase*) below, the Issuer may, in its sole and absolute discretion, upon the expiry of the appropriate notice, redeem all (but not some only) of the Notes on any Optional Redemption Date at their then Prevailing Principal Amount, together, if appropriate, with interest accrued (if any) to (but excluding) the relevant Optional Redemption Date (excluding any cancelled interest).

The appropriate notice referred to in this Condition 7(b) is a notice given by the Issuer to the Fiscal Agent and the Noteholders, which notice shall be signed by two duly authorised officers of the Issuer and shall specify:

(i) that the Notes are subject to redemption; and

(ii) the due date for such redemption, which shall be an Optional Redemption Date which is not more than 60 days and not less than 30 days after the date on which such notice is validly given.

Subject to Condition 7(f) (*Occurrence of a Trigger Event*) below, any such notice shall be irrevocable, and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

(c) *Redemption upon Tax Event or Capital Event*

Subject to Condition 7(e) (*Conditions to Redemption and Purchase*) below, upon the occurrence of a Tax Event or a Capital Event, the Issuer may, in its sole and absolute discretion, having given not less than 30 days' nor more than 60 days' notice to the Noteholders, at any time redeem all (but not some only) of the Notes at an amount equal to the then Prevailing Principal Amount of such Notes, together, if appropriate, with interest accrued (if any) to (but excluding) the date of redemption (excluding any cancelled interest).

(d) *Purchase*

Subject to Condition 7(e) (*Conditions to Redemption and Purchase*) below, the Issuer may, at any time, purchase Notes at any price in the open market or otherwise except that no purchase of such Notes may be made at any time during the period of five years from the Issue Date. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

(e) *Conditions to Redemption and Purchase*

Any redemption or purchase of Notes is subject to the prior permission of the SFSA and compliance with the Applicable Banking Regulations.

(f) *Occurrence of a Trigger Event*

If any notice of redemption of the Notes is given pursuant to this Condition 7 and prior to the relevant redemption date a Trigger Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, there shall be no redemption of the Notes on such redemption date and, instead, a Write-Down shall occur as provided under Condition 6 (*Loss Absorption and Discretionary Reinstatement*).

(g) *Cancellation*

All Notes redeemed or purchased in accordance with this Condition 7 and any unmatured Coupons or unexchanged Talons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

(h) *Substitution or Variation instead of Redemption*

Upon the occurrence of a Tax Event or a Capital Event, the Issuer may, subject to the permission of the SFSA, (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Securities provided that such variation or substitution does not itself give rise to any right of the Issuer to redeem, substitute or vary the terms pursuant to this Condition 7 in relation to the Qualifying Securities so varied or substituted.

8. **Payments**

(a) *Principal*: Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by SEK cheque drawn on, or by transfer to a SEK account maintained by the payee with, a bank in Stockholm.

(b) *Interest*: Payments of interest shall, subject to paragraph (f) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.

(c) *Payments subject to fiscal laws*: All payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement thereto). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) *Unmatured Coupons void*: On the due date for redemption of any Note pursuant to Condition 7 (*Redemption and Purchase*) or Condition 10 (*Bankruptcy or Liquidation*), all unmatured Coupons (if any) relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(e) *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a SEK account as referred to above, on which dealings in foreign currencies may be carried on both in Stockholm and in such place of presentation.

(f) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.

(g) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.

(h) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a coupon sheet relating to the Notes (each, a "**Coupon Sheet**"), the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet including a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 11 (*Prescription*). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

9. **Taxation**

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for, or on account of, any present or future taxes or duties of whatever nature imposed or levied by, or on behalf of, the Taxing Jurisdiction unless the withholding or deduction of such taxes is required by law. In that event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders or Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except

that no such additional amounts shall be payable with respect to any Note or Coupon presented for payment:

(a) by or on behalf of a holder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the Taxing Jurisdiction other than the mere holding of such Note or Coupon; or

(b) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days; or

(c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with Condition 16 (*Notices*).

10. **Bankruptcy or Liquidation**

If the Issuer is declared bankrupt (*konkurs*) or put into liquidation (*likvidation*), in each case by a court or agency or supervisory authority in the Kingdom of Sweden having jurisdiction in respect of the same, a Noteholder may prove or claim in the bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer, whether in the Kingdom of Sweden or elsewhere and instituted by the Issuer itself or by a third party, for payment in respect of the then Prevailing Principal Amount of such Note together with interest accrued to (but excluding) the date of commencement of the relevant bankruptcy (*konkurs*) or liquidation (*likvidation*) proceedings to the extent not cancelled but subject to such Noteholder only being able to claim payment in respect of the Note in the bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer.

If the Issuer fails to pay any amount that has become due and payable under the Notes and the failure continues for a grace period of fourteen (14) days, each Noteholder may, subject to the Swedish Bankruptcy Act (1987:672), institute proceedings in the Kingdom of Sweden (or such other jurisdiction in which the Issuer may be organised) (but not elsewhere) for the Issuer to be declared bankrupt (*konkurs*) and/or prove or claim in the bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer. No interest (or part thereof) will be due and payable if such interest (or part thereof) has been cancelled as provided in Condition 5 (*Interest Cancellation*) and, accordingly, no default in payment under the Notes will have occurred in such circumstances.

No remedy against the Issuer, other than as provided above, shall be available to the Noteholders in respect of the Notes, 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 with respect to the Notes.

11. **Prescription**

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

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

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

13. **Paying Agents**

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

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent or the Agent Bank and to appoint a successor fiscal agent or agent bank and additional or successor paying agents; *provided, however, that* the Issuer shall at all times maintain (a) a fiscal agent and an agent bank, (b) a paying agent with a specified office in such place as may be required by the rules and regulations of the stock exchange (or any other relevant authority) (from time to time) and (c) a paying agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 16 (*Notices*).

14. **Meetings of Noteholders; Modification**

(a) *Meetings of Noteholders*

The Agency Agreement contains provisions for convening meetings of the 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 Agency Agreement or the Coupons. 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, except that at any meeting, the business of which includes the modification of certain Conditions, the necessary quorum for passing an Extraordinary Resolution 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. Any Notes which have been purchased and are held by or on behalf of the Issuer but have not been cancelled shall (unless and until resold) be deemed not to be outstanding for the purposes of the right to attend or participate in any way at any meeting of Noteholders.

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

(b) *Modification*

Subject to the prior permission of the SFSA, the Fiscal Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

(i) any modification of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error; or

(ii) any other modification (except as mentioned above) and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Agency Agreement that is in the opinion of the Issuer 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 any such modification shall be notified to the Noteholders in accordance with Condition 16 (*Notices*) as soon as practicable thereafter.

15. **Further Issues**

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

16. **Notices**

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

17. **Governing Law and Jurisdiction**

(a) *Governing law*: The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law (except for Condition 3 (*Status*) and any non-contractual obligations arising out of or in connection with Condition 3 (*Status*), which shall be governed by Swedish law).

(b) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes).

(c) *Appropriate forum*: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(d) *Rights of the Noteholders to take proceedings outside England*: Notwithstanding Condition 17(b) (*English courts*), any Noteholder may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

(e) *Service of Process*: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Business Sweden (The Swedish Trade & Invest Council) at its registered office at 5 Upper Montagu Street, London W1H 2AG, or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer may specify by notice in writing to the Noteholders, and it undertakes that, in the event of Business Sweden (The Swedish Trade & Invest Council) ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any

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

There will appear at the foot of the Conditions endorsed on each Note in definitive form the names and Specified Offices of the Paying Agents as set out at the end of this Prospectus.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Closing Date with a common depositary for Euroclear and Clearstream, Luxembourg.

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership (such certification to be provided in the form required by Euroclear and/or Clearstream, Luxembourg). No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

In the event that the Temporary Global Note (or any part of it) has become due and payable in accordance with the Conditions and payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Temporary Global Note on the due date for payment, unless within the period of 7 days commencing on the relevant due date payment in full of the amount due in respect of the Temporary Global Note is received by the bearer in accordance with the provisions of the Temporary Global Note, then the Temporary Global Note will become void at 5.00 p.m. (London time) on such seventh day and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the deed of covenant dated 9 June 2015 (the "**Deed of Covenant**") executed by the Issuer and relating to the Notes. Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

The Permanent Global Note will become exchangeable in whole, but not in part, for Definitive Notes in the denomination of SEK 2,000,000 and integral multiples of SEK 10,000 in excess thereof, up to and including SEK 2,990,000 at the request of the bearer of the Permanent Global Note against presentation and surrender of the Permanent Global Note to the Fiscal Agent if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business and no successor clearing system is appointed within 15 days of the last day of such 14-day period or the date on which Euroclear or Clearstream, Luxembourg announced its intention to permanently cease business, as the case may be.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or

(b) the Permanent Global Note (or any part of it) has become due and payable in accordance with the Conditions and payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment, unless within the period of 7 days commencing on the relevant due date payment in full of the amount due in respect of the Permanent Global Note is received by the bearer in accordance with the provisions of the Permanent Global Note,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such seventh day (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Global Notes or

others may have under the Deed of Covenant, executed by the Issuer and relating to the Notes). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Conditions as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is noted in a schedule thereto.

Payments on business days: In the case of all payments made in respect of the Global Notes, "**business day**" means any day which is a day on which dealings in foreign currencies may be carried on in Stockholm.

Notices: Notwithstanding Condition 16 (*Notices*), while all the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common depositary for Euroclear and Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**"), notices to Noteholders may be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or (as the case may be) such Alternative Clearing System and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear, Clearstream, Luxembourg or such Alternative Clearing System except that such notices shall also be published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed.

Write-Down and Discretionary Reinstatement: For so long as all of the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common depositary for Euroclear and Clearstream, Luxembourg or any Alternative Clearing System, any Write-Down of the Notes will be effected in Euroclear and Clearstream, Luxembourg or such Alternative Clearing System in accordance with their operating procedures by way of a reduction in the pool factor and any Write-Up in respect of the Notes will be effected in Euroclear and Clearstream, Luxembourg or such Alternative Clearing System in accordance with their operating procedures by way of an increase in the pool factor.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be SEK 1,191,900,000. The issue of the Notes will form part of the Issuer's capital base and the net proceeds of the issue of the Notes will be applied by the Issuer to meet part of its general financing requirements.

DESCRIPTION OF THE ISSUER

OVERVIEW

Länsförsäkringar Bank AB (publ) (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 under corporate registration number 516401-9878. The Issuer operates as a limited liability company regulated as a banking company under the Banking and Financing Business Act (Sw. *Lag (2004: 297) om bank- och finansieringsrörelse*) and is subject to the supervision of the SFSA.

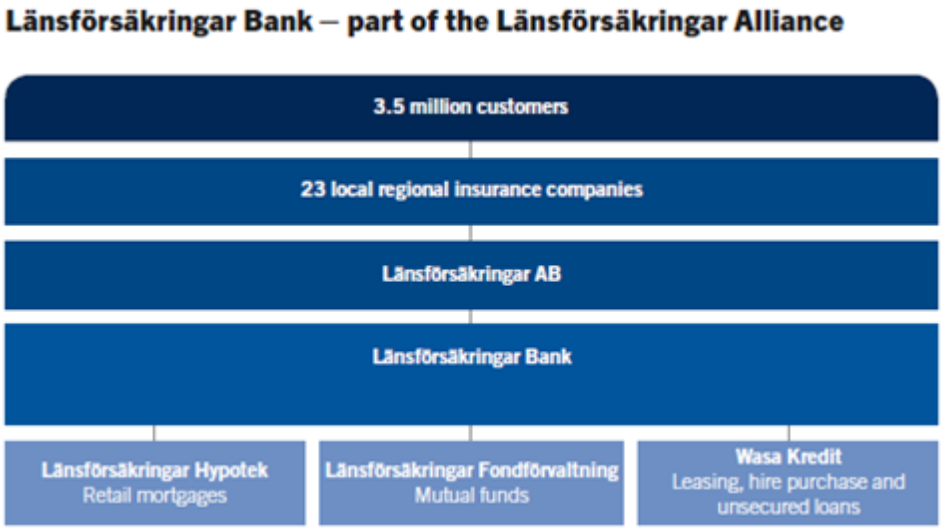
The Issuer has three wholly-owned subsidiaries: Länsförsäkringar Hypotek AB (publ) ("**LF Hypotek**"), the Issuer's mortgage institution; Wasa Kredit AB ("**Wasa Kredit**"), a finance company offering leasing, hire purchase and personal loans; and Länsförsäkringar Fondförvaltning AB (publ) ("**LF Fondforvaltning**"), which manages mutual funds. The Issuer and its consolidated subsidiaries, taken as a whole from time to time comprise the "**Bank Group**".

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, and Länsförsökringar Fastighetsförmedling AB, comprise the Länsförsäkringar Alliance (the "**Alliance**").

The Issuer relies upon its parent, LFAB, for the injection of necessary capital. The Issuer's capitalisation can be impacted by the conditions prevailing within the Alliance.

With the entry into force of the CRD IV Regulation the consolidated situation of the Issuer also includes LFAB, in addition to the Bank Group. This mainly affects the Issuer in relation to risks, capital requirements and governance. Since the Issuer maintains the view that the risk and capital situation is best presented in the Bank Group's capital ratios, the actual risk and capital ratios are published in parallel with the capital ratios according to the consolidated situation including LFAB. The Issuer has submitted an application to the SFSA for permission to exclude LFAB from the Issuer's consolidated situation. If such permission is granted by the SFSA, it should be noted that the scope of the definition "CRR Consolidated Bank Group" in the Conditions will change so as to exclude LFAB from such definition.

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



The Issuer is one of the larger retail banks in Sweden with 933,000 customers and a business volume (loans, deposits and funds) of SEK 371.5 billion as of March 31, 2015. In 2014, the business continued to grow in all main product segments. In 2014, Länsförsäkringar had Sweden's most satisfied retail bank customers according to the Swedish Quality Index, and was appointed 'Bank of the Year' by Swedish financial magazine Privata Affärer. Figures in parentheses pertain to 2014.

The Bank Group offers a full range of banking services to its customers (mainly private individuals, farmers and small businesses). Sales, advisory services and customer services are carried out through the 128 branches of the 23 Regional Insurance Companies and via the internet, mobile services and telephone. Certain administration of banking services are also carried out at the branches of the Regional Insurance Companies. The Regional Insurance Companies are reimbursed for sales, administration and services through a reimbursement system based on volumes managed.

Strategy

The Issuer's strategy, which has not been changed since 2000, is to provide the Alliance's Regional Insurance Companies' customers with a complete offering of banking services. Customer contact is mainly performed by the 128 branches of the 23 Regional Insurance Companies. The real estate brokerage Länsförsäkringar Fastighetsförmedling also conducts some customer contacts at its 154 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, local presence 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 a total of 3.5 million insurance customers and the main target groups for the Issuer are the 2.9 million retail customers, of whom 1.8 million are home-insurance customers. Other target groups are agricultural customers and small businesses.

Local customer-owned

The banking operations, which are conducted in Sweden only, have a local presence as the Regional Insurance Companies manage the majority of all contact with customers. The Regional Insurance Companies are mutual non-life insurance companies, and as such are owned by the policy holders of each company. 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 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.

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

GROUP	Q1 2015	Q4 2014	Q1 2014	Full Year 2014
Return on equity (%)	9.1	8.6	7.5	8.3
Return on total capital (%)	0.46	0.44	0.42	0.42
Investment margin (%)	1.13	1.21	1.07	1.15
Cost/income ratio before loan losses[1]	0.56	0.56	0.62	0.57
Cost/income ratio after loan losses[1]	0.56	0.58	0.65	0.57
Cost/income ratio before loan losses	0.56	0.60	0.62	0.62
Cost/income ratio after loan losses	0.56	0.62	0.65	0.62
Core Tier 1 ratio, Bank Group (%)	17.4	16.2	14.1	16.2
Tier 1 ratio, Bank Group (%)	17.4	16.2	14.1	16.2
Total capital ratio, Bank Group (%)	21.7	20.6	18.6	20.6
Core Tier 1 ratio, CRR Consolidated Bank Group (%)	15.4	13.9	11.3	13.9
Tier 1 ratio, CRR Consolidated Bank Group (%)	15.4	13.9	11.3	13.9
Total capital ratio, CRR Consolidated Bank Group (%)	19.1	17.5	15.0	17.5
Percentage of impaired loans, gross (%)	0.15	0.17	0.23	0.17
Reserve ratio in relation to loans (%)	0.17	0.19	0.25	0.19
Loan losses (%)	0.00	0.03	0.04	0.00

[1] Excluding impairment.

REGULATORY FRAMEWORK

The Issuer is subject to a number of rules and regulations, among other the Companies Act (Sw: *Aktiebolagslagen 2005:551*), the Securities Markets Act (Sw: *Lag (2007:528) om värdepappersmarknaden*) and the Banking and Financing Business Act (Sw: *lag (2004:297) om bank- och finansieringsrörelse*) which regulates, inter alia, the Issuer's lending activities. In addition, the Supervision of Credit and Investment Institutions Act (Sw: *Lag (2014:968) om särskild tillsyn över kreditinstitut och värdepappersbolag*), the Act on Capital Buffers (Sw: *Lag (2014:966) om kapitalbuffertar*) and CRD IV Regulation 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 amounted to SEK 183.4 billion (163.4 billion) on 31 March 2015. The geographic distribution of the loan portfolio encompasses all of Sweden, and no loans were granted with collateral based outside Sweden. As of 31 March 2015, mortgages accounted for 72 per cent. (71 per cent.) of the loan portfolio and agricultural loans accounted for 12.5 per cent. (13 per cent.). Combined, these loans accounted for approximately 85 per cent. (84 per cent.) of the Bank Group's loan portfolio. As of 31 March 2015 impaired loans in gross amounted to SEK 281 million (388 million), which corresponds to 0.15 per cent. (0.23 per cent.) of the loan portfolio before reserves. Reserves amounted to SEK 331 million (423 million) and the reserve ratio in relation to loans was 0.17 per cent. (0.25 per cent.). Loan losses remained low at SEK 0 million (16 million) in net, corresponding to a loan loss of 0.00 per cent. (0.04 per cent.). Figures in parentheses pertain to the same period 2014.

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.

The share of deposits in the Bank Group's total financing has increased during the years, amounting to 35% on 31 December 2014.

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 Bank Group has a low refinancing risk and the maturity profile is well diversified. As of 31 March 2015, deposits from the public amounted to SEK 75.9 billion. Debt securities amounted to a nominal SEK 121.9 billion, of which covered bonds

amounted to SEK 93.6 billion, senior long-term funding to SEK 25.4 billion and short-term funding to SEK 2.9 billion. The average remaining term for the long-term funding was 3.2 years on 31 March 2015. The covered bonds are issued out of the issuer's 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 with only a limited exposure to interest rate and currency risks.

Intercreditor agreement and subordination of the Issuer's claims in relation to LF Hypotek against certain borrowers

The Issuer and LF Hypotek have granted, and will grant 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 loans with Swedish-based collateral. 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 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 credit policy is centrally decided and the automated credit scoring and decision support system is managed centrally by the Issuer. A majority of the credit decisions are taken locally by the Regional Insurance Companies. 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 most of the counterparty exposures to corporates and the agricultural sector. The fundamental IRB Approach is applied to all other counterparty exposures to corporates and the agricultural sector, and the Standardised Approach for other exposures. On 31 March 2015, 99 per cent. of the loan portfolio comprised retail credits in accordance with the advanced IRB Approach. Common Equity Tier 1 ratio according to CRD IV amounted to 15.4 per cent. (13.9 per cent.). Total Capital ratio according to CRD IV was 19.1 per cent. (17.5 per cent.).

Recent events

On 13 April 2015, the Issuer and on 24 April 2015, its subsidiary LF Hypotek received permission by the SFSA to change the model for calculating Loss Given Default ("**LGD**") for loans secured on residential property for private individuals. In addition, the Issuer and its subsidiaries LF Hypotek and Wasa Kredit received permission by the SFSA on 23 April 2015 to raise the exposure limit for the retail exposure class, which determines whether exposures to small and medium-sized businesses are attributable to either the retail or corporates exposure class, in accordance with the current rules. This will affect the Issuer's capital ratios. After the above changes have been implemented into the Bank Group's models the common equity tier 1 ratio of the CRR Consolidated Bank Group according to CRD IV will increase by approximately 300 basis points.

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

Name and Role	**Principal Outside Activities**
Sten Dunér Born 1951 Chairman since 2009 President and CEO of Länsförsäkringar AB	Other Board appointments: Chairman of Länsförsäkringar Sak, Länsförsäkringar Bank and Länsförsäkringar Fondliv, Board member of Länsförsäkringar Liv, Insurance Sweden, Swedish Insurance Employers' Association (FAO) 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	N/A
Maria Engholm Born 1967 Board member since 2014	Other Board appointments: Chairman of Dalarnas Försäkringsbolag AB, Dalarnas Försäkringsbolags Förvaltnings AB.
Bengt-Erik Lindgren Born 1950 Board member since 2012 Chairman of Länsförsäkringar Bergslagen	Other Board appointments: Chairman of Grönklitsgruppen AB. Board member of Nordanå Trä AB, Inlandsinnovation AB 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, Länsförsäkringar Wasa Kredit, Läshem AB and P.U.L.S. AB. Deputy Board member of FAO Service AB.
Marianne Björkman Born 1955 Employee representative since 2014	Other Board appointments: Board member of Länsförsäkringar AB; local FTF Board.

Executive Management

Name and Role	**Principal Outside Activities**
Rikard Josefson Born 1965 President. Employed since 2011.	N/A
Anders Borgcrantz Born 1961 CFO. Employed since 2003.	N/A

Name and Role	Principal Outside Activities
Susanne Bergh Born 1969 Head of Internet. Employed since 2009.	N/A
Pia Bergman Born 1963. Human Resources Director. Employed since 2014.	N/A
Susanne Calner Born 1969 Head of Credit. Employed since 2012.	N/A
Bengt Clemedtson Born 1964 Head of Business. Employed since 2006.	N/A
Eva Gottfridsdotter Nilsson Born 1960 President of Länsförsäkringar Fondförvaltning. Employed since 2000.	N/A
Gert Andersson Born 1959 Head of Product. Employed since 2013.	N/A
Richard Lundberg Born 1976 Head of Backoffice. Employed since 2012.	N/A
Louise Lindgren Born 1959 Chief Risk Officer. Employed since 2014.	N/A

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
Attention: Stefan Holmström (Authorised Public Accountant)
Box 16106
103 23 Stockholm
Telephone +46 8-723 91 00

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 Prospectus.

Employees

In 2014 the Issuer had an average of 413 (369) employees.

TAXATION

Swedish Taxation

The following summary outlines certain Swedish tax consequences of the acquisition, ownership and disposal of the Notes. The summary is based on the laws of Sweden as currently in effect and is intended to provide general information only. The summary is not exhaustive and does thus not address all potential aspects of Swedish taxation that may be relevant for a potential investor in the Notes and is neither intended to be nor should be construed as legal or tax advice. In particular, the summary does not address the rules regarding reporting obligations for, among others, payers of interest. Specific tax consequences may be applicable to certain categories of corporations, e.g. investment companies and life insurance companies. Specific tax consequences may also apply when Notes are held by partnerships and as trading assets in a business. Such tax consequences are not described below. Neither does the summary cover Notes which are placed on an investment savings account (Sw. Investeringssparkonto). Investors should consult their professional tax advisors regarding the Swedish and foreign tax consequences (including the applicability and effect of tax treaties) of acquiring, owning and disposing of the Notes in their particular situation.

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.

Payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to a non-resident holder of any Notes should not be subject to Swedish income tax provided that such holder does not carry out business activities from a permanent establishment in Sweden to which the Notes are effectively connected. Under Swedish tax law, no withholding tax is imposed on payments of principal or interest to a non-resident holder of Notes.

Individuals who are not resident in Sweden for tax purposes may be liable to capital gains taxation in 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 Sweden or have lived permanently in Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption. Taxation may, however, be limited by an applicable tax treaty.

Resident holders of Notes

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

Generally, for Swedish corporations and individuals (and estates of deceased individuals) that are resident holders of Notes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on the Notes) will be taxable. A capital gain or capital loss is calculated as the difference between the sales proceeds, after deduction for sales expenses, and the acquisition cost for tax purposes. The acquisition cost for all Notes of the same kind is determined according to the "average method" (Sw. *genomsnittsmetoden*).

An individual's capital income such as capital gains and interest is subject to a 30 per cent. tax rate. Limited liability companies and other legal entities are taxed on all income, including capital gains and interest, as business income at the tax rate of 22 per cent.

Losses on listed Notes (Sw. *marknadsnoterade fordringsrätter*) should generally be fully deductible for limited liability companies and for individuals in the capital income category. Certain deduction limitations may apply for individuals and limited liability companies with respect to losses on financial instruments deemed share equivalents (Sw. *delägarrätter*) for Swedish tax purposes, not described further herein.

If the Notes are registered with Euroclear Sweden AB or held by a Swedish nominee in accordance with the Swedish Financial Instruments Accounts Act (Sw. *lagen om kontoförning av finansiella instrument*), Swedish preliminary taxes will generally be withheld by Euroclear Sweden AB or by the nominee on

payments of amounts that are considered to be interest for Swedish tax purposes to an individual (or an estate of a deceased individual) that is a resident holder of Notes.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or, certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

Investors who are in any doubt as to their position should consult their professional advisers.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary' market transactions) in certain circumstances.

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

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

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate. Prospective Noteholders are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Skandinaviska Enskilda Banken AB (publ) (the "**Manager**") has, in a subscription agreement dated 5 June 2015 (the "**Subscription Agreement**") and made between the Issuer and the Manager upon the terms and subject to the conditions contained therein, agreed to subscribe for the Notes at their issue price of 100 per cent. of their principal amount. The Issuer has also agreed to reimburse the Manager for certain of their expenses incurred in connection with the management of the issue of the Notes. The Manager is entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

United States of America

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.

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

The Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that 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 commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

The Manager has represented, warranted and undertaken that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

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

Sweden

The Manager has agreed 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 pursuant to the provisions of the Swedish Financial Instruments Trading Act (*Lag (1991:980) om handel med finansiella instrument*).

The Manager has agreed that it has complied with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and has obtained any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and neither of the Issuer nor any other Manager shall have any responsibility therefor.

None of the Issuer and the Manager have represented that the Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumed any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

1. The Issuer has obtained all necessary consents, approvals and authorisations in the Kingdom of Sweden in connection with the issuance of the Notes. The issue of the Notes was authorised pursuant to resolutions of the board of directors of the Issuer passed on 10 December 2014.

Listing and Admission to Trading

2. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the official list of the Irish Stock Exchange and trading on the Main Securities Market of the Irish Stock Exchange, each of which are expected to be granted on or about 5 June 2015 subject only to the issue of the Temporary Global Note. Transactions will normally be effected for delivery on the third working day after the date of the transaction. The total expenses related to the admission to trading are expected to be €7,500.

Legal and Arbitration Proceedings

3. 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 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 CRR Consolidated Bank Group.

Significant/Material Change

4. There has been no significant change in the financial or trading position of the Issuer or the CRR Consolidated Bank Group since 31 March 2015 and there has been no material adverse change in the prospects of the Issuer or of the CRR Consolidated Bank Group since 31 December 2014.

Auditors

5. KPMG AB (Chartered Accountants) has audited, and rendered unqualified audit reports on, the accounts of the Issuer for the two years ended 31 December 2013 and 31 December 2014. KPMG AB (Chartered Accountants) is a member of the Swedish Institute of Authorised Public Accountants – Stefan Holmström (Authorized Public Accountant) was auditor-in-charge in 2013 and 2014.

Documents on Display

6. For so long as Notes are listed on the Irish Stock Exchange, hard copies, in physical format, of 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:

   (a) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons.

   (b) the constitutional documents of the Issuer;

   (c) the Issuer's annual report in respects of the years ended 31 December 2013 and 2014;

   (d) the most recently published quarterly unaudited interim consolidated and unconsolidated accounts of the Issuer; and

   (e) a copy of this Prospectus.

   In addition, this Prospectus will be available, in electronic format, on the website of the Irish Stock Exchange (www.ise.ie).

ISIN and Common Code

7. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The International Securities Identification Number ("**ISIN**") of the Notes is XS1243897987 and the common code is 124389798.

   The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Listing Agent

8. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

Language

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

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United Kingdom

PAYING AGENT

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United Kingdom

IRISH LISTING AGENT

Arthur Cox Listing Services Limited
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The Republic of Ireland

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