

Vattenfall AB (publ)

(incorporated with limited liability under the laws of the Kingdom of Sweden with Reg. No. 556036-2138)

SEK500,000,000 Subordinated Fixed Rate Reset 7 year Non-Call Capital Securities due 2083

Issue Price: 99.873 per cent.

and

SEK3,000,000,000 Subordinated Floating Rate 7 year Non-Call Capital Securities due 2083

Issue Price: 100 per cent.

The SEK500,000,000 Subordinated Fixed Rate Reset 7 year Non-Call Capital Securities due 2083 (the “**NC7 Fixed Rate Reset Capital Securities**”) and the SEK3,000,000,000 Subordinated Floating Rate 7 year Non-Call Capital Securities due 2083 (the “**NC7 Floating Rate Capital Securities**”) and, together with the NC7 Fixed Rate Reset Capital Securities, the “**Capital Securities**”) will be issued by Vattenfall AB (publ) (the “**Issuer**”).

References herein to the “**Conditions**” shall be construed as references to the Terms and Conditions of the NC7 Fixed Rate Reset Capital Securities and/or the Terms and Conditions of the NC7 Floating Rate Capital Securities, as the context admits, and references to a numbered “**Condition**” shall be construed accordingly.

Interest will accrue on the NC7 Fixed Rate Reset Capital Securities from (and including) 26 May 2021 (the “**Issue Date**”) to (but excluding) 26 May 2028 (the “**NC7 Fixed Rate Reset First Reset Date**”) at a rate of 2.40 per cent. per annum, and thereafter at the relevant Reset Interest Rate (as defined in Condition 4(d) of the NC7 Fixed Rate Reset Capital Securities). Interest on the NC7 Fixed Rate Reset Capital Securities will (subject to deferral, as provided below) be payable annually in arrear on 26 May in each year from (and including) 26 May 2022.

Interest will accrue on the NC7 Floating Rate Capital Securities from (and including) the Issue Date to (but excluding) the Interest Payment Date falling in May 2033 (the “**NC7 Floating Rate 2033 Step-up Date**”) at a rate of 1.80 per cent. per annum above the three-month Stockholm Inter-Bank Offered Rate for SEK deposits for each Interest Period, and thereafter at the relevant Step-up Interest Rate (as defined in Condition 4(f) of the NC7 Floating Rate Capital Securities). Interest on the NC7 Floating Rate Capital Securities will (subject to deferral, as provided below) be payable quarterly in arrear on the interest payment dates falling in February, May, August and November in each year from (and including) the Interest Payment Date falling in August 2021.

Payments of interest on the Capital Securities may, at the option of the Issuer, be deferred, as set out in the Condition 5 of the relevant Capital Securities. Arrears of interest, which shall themselves bear interest, may be paid at any time at the option of the Issuer (upon notice to the holders of the relevant Capital Securities), and must be paid in the circumstances provided in Condition 5(b) of the relevant Capital Securities.

Unless earlier redeemed or repurchased and cancelled, the Issuer shall redeem the NC7 Fixed Rate Reset Capital Securities on 26 May 2083 and the NC7 Floating Rate Capital Securities on the Interest Payment Date falling in May 2083. The Issuer will have the right to redeem (1) the NC7 Fixed Rate Reset Capital Securities in whole, but not in part, on (i) any day during the period commencing on (and including) 26 November 2027 and ending on (and including) the NC7 Fixed Rate Reset First Reset Date (the “**NC7 Fixed Rate Reset Relevant Period**”) or (ii) on any Interest Payment Date thereafter, and (2) the NC7 Floating Rate Capital Securities in whole, but not in part, on (i) any day during the period commencing on (and including) 26 November 2027 and ending on (and including) the Interest Payment Date falling in May 2028 (the “**NC7 Floating Rate 2028 Call Date**”) (the “**NC7 Floating Rate Relevant Period**”) or (ii) on any Interest Payment Date thereafter, in each case at their principal amount together with any Arrears of Interest (as defined in Condition 5(a) of the relevant Capital Securities) and any other accrued and unpaid interest up to (but excluding) the redemption date. The Issuer may also redeem the Capital Securities (i) at any time (other than on a date on which the Issuer may exercise its option to redeem the Securities pursuant to Condition 6(b)) at their Make-Whole Redemption Amount, together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date or (ii) upon the occurrence of a Tax Deductibility Event, a Substantial Repurchase Event, a Rating Methodology Event or a Withholding Tax Event, at the prices set out in the Conditions. The Issuer may also in certain circumstances vary the terms of, or substitute, the Capital Securities, all as set out in the Conditions.

Application will be made for the Capital Securities to be admitted to trading on Nasdaq Stockholm AB’s regulated market (“**Nasdaq Stockholm**” or the “**Market**”). References in this prospectus (the “**Prospectus**”) to the Capital Securities being “**listed**” (and all related references) shall mean that the Capital Securities have been admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended (“**MIFID II**”). This Prospectus has been approved by the Swedish Financial Supervisory Authority (the “**SFSA**”) pursuant to Article 20 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the “**Prospectus Regulation**”). The SFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Capital Securities that are subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Capital Securities.

The Capital Securities are expected to be rated “**Baa2**” by Moody’s France SAS (together with its affiliates and/or successors in business “**Moody’s**”) and “**BB+**” by S&P Global Ratings Europe Limited (together with its affiliates and/or successors in business “**S&P**”). A security rating is not a recommendation to buy, sell or hold securities and may be subject to reduction, suspension or withdrawal at any time by the assigning rating agency. Each of S&P Global Ratings Europe Limited and Moody’s France SAS is established in the European Union and is registered under Regulation (EC) No 1060/2009 as amended (the “**CRA Regulation**”) and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk/>) in accordance with the CRA Regulation. Each of Moody’s France SAS and S&P Global Ratings Europe Limited is not established in the United Kingdom and has not applied for registration in accordance with Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”) (the “**UK CRA Regulation**”). Ratings issued by Moody’s France SAS and S&P Global Ratings Europe Limited have been endorsed by Moody’s Investors Service Limited and S&P Global Ratings UK Limited, respectively, in accordance with the UK CRA Regulation and have not been withdrawn. As such, the ratings issued by Moody’s France SAS and S&P Global Ratings Europe Limited may be used for regulatory purposes in the United Kingdom in accordance with the UK CRA Regulation.

Each tranche of the Capital Securities will initially be represented by a temporary global security (each a “**Temporary Global Security**”), without interest coupons, which will be issued in new global note (“**NGN**”) form and will be delivered on or prior to 26 May 2021 to a common safekeeper (the “**Common Safekeeper**”) for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”). Each Temporary Global Security will be exchangeable for interests in a permanent global security (the “**Permanent Global Security**”) and, together with the Temporary Global Security, the “**Global Securities**”) on or after a date which is expected to be 5 July 2021, upon certification as to non-U.S. beneficial ownership. See “*Summary of Provisions relating to the Capital Securities in Global Form*”. The denomination of the Capital Securities shall be SEK2,000,000 and integral multiples of SEK1,000,000 in excess thereof, up to and including SEK3,000,000.

The Capital Securities have not been, and will not be, registered under the United States Securities Act 1933, as amended (the “**Securities Act**”). The Capital Securities are being offered outside the United States (as defined in “*Subscription and Sale*” below) in accordance with Regulation S under the Securities Act (“**Regulation S**”), and may not be offered or 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 the registration requirements of the Securities Act. The Capital Securities are subject to U.S. tax law requirements.

This Prospectus is governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus. This Prospectus is valid for twelve (12) months from the date hereof, provided that it is complemented by any supplement required pursuant to Article 23 of the Prospectus Regulation. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply from the time when trading of the Capital Securities on the Market begins. This Prospectus and all documents incorporated by reference herein will be published in electronic form on the website of the Issuer (<https://group.vattenfall.com>).

References in this document to “**SEK**” refer to Swedish kronor and references to “**euro**”, “**EUR**” and “**€**” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. References in this document to the “**Group**” are to the Issuer and its Subsidiaries taken as a whole. Capitalised terms used but not defined in this Prospectus shall have the meanings assigned to them in the Conditions, unless otherwise stated.

Prospective investors should have regard to the factors described in the section headed “**Risk Factors**” herein.

Structuring Adviser and Joint Bookrunner

Citigroup

Joint Bookrunners

Danske Bank

Handelsbanken Capital Markets

Nordea

SEB

Swedbank

The date of this Prospectus is 26 May 2021

IMPORTANT INFORMATION

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference and shall be read and construed on the basis that such documents are incorporated by reference in, and form part of this Prospectus (see “*Documents Incorporated by Reference*” below). The Capital Securities may not be a suitable investment for all investors. Each potential investor in the Capital Securities must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor should (a) have sufficient knowledge and experience to make a meaningful evaluation of the Capital Securities, the merits and risks of investing in the Capital Securities and the information contained in this Prospectus or any applicable supplement; (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Capital Securities and the impact such investment will have on its overall investment portfolio; (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Capital Securities, including where the currency for principal or interest payments is different from the potential investor’s currency; (d) understand thoroughly the terms of the Capital Securities and be familiar with the behaviour of any relevant indices and financial markets; and (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Capital Securities has led to the conclusion that: (i) the target market for the Capital Securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (“**UK MiFIR**”); and (ii) all channels for distribution of the Capital Securities to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Capital Securities (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**IDD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Capital Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Capital Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement IDD, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Capital Securities or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Capital Securities or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

FORWARD-LOOKING STATEMENTS – This Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include, but are not limited to, statements regarding the intentions of the Issuer, beliefs or current expectations concerning, among other things, the business, results of operations, financial position and/or prospects of the Issuer.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the financial position and results of operations of the Group, and the development of the markets and the industries in which members of the Group operate, may differ materially from those described in, or suggested by, the forward-looking statements contained in this Prospectus. In addition, even if the Group’s results of operations and financial position, and the development of the markets and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements. See “*Risk Factors*” below.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Bookrunners to subscribe or purchase, any of the Capital Securities. The distribution of this Prospectus and the offering of the Capital Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Bookrunners to inform themselves about and to observe any such restrictions. For a description of further restrictions on offers and sales of Capital Securities and distribution of this Prospectus, see “Subscription and Sale” below.

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RISK FACTORS

In this section, material risk factors are illustrated and discussed, including the Issuer's business risks, legal and regulatory risks as well as the market risks associated with the Capital Securities. The risk factors described below are those the Issuer currently views as material, and any of these could impact the Issuer's ability to make payments on, and adversely affect the price of, the Capital Securities. The Issuer's assessment of the materiality of each risk factor is based on the probability of their occurrence and the magnitude of their negative impact. The descriptions are based on information available and estimates made on the date of this Prospectus.

The risk factors are presented in categories where the most material risk factors in each category are presented first under that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence. Where a risk factor may be categorised in more than one category, such risk factor appears only in the most relevant category for such risk factor.

Factors that may affect the Issuer's ability to fulfil its obligations under the Capital Securities

Market risks

Electricity, fuel and CO2 emission allowances price risk

Through electricity generation and sales activities, the Group is exposed to fluctuations in the prices of electricity, fuel, and CO2 emission allowances, which are affected by several fundamental factors, such as the global macroeconomic situation, local supply, demand, and political decisions, but also climate-related factors. Changes in the volumes of hydro power generation have a large bearing on the Nordic electricity prices and are thus particularly important for the Group. The amount of power generated through hydroelectric dams is directly linked to prevailing meteorological conditions such that high water levels and increased streamflow resulting from greater precipitation and snowmelt result in increased volumes of power produced and supplied to the market, which in turn contribute to downward pressure on Nordic electricity prices. For example, at the end of 2020, Nordic reservoir levels were at 82 per cent. of capacity, which is 25 percentage points above the normal level for that time of the year and as such were a contributing factor to the lower Nordic power prices during the fourth quarter of 2020.

With the current portfolio structure, the most significant risks relate to Nordic nuclear and hydro power base load generation, i.e. a pure exposure to changes in the electricity price which is to a large extent volatile. Average Nordic electricity spot prices were 65 per cent. lower during the fourth quarter of 2020 compared with the corresponding period in 2019, mainly owing to the high hydrological balance referred to above. Further, new production capacity – in particular from renewable energy sources – has been introduced in the markets on which the Group operates, which could lead to an oversupply resulting in falling wholesale electricity prices and pressure on production margins.

The Group also has a risk exposure to the spread between the electricity price and the costs of fuel (mainly coal and gas) and CO2 emissions allowances on the continental Europe, all of which are to a large extent subject to volatility. Pursuant to the sensitivity analysis in the Group's interim report for the period January-March 2021, a 10 per cent. increase in the price of (i) coal would impact profit before tax by SEK -42 million, (ii) gas would impact profit before tax by SEK -39 million and (iii) CO2 emissions allowances would impact profit before tax by SEK -33 million (in each case during 2021 and assessed individually and without taking into account the possible changes in expected generation in response to changes in price levels or the interrelationship between fuel and power prices). A significant downturn in electricity prices as well as a substantial increase in the fuel price or the price of CO2 emission allowances would have a material adverse

effect on the Group's results and presents a significant risk for the Issuer's ability to make payments in respect of the Capital Securities.

Furthermore, the relative importance of the electricity price risk is increasing for the Group due to changes in support schemes for renewable energy. This is especially true for offshore wind investments where subsidies and support schemes are being gradually phased out which means that the Group's risk exposure to the electricity price is likely to increase over time.

Strategic risks

The Group has a goal of enabling fossil-free living within one generation. Failure to reach this goal could negatively affect its brand image and lead to loss of market share. Inability to develop and provide sufficient solutions to support decarbonising of customers and partners could also lead to loss of existing and potential market shares. The Group's competitiveness could be reduced by insufficient speed in developing its renewable production portfolio and phasing out fossil fuels. One example of this is the Group's heat portfolio, where the pathway to phasing out coal by 2030 is relatively clear, but where the pathway for a complete phase-out of fossil fuels is uncertain. This can lead to the need for building-out several technologies in order to bridge the uncertainty. The lack of speed in the transition could commit the Group to less profitable technologies and result in a loss of market share. The degree to which a perceived or real failure to reach the Group's fossil-free living goal, or a failure in its investments in future technologies, would affect the Group is uncertain and presents a significant risk for the Group's market position, reputation and financial position.

Pandemics and other macroeconomic risks

The measures imposed by the world's governments to mitigate the impact of the Covid-19 global pandemic and to prevent any further outbreaks of the disease have had, and are likely to continue to have, adverse effects on the world economy, financial markets and consequently on the Group's activities. The most relevant risks as a result of the pandemic are the risk of declining electricity and other commodity prices, as outlined above, as industrial demand for power decreases, the risk that project completion may be delayed or even discontinued as described in the "Operational risks" section and the risk that counterparties default on their financial obligations to the Group as described in the "Financial risks" section. The existence of these risks may negatively impact the risk assessment and investment decisions pertaining to proposed projects resulting in projects being postponed or even cancelled, which would have an effect on future earnings. Additionally, the Covid-19 pandemic has resulted in the implementation of various health and cost reduction measures. If such measures are in place for an extended period of time, they could potentially have a negative impact on productivity and business development. The severity of the impact on the Group depends, amongst other factors, on the continued infection rates in the markets in which the Group operates and the duration of the counter-measures taken therein. The continued spread or new outbreaks of, or mutations to, SARS-CoV-2 (the coronavirus that is the cause of Covid-19), as well as an inability to limit the pandemic and its effects, including those on the global economy, are factors that are highly uncertain and difficult to predict. Accordingly, the degree to which the Covid-19 pandemic or other pandemics as well as other macroeconomic factors may affect the Group is uncertain and presents a significant risk for the Group, its operations, results and financial position.

Employee risks

The Group has approximately 20,000 employees. Given the technical nature of many of the Group's operations, a failure to attract, recruit and retain a sufficient number of employees with key technical competences would negatively impact the Group's business operations. Important competences for the Group lie in the areas of analytics, various engineering specialties, digital know-how and nuclear power technology. The goal of fossil-free living within one generation is an important reason for employees to choose to work for the Group and a perceived or real failure to live up to this could negatively affect the Group's

attractiveness as an employer. Also, to attract and retain the right competence, the Group may need to increase its levels of salaries and other remunerations, which during 2020 totalled SEK 19,535 million (including social security costs, but excluding pension costs). There is a risk that an inability to attract and retain the right competence on satisfactory terms would have a significant adverse effect on the Group's business and financial position.

Furthermore, work in the energy sector is often physical and dangerous particularly for personnel that operate industrial machinery and equipment and for those who are charged with constructing, maintaining and repairing the Group's production and distribution assets. Unfortunately, work place accidents and incidents occur from time to time. In 2020, the Lost Time Injury Frequency (LTIF) was 1.8. Not only can such accidents and incidents negatively impact the individual employees directly involved but it could also lead to operational stoppages which, depending on severity and frequency, could have a significant adverse effect on workforce productivity and the Group's attractiveness as an employer.

Operational risks

As an energy company, the Group develops and operates technologically complex production, generation, storage, distribution and handling facilities that are used in the generation and distribution of heat and power, such as conventional power stations, nuclear power plants, hydro-electric dams and largescale onshore and offshore wind and solar farms. Material risks can arise at any point in the lifecycle of such complicated assets; be it at investment and procurement stages or during construction, operation, and maintenance of such assets or indeed whilst they are being modernised and updated and even during decommissioning.

The most common of these risks pertain to operational failures and extended production stoppages of the facilities as well as physical damage to the facilities (including integral machinery and/or mechanical components thereof). If these risks materialise, they are likely to result in substantial lost earnings whilst the facilities are not generating heat or power as well as an increased cost base due to necessary repairs. For example, in one of the Group's nuclear reactors, Ringhals 2, a generator had to be replaced after a short circuit in late 2018, a process that took approximately three months during which the production was operating at half capacity. Moreover, there are consequential risks in that not all such production losses are fully recoverable under the Group's insurance arrangements and that the cost of maintaining such insurance significantly increases due to the occurrences of such incidents.

Less likely, but more severe in nature, are risks related to operational failures that result in major environmental damage or in any other way negatively impact third parties. This could lead to substantial fines and severe reputational damage as well as the Group losing its social license to operate, which it has procured over the years through building trust with the communities located around it, bases of operations and other similar stakeholders. This is important to the Group as such stakeholder discontent could, among other things, manifest itself as increased opposition to proposed projects and decreased interest in joining the Group by prospective employees. The degree to which operational failures, extended production stoppages or physical damage to the Group's facilities may affect the Group is uncertain and presents a highly significant risk for the Group, its operations as well as its results and financial position.

The Group continues to invest in wind power but also aims to further diversify within the renewables space such as solar power and battery storage, as well as exploring new business models. The Group has a total capex budget of SEK 57 billion in 2021–2022 of which SEK 23 billion is earmarked for growth investments in wind power. Renewable projects of all kinds can be, and often are, large and complex and during their construction, maintenance, modernisation and decommissioning, delays and cost increases can occur due to, among other things, accidents, defects in parts and materials, late deliveries and time-consuming approval processes. There is a risk that substantial delays and cost increases would have a significant adverse effect on the profitability of these projects and, in the long term, the Group's competitiveness.

As part of its business, the Group deals with activities and infrastructure of vital public importance such as electricity and heat generation and distribution. These are security-sensitive activities involving assets, the operation and safety of which are fundamentally dependent on the continued and proper functioning of secure IT-systems. Given their importance and the potentially devastating consequences if compromised, assets such as nuclear power plants and hydroelectric dams could be considered targets for organised crime and terrorist groups and other potential threats. Furthermore, the Group's nuclear power plants, which operate through complex processes, could be the target for actors looking to develop nuclear technology further in various ways. The Group also deals with sensitive personnel and client information. The Group is therefore exposed to the risk of data loss and privacy breaches, leakage of sensitive information and disruptions in IT-systems, due to, among other things, inadequate software and/or hardware, malware attacks or fraud, which could lead to the Group becoming subject to material fines and other substantial damages which would have a significant adverse effect on the Group's reputation and financial position.

Climate change affects the Group through physical effects on its assets and operations, many of which are open to the elements. Risk drivers including higher temperatures, increased precipitation and other extreme weather events such as severe storms and flooding could lead to structural damage to operational assets and other vital infrastructure. For example, the Group's total costs for the storm "Alfrida" in Sweden in 2019 were approximately SEK 800 million, of which approximately half was outage compensation and the other half was cost for repair work. Climate change could also lead to material supply chain disruption as well as materially reduced production due to increased cooling water temperatures, which, in the worst case, would lead to the need to temporarily or permanently shut down power plants.

If any of these risks materialise, there is a risk that this would have a material adverse effect on the Group's business, earnings and financial position and therefore adversely impact the Issuer's ability to make payments in respect of the Capital Securities.

Financial risks

Liquidity and credit risk

In addition to operating profits, the Issuer finances the Group's operations through accessing the international and domestic loan and debt capital markets. Long-term funding which currently has an average tenor of approximately five years is arranged through committed credit facilities and the issuance of notes under the Issuer's Euro Medium Term Note programme. Short term funding is mainly achieved through the issuance of commercial paper in accordance with the Issuer's Euro commercial paper programme. As per 31 March 2021, the Group had outstanding bonds (excluding hybrid capital), short-term debt, commercial paper and repo and liabilities to credit institutions totalling approximately SEK 49,715 million. Accordingly, the Group is exposed to disruptions to the debt capital markets such that if investors in these markets were to stop investing or the markets were otherwise unavailable the Issuer's ability to finance its operations would be negatively impacted. Additionally, sufficient liquidity levels form part of the rating criteria of S&P such that reduced access to the debt capital markets or the inability to arrange alternative funding could result in a rating downgrade which in turn may negatively impact the Group's access to the debt capital markets and/or its cost of funds. If the Group were to be unable to finance its operations with funding from the debt capital markets on terms satisfactory to it, and other sources were not available, it would have a significant adverse effect on the Group's operations and financial position and adversely impact the Issuer's ability to make payments in respect of the Capital Securities.

Liquidity risks also arise as a result of the Group's commodity trading business which involves, amongst other things, the forward buying and selling of energy and energy-related products in the wholesale energy markets. Collateral pledged for such forward transactions can have a significant effect on liquidity. Cash collateral levels are determined by the extent to which the contractually agreed prices deviate from market

quotations as of the applicable settlement dates. These differences can be substantial particularly in times of high market volatility, resulting in a potential increase in volume and size of margin calls made on one of the parties to these bilateral trading contracts. There is a risk that discrepancies between the buy-side and sell-side collateral arrangements that are in place in respect of a significant number of open positions at times of high volatility would significantly depreciate reserves of liquidity which would otherwise have been employed, in part, in funding the Group's business operations, thereby materially restricting the Group's financial preparedness.

Operational profits and liquidity reserves can also be negatively impacted if contractual counterparties fail to, or only partially, deliver on agreed considerations for services rendered or their payment obligations owed to the Group. Such credit risk arises in all parts of the Group's operations, including the commodity trading business where it most notably takes the form of a risk of contractual counterparties failing to post margin when so required.

Currency risk

The Group's international business operations expose it to risks from currency fluctuations. These can be manifested as transaction risk arising when payments are made in a currency other than the specific Group company's functional currency. Currency risks may also be manifested as translation risk, which arises when currency fluctuations lead to accounting effects when assets and liabilities and income and expenses of Group companies that are not located in Sweden are translated into SEK and entered into the Group's consolidated financial statements. Furthermore, certain commodities are traded in currencies other than SEK, such as coal and oil which are traded in U.S. dollars. As such, trading in certain commodities may expose the Group to additional foreign exchange risks. The Group's largest exposure is EUR and, as exemplified through the Group's sensitivity analysis in the annual and sustainability report 2020, a 5 per cent. change in exchange rates would affect the Group's equity by approximately SEK 2.5 billion. There is a risk that substantial exchange rate fluctuations would materially and adversely affect the Group's cost base and earnings.

Interest rate risk

The Group is exposed to various interest rate risks. Where the Group has invested in interest-bearing assets or securities, the value of such investments may change when the interest rate changes. For example, a rise in market interest rates can lead to reductions in the price of any fixed income securities that the Group may hold. Moreover, an increase in interest rates will cause financing costs associated with any outstanding floating-rate debt to increase. Also, as regards debt coming to maturity at a time of higher interest rates, such interest rates may prevent the Group from obtaining funding on the same amounts and terms as that being refinanced. Furthermore, market interest rates have an effect on the Group's provisions, as they are the point of reference for the discount rates used for determining the net present values of obligations. This means that, all other things being equal, if market interest rates fall then provisions rise and vice versa. For example, pursuant to the Group's sensitivity analysis in the annual and sustainability report 2020, if interest rates would increase by 100 basis points, the impact on the Group's equity after tax would be SEK -115 million, including derivatives and hybrid capital, but excluding loans from minority owners and associated companies (figures in nominal amounts).

The Group's interest rate risk arises mainly from its borrowings and the Group quantifies the interest rate risk in its debt portfolio in terms of duration, which describes the average term of fixed interest rates. As per 31 March 2021, the duration of the Group's debt portfolio was 4.7 years, including hybrid capital. There is a risk that the Group will fail to successfully implement measures to reduce its exposure to interest rate changes, which could lead to it becoming particularly sensitive to any interest rate volatility or have a less efficient financing structure in place. The degree to which interest rate risks may affect the Group is uncertain and presents a significant risk for the Group's cost base and earnings.

Legal & regulatory risks

Political and regulatory risks

The Group operates in the highly regulated energy sector and as such its business operations are conducted in accordance with applicable regulatory frameworks. Accordingly, any changes to, or the introduction of new regulations or government or public policy could directly impact some of the Group's operations, which could potentially lead to a decrease in profitability or to certain operations being prematurely shut down. This includes political changes to the regulation of electricity distribution in Sweden, which is reducing the scope for the Group to make investments in the electricity network and to improve capacity and quality. The weighted average cost of capital ("WACC") in the new revenue frames for the electricity distribution business is set to 2.35 per cent. for the regulatory period 2020–2023 compared to 5.85 per cent. in the previous period. All things being equal, this has a negative effect on EBIT of approximately SEK 2 billion per year on average. This could, in turn, lead to the Group failing to secure a satisfactory supply due to network capacity constraints or extreme weather conditions. The long permit processes for electricity networks in Sweden are also a significant risk and are already delaying projects and thereby delaying improvements in quality of supply. Other issues include long permit processes for wind power, the prolonged implementation of the Water Framework Directive by the Swedish authorities, and the discussion in Sweden on the licence to build a final repository for spent nuclear fuel. The degree to which political decisions and/or regulatory changes may affect the Group is uncertain and presents a significant risk for the Group's operations.

Moreover, commodity trading businesses have also become, in recent years, much more regulated through the implementation and amendments of financial markets regulations and directives such as the European Market Infrastructure Regulation, the Regulation on Energy Market Integrity and Transparency and the Markets in Financial Instruments Directive. The responsible agencies monitor compliance with these regulations closely, resulting in material compliance risk for, and internal risk and compliance monitoring of, the Group's commodity trading businesses. In addition, any further changes to or the introduction of additional financial market regulations could significantly increase administrative burdens and result in the need for additional liquidity.

Legal risks

The Group operates in the private as well as the public domain, with business ranging from private contracts with suppliers to the supply of energy to the general public. The Group also operates in various jurisdictions with different business requirements and laws. The Group is thereby exposed to legal risks across a wide area, including risks of litigation, fines and claims, governance and compliance related issues as well as risks related to contracts and permits. One example is the legal process relating to revenue frames for Swedish electricity distribution companies mentioned above. The revenue frames were appealed by many electricity distribution companies including the Group and in February 2021 the Administrative Court ruled in favour of the electricity distribution companies that the WACC should be recalculated by the regulator. This decision has been appealed by the regulator. The Court has not yet decided on whether appeal will be granted or not. The Group may become exposed to legal liabilities (not all of which the Group is insured against) which risk having a significant adverse effect on the Group's business and results.

Factors which are material in relation to the structure of the Capital Securities

Risks related to the structure of the Capital Securities

The Capital Securities are subordinated obligations; accordingly, claims in respect of the Capital Securities would rank junior to claims in respect of unsubordinated obligations of the Issuer in the event of an Issuer Winding-up or an Issuer Re-construction

The Capital Securities are direct, unsecured and subordinated obligations of the Issuer. In the event of a voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer (each an “**Issuer Winding-up**”), the Holders will have a claim ranking behind claims of unsubordinated creditors of the Issuer and creditors of the Issuer in respect of all Subordinated Indebtedness, *pari passu* without any preference among themselves and with any present and future outstanding Parity Securities of the Issuer and in priority to any present and future claims in respect of (i) any class of share capital of the Issuer and (ii) any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security.

In the event of a company re-construction (*företagsrekonstruktion*) of the Issuer under the Swedish Company Reorganisation Act (*lag (1996:764) om företagsrekonstruktion*) (an “**Issuer Re-construction**”), the Holders will have a statutory claim ranking behind claims of unsubordinated creditors of the Issuer and creditors of the Issuer in respect of all Subordinated Indebtedness, *pari passu* without any preference among themselves and with any present and future outstanding Parity Securities of the Issuer and in priority to any present and future claims in respect of any obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security. Claims in respect of the share capital of the Issuer are not subject to loss absorbing measures under an Issuer Re-construction.

In the event of an Issuer Re-construction, unsecured debt could be subject to a mandatory write-down provided that a qualified majority of the unsecured creditors has approved such write-down.

All unsecured debt will then be written down pro rata. A debt composition proposal, which involves at least 50 per cent. of the amount of the unsecured debt, shall be deemed to be accepted by the creditors, where three-fifths of the creditors voting have accepted the proposal and their claims amount to three-fifths of the total amount of claims held by the creditors entitled to vote. Where the debt composition percentage is lower, the debt composition proposal shall be deemed to be accepted where three-fourths of the creditors voting have approved the proposal and their claims amount to three-fourths of the total amount of the claims held by the creditors entitled to vote. If a debt composition is approved, all subordinated debt of the Issuer, including the Capital Securities, will be completely written-off. In respect of subordinated debt it is important to note that subordinated creditors may only take part in the creditors' meeting voting on a proposed debt composition provided the unsubordinated creditors consent to such participation. Potential investors should note that claims in respect of the share capital of the Issuer are not subject to loss absorbing measures under an Issuer Re-construction. Accordingly, there is a significant risk that the Capital Securities would be, partly or completely, written-off in an Issuer Re-construction resulting in Holders not recovering their investment in Capital Securities upon an Issuer Re-construction. This therefore presents a significant risk for the Holders.

In the event of an Issuer Winding-up or an Issuer Re-construction, there is a risk that Holders will only be eligible to recover any amounts in respect of their Capital Securities if all claims in respect of more senior-ranking obligations of the Issuer (whether secured or unsecured) have first been paid in full. If, on an Issuer Winding-up or an Issuer Re-construction, the assets of the Issuer are insufficient to repay the claims of all senior-ranking creditors in full, the Holders will lose their entire investment in the Capital Securities. If there are sufficient assets to repay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of the Capital Securities and all other obligations of the Issuer ranking *pari passu* with

the Capital Securities, Holders will lose some (which may be substantially all) of their investment in the Capital Securities. The Holders therefore face a higher recovery risk than holders of unsubordinated obligations and Subordinated Indebtedness of the Issuer. Furthermore, the Conditions do not limit the amount of the liabilities ranking senior to or *pari passu* with the Capital Securities which may be incurred or assumed by the Issuer from time to time, whether before or after the Issue Date of the Capital Securities.

Furthermore, subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Capital Securities or the Coupons and each Holder shall, by virtue of his/her holding of any Capital Security or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

In addition, if the financial condition of the Issuer deteriorates such that an Issuer Winding-up or Issuer Reconstruction may be anticipated, the market price of the Capital Securities can be expected to fall, and such fall may be significant. A Holder that sells its Capital Securities in such an event may lose some or substantially all of its initial investment in the Capital Securities (whether or not an Issuer Winding-up subsequently occurs). The Capital Securities are long-term securities and therefore an investment in Capital Securities constitutes a financial risk for a long period.

Unless the same have been earlier redeemed or purchased and cancelled, the NC7 Fixed Rate Reset Capital Securities will be redeemed on 26 May 2083 and the NC7 Floating Rate Capital Securities will be redeemed on the Interest Payment Date falling in May 2083. The Issuer is under no obligation to redeem the Capital Securities at any time before these dates and Holders have no right to call for redemption of the Capital Securities.

Therefore, there is a risk that prospective investors have to bear the financial risks of an investment in the Capital Securities for a long period and may not recover their investment before the end of this period.

The Issuer may defer interest payments at its discretion

The Issuer may, at any time and in its sole discretion, elect to defer payment of all or part of an Interest Payment which would otherwise be paid on any Interest Payment Date, and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose.

Any interest not paid on an applicable Interest Payment Date and deferred shall constitute Deferred Interest and shall be paid in whole, or in part, at any time, at the option of the Issuer or on the occurrence of a Deferred Interest Payment Event.

Any deferral of interest payments will be likely to have an adverse effect on the market price of the Capital Securities. In addition, as a result of such interest deferral provisions of the Capital Securities, the market price of the Capital Securities may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes in the Issuer's financial condition. The degree to which any deferral of interest payments may affect the market price of the Capital Securities is uncertain and presents a significant risk for the Holders.

The Issuer may redeem the Capital Securities early and investors may be exposed to reinvestment risk

The Issuer will have the right to redeem the NC7 Fixed Rate Reset Capital Securities in whole, but not in part, on any date during the NC7 Fixed Rate Reset Relevant Period or any Interest Payment Date thereafter, and will have the right to redeem the NC7 Floating Rate Capital Securities in whole, but not in part, on any date during the NC7 Floating Rate Relevant Period or any Interest Payment Date thereafter, in each case at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest to (but

excluding) the date of redemption. The Issuer may also, at its option, redeem the NC7 Fixed Rate Reset Capital Securities in whole, but not in part and the NC7 Floating Rate Capital Securities in whole, but not in part, upon the occurrence of a Tax Deductibility Event, a Rating Methodology Event, a Withholding Tax Event or a Substantial Repurchase Event with respect to the relevant Capital Securities, or at its option at the Make-Whole Redemption Amount, each as further described in the Conditions.

In the case of a Tax Deductibility Event or a Rating Methodology Event, such redemption will be at (i) 101 per cent. of the principal amount of the relevant Capital Securities, where such redemption occurs (in the case of the NC7 Fixed Rate Reset Capital Securities) before the start of the NC7 Fixed Rate Reset Relevant Period or (in the case of the NC7 Floating Rate Capital Securities) before the start of the NC7 Floating Rate Relevant Period) or (ii) 100 per cent. of their principal amount, where such redemption occurs (in the case of the NC7 Fixed Rate Reset Capital Securities) on or after the start of the NC7 Fixed Rate Reset Relevant Period or (in the case of the NC7 Floating Rate Capital Securities) where such redemption occurs on or after the start of the NC7 Floating Rate Relevant Period, together in each case with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date. In the case of a Withholding Tax Event or a Substantial Repurchase Event, such redemption will be at 100 per cent. of the principal amount of the relevant Capital Securities, together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date. In the case of a redemption at the option of the Issuer at the Make-Whole Redemption Amount, such redemption will be at the Make-Whole Redemption Amount of the relevant Capital Securities, together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

During any period when the Issuer may elect to redeem the Capital Securities, the market value of the Capital Securities generally will not rise substantially above the price at which they can be redeemed. Moreover, the Issuer might redeem the Capital Securities when its cost of borrowing is lower than the interest rate on the Capital Securities. Accordingly, there is a risk that, at the relevant time, Holders will not be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Capital Securities. Potential investors should consider reinvestment risk in light of other investments available at that time.

S&P and Moody's (in each case as defined in the Conditions) may change, amend or clarify their rating methodology or may apply a different set of criteria after the Issue Date (due to changes in the rating previously assigned to the Issuer or for any other reasons), and as a result the Capital Securities may no longer be eligible for the same or a higher amount of "equity credit" attributable to the Capital Securities at the Issue Date, in which case the Issuer may redeem all of the Securities (but not some only), as provided in Condition 6(c) of the Capital Securities.

Substitution or variation of the Capital Securities

There is a risk that, after the issue of the Capital Securities, a Tax Deductibility Event, a Rating Methodology Event or a Withholding Tax Event may occur which would entitle the Issuer, without any requirement for the consent or approval of the Holders, to substitute the relevant Capital Securities for, or vary the terms of the relevant Capital Securities so that they become or remain, Qualifying Capital Securities.

Whilst Qualifying Capital Securities are required to have terms which are not materially less favourable to Holders than the terms of the relevant Capital Securities (as reasonably determined by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing), there is a risk that the substitution or variation of the Capital Securities could have a significant adverse impact on the price of, and/or the market for, the Capital Securities.

Fixed rate securities have a market risk

The NC7 Fixed Rate Reset Capital Securities will bear interest at a fixed rate, reset by reference to a mid-swap rate plus a margin on the first reset date for such Capital Securities and on each fifth anniversary of such first reset date. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the “**Market Interest Rate**”). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. A change of the Market Interest Rate may cause the price of such security to change. If the Market Interest Rate increases, the price of such security typically falls. If the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases. Movements of the Market Interest Rate can adversely affect the price of the Capital Securities and may lead to losses for the Holders if they sell the Capital Securities.

The reset interest rate may be different from the initial interest rate of the NC7 Fixed Rate Reset Capital Securities and may adversely affect the yield of the NC7 Fixed Rate Reset Capital Securities.

Benchmark Unavailability and Discontinuation

The Conditions of the Capital Securities provide for certain fallback arrangements in the event that a Benchmark Event occurs. Such fallback arrangements include the possibility that the Interest Rate could be set by reference to a Successor Rate or an Alternative Rate, with or without the application of an Adjustment Spread and may include amendments to the Conditions of the Capital Securities to ensure the proper operation of the successor or replacement benchmark, all as determined by the Issuer after consultation with an Independent Adviser (acting in good faith and in a commercially reasonable manner). If no Adjustment Spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Interest Rate. The use of a Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in any Capital Securities linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Interest Rate) than they would if the Original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Rate is determined, the ultimate fallback for the purposes of calculation of the Interest Rate for a particular Interest Period may result in the last observable 5-year mid swap rate for SEK swap transactions which is displayed on the Mid-Swap Page, as determined by the Calculation Agent, being used to establish the Interest Rate. This may result in the effective application of a fixed rate for Capital Securities based on the rate which was last observed on such page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation or any of the international or national reforms and the possible application of the benchmark replacement provisions of Capital Securities in making any investment decision with respect to the Capital Securities.

Holders of the Capital Securities have very limited rights in relation to the enforcement of payments on the Capital Securities

If a default is made by the Issuer for a period of 30 days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, the rights of the Holders in respect of the Capital Securities are limited to instituting proceedings for an Issuer Winding-up or Issuer Re-construction. The Holders may prove and/or claim in respect of the Capital Securities in an Issuer Winding-up or Issuer Re-construction.

Whilst the claims of the Holders in an Issuer Winding-up or Issuer-Reconstruction are for the principal amount of their Capital Securities together with any Arrears of Interest and any other accrued and unpaid interest, such claims will be subordinated as described above under “*The Capital Securities are subordinated obligations; accordingly, claims in respect of the Capital Securities would rank junior to claims in respect of unsubordinated obligations of the Issuer in the event of an Issuer Winding-up or an Issuer Re-construction*”. The Holders will not be entitled to accelerate payments of interest or principal under the Capital Securities in any circumstances outside an Issuer Winding-up or Issuer Re-construction. Furthermore, whilst the Holders may institute other proceedings against the Issuer to enforce the terms of the Capital Securities, the Issuer shall not, by virtue of such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

Accordingly, the Holders’ rights of enforcement in respect of payments under the Capital Securities are very limited, which presents a significant risk for the Holders.

No limitation on issuing or guaranteeing debt ranking senior to or pari passu with the Capital Securities

There is no restriction in the Conditions on the amount of debt which the Issuer may issue or guarantee. The Issuer and its Subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness or guarantees of third parties, including indebtedness that ranks *pari passu* with or senior to the Capital Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders in an Issuer Winding-up or Issuer Re-construction and/or may increase the likelihood of a deferral of interest payments under the relevant Capital Securities and consequently presents a significant risk to the Holders.

Factors which are material for the purpose of assessing the market risks associated with the Capital Securities

Risks related to the Capital Securities generally

Set out below is a brief description of certain risks relating to the Capital Securities generally:

The Conditions contain provisions which may permit their modification without the consent of all investors

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

The Conditions also provide that the parties to the Fiscal Agency Agreement may, without the consent of Holders and without regard to the interests of particular Holders agree to any modification of any of the Conditions which is (i) made to correct a manifest error, (ii) made pursuant to Condition 4(e) in the event of a benchmark discontinuation, or (iii) pursuant to Condition 7 in the event of substitution for, or variation of the terms of, the Capital Securities following the occurrence of a Tax Deductibility Event, a Rating Methodology Event or a Withholding Tax Event on or after the Issue Date. In addition, the Issuer may, without the consent of the Holders and subject to certain conditions, substitute in place of the Issuer as the principal debtor under the Capital Securities certain entities described in Condition 15, all as more fully described in Condition 15.

Any matters decided by or on behalf of a sufficient majority of Holders, or without the consent of the Holders, could impact the Holders’ rights under the Capital Securities in a manner that might be undesirable for some of the Holders, for example, by altering the risks associated with the relevant Capital Securities. The degree to which any such decisions may affect Holders is uncertain and presents a significant risk for individual Holders.

The Capital Securities may be subject to withholding taxes

All payments of principal, premium and interest in respect of the Capital Securities and the Coupons by or on behalf of the Issuer shall, pursuant to the Conditions, be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges in Sweden, unless such withholding or deduction is required by law. The Conditions generally apply a gross-up mechanism to any withholding and other taxes charged by Sweden such that any withholding or similar taxes on payments on or with respect to the Capital Securities shall be grossed-up by the Issuer. However, in certain cases further described in the Conditions, the Issuer has no obligation to make such gross-up. For example, no gross-up payment will be made with respect to any Capital Security or Coupon to, or to a third party on behalf of, a Holder who is liable to such withholding or similar taxes in respect of such Capital Security by reason of it having some connection with Sweden other than the mere holding of a Capital Security or Coupon or the receipt of principal, premium or interest in respect of such Capital Security or Coupon.

Further, no gross-up mechanism applies with respect to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (“**FATCA Withholding**”).

Hence, the Capital Securities may in certain circumstances be subject to withholding, deductions or similar taxes without the Issuer being obliged to make gross-up payments. This would result in certain Holders receiving less principal, premium or interest than expected which could significantly adversely affect their return on the Capital Securities, thus presenting a significant risk to Holders.

Investors who purchase Capital Securities in denominations that are not an integral multiple in excess of SEK2,000,000 may be adversely affected if definitive Capital Securities are subsequently required to be issued

It is possible that the Capital Securities may be traded in amounts that are not integral multiples in excess of the SEK2,000,000 minimum denomination (the “**Minimum Denomination**”). In such a case a Holder who, as a result of trading such amounts, holds an amount which is less than the Minimum Denomination in his/her account with the relevant clearing system at the relevant time may not receive a definitive Capital Security in respect of such holding (should definitive Capital Securities be printed) and would need to purchase a principal amount of Capital Securities such that its holding amounts to the Minimum Denomination.

If definitive Capital Securities are issued, Holders should be aware that definitive Capital Securities which have a denomination that is not an integral multiple in excess of the Minimum Denomination may be illiquid and difficult to trade.

The use of proceeds of the Capital Securities may not meet investor expectations

It is the Issuer’s intention to allocate an amount equal to the net proceeds from the issue of the Capital Securities to the financing or refinancing of new or existing eligible green projects (“**Eligible Green Projects**”) that meet the requirements of the Issuer’s green bond framework, as applicable from time to time (the “**Green Bond Framework**”).

There is a risk that the use of such proceeds or the terms of the Capital Securities will not satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates. Each investor should obtain up to date information about the risks and principles applicable to the Capital Securities, since these risks and principles change over time.

In addition, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green” project or as to what precise attributes are required for a particular project to be defined as “green”, and there is a risk that no clear definition or consensus will develop over time. Accordingly, there is a risk that the uses of the Capital Securities issued with reference to the Issuer’s Green Bond Framework may not meet investor expectations regarding “green” performance objectives and that adverse environmental, social and/or other impacts will occur during the use of the proceeds of the Capital Securities.

In the event that the Capital Securities are listed or admitted to trading on any dedicated “green”, “environmental”, “sustainable” or other equivalently-labelled segment of any stock exchange or securities market, there is a risk that such listing or admission will not satisfy any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates. Furthermore, it should be noted that the criteria for any such listing or admission to trading may vary from one stock exchange or securities market to another. There is also a risk that any such listing or admission to trading will not be obtained in respect of the Capital Securities or, if obtained, that any such listing or admission to trading will not be maintained during the life of the Capital Securities.

While it is the intention of the Issuer to invest an amount equal to the net proceeds from the issue of the Capital Securities into Eligible Green Projects, there is a risk that the relevant project(s) or use(s) the subject of, or related to, any Eligible Green Projects will not be capable of being implemented in, or substantially in, the intended manner and/or in accordance with any timing schedule and that accordingly such amount will not be totally or partially disbursed for such Eligible Green Projects. There is also a risk that such Eligible Green Projects will not be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an event of default under the Capital Securities.

Any such event or failure to invest an amount equal to the net proceeds from the issue of the Capital Securities into Eligible Green Projects as aforesaid and/or the Capital Securities no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of the Capital Securities and also potentially the value of any other securities of the Issuer which are intended to finance Eligible Green Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk and legal risk:

An active secondary market in respect of the Capital Securities may never be established or may be illiquid and this would adversely affect the value at which an investor could sell its Capital Securities

The Capital Securities may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors. Therefore, investors may not be able to sell their Capital Securities in the secondary market (in which case the market or trading price and liquidity may be adversely affected) or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

If an investor holds Capital Securities which are not denominated in the investor’s home currency, it will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the

imposition of exchange controls in relation to any Capital Securities could result in an investor not receiving payments on those Capital Securities

The Issuer will pay principal and interest on the NC7 Fixed Rate Reset Capital Securities and the NC7 Floating Rate Capital Securities in Swedish kronor. 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 kronor. 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 the Swedish krona, would decrease (1) the Investor's Currency-equivalent yield on the Capital Securities, (2) the Investor's Currency-equivalent value of the principal payable on the Capital Securities and (3) the Investor's Currency-equivalent market value of the Capital Securities.

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 Capital Securities. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit ratings assigned to the Issuer or the Capital Securities may affect the market value of the Capital Securities and may not reflect all the risks associated with an investment in the Capital Securities

The Capital Securities have been assigned a rating by S&P and Moody's. The rating granted by each of S&P and Moody's or any other rating assigned to the Capital Securities may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Capital Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In addition, each of S&P and Moody's or any other rating agency may change its methodologies or their application for rating securities with features similar to the Capital Securities in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Capital Securities, sometimes called "notching". If the rating agencies were to change their practices or their application for rating such securities in the future and the ratings of the Capital Securities were to be subsequently lowered, this may have a negative impact on the trading price of the Capital Securities.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus shall be incorporated in, and form part of, this Prospectus:

- (a) the auditors' report (which can be found at page 151–154), the consolidated and unconsolidated audited annual financial statements (including the notes thereto) (which can be found at pages 90–150) and the administration report (including risk management) (which can be found at pages 12–13 and 64–89) set out in the annual and sustainability report of the Issuer for the financial year ended 31 December 2020

<https://group.vattenfall.com/siteassets/corporate/investors/annual-reports/2020/vattenfall-annual-and-sustainability-report-2020.pdf>

- (b) the auditors' report (which can be found at page 151–154), the consolidated and unconsolidated audited annual financial statements (including the notes thereto) (which can be found at pages 88–150) and the administration report (including risk management) (which can be found at pages 8, 10–13 and 62–87) set out in the annual and sustainability report of the Issuer for the financial year ended 31 December 2019

<https://group.vattenfall.com/siteassets/corporate/investors/annual-reports/2019/vattenfall-annual-and-sustainability-report-2019.pdf>

- (c) the unaudited consolidated and unconsolidated financial information (which can be found at pages 13–33) set out in the interim report of the Issuer for the three-month period ended 31 March 2021

https://group.vattenfall.com/siteassets/corporate/investors/interim_reports/2021/q1_report_2021.pdf

Such documents shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall 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, except as so modified or superseded, constitute a part of this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Where only certain parts of the documents referred to above are incorporated by reference in this Prospectus, the parts of the document which are not incorporated by reference are either not relevant for prospective investors in the Capital Securities or the relevant information is included elsewhere in this Prospectus.

With the exception of the information incorporated into this Prospectus in accordance with paragraphs (a) and (b) above (save for pages 72–87 in the annual and sustainability report for 2019 and pages 74–90 in the annual and sustainability report for 2020), no information in the Prospectus has been audited or reviewed by the Issuer's auditor.

Any documents which have been translated from Swedish to English are accurate translations.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer at SE-169 92 Stockholm, Sweden or from the Issuer's website (<https://group.vattenfall.com/>).

OVERVIEW

This Prospectus has been prepared for the admission to trading of NC7 Fixed Rate Reset Capital Securities in a total nominal amount of SEK500,000,000 and NC7 Floating Rate Capital Securities in a total nominal amount of SEK3,000,000,000.

This overview is a general description of the Capital Securities and does not purport to be complete. It is taken from, and is qualified in its entirety by, the remainder of this Prospectus. For a more complete description of the Capital Securities, including definitions of capitalised terms used but not defined in this section, please see the relevant Conditions.

Capitalised terms used and not defined in this section shall have the meaning given in the Terms and Conditions of the NC7 Fixed Rate Reset Capital Securities (in respect of the NC7 Fixed Rate Reset Capital Securities) and the NC7 Floating Rate Capital Securities (in respect of the NC7 Floating Rate Capital Securities), as the context admits, and references to a numbered Condition shall be construed accordingly.

Issuer:	Vattenfall AB (publ), Swedish Reg. No. 556036-2138
Legal Entity Identifier (LEI):	549300T5RZ1HA5HZ3109
Structuring Adviser:	Citigroup Global Markets Limited
Joint Bookrunners:	Citigroup Global Markets Limited Danske Bank A/S Nordea Bank Abp Skandinaviska Enskilda Banken AB (publ) Svenska Handelsbanken AB (publ) Swedbank AB (publ)
Fiscal Agent, Paying Agent and Calculation Agent:	Citibank, N.A., London Branch
Securities:	SEK500,000,000 Subordinated Fixed Rate Reset 7 year Non-Call Capital Securities due 2083 (the “ NC7 Fixed Rate Reset Capital Securities ”) and SEK3,000,000,000 Subordinated Floating Rate 7 year Non-Call Capital Securities due 2083 (the “ NC7 Floating Rate Capital Securities ”) and, together with the NC7 Fixed Rate Reset Capital Securities, the “ Capital Securities ”).
Issue Price:	NC7 Fixed Rate Reset Capital Securities: 99.873 per cent. NC7 Floating Rate Capital Securities: 100 per cent.
Issue Date:	26 May 2021
Maturity Dates:	NC7 Fixed Rate Reset Capital Securities: 26 May 2083 NC7 Floating Rate Capital Securities: Interest Payment Date falling in May 2083
Use of Proceeds:	The net proceeds of the issue of the Capital Securities, after the deduction of underwriting discounts and expenses associated with the offering, are expected to be approximately SEK3,487,815,000. The Issuer intends to allocate an amount equal to the net proceeds of the issue of the Capital Securities to the financing or refinancing of new or existing Eligible Green Projects that meet the

requirements of the Green Bond Framework, as applicable from time to time (each term as defined in *“Use of Proceeds”* below).

Interest on NC7 Fixed Rate Reset Capital Securities:

The NC7 Fixed Rate Reset Capital Securities will bear interest on their principal amount at the following rates of interests:

- (i) from (and including) the Issue Date to (but excluding) 26 May 2028 (the **“NC7 Fixed Rate Reset First Reset Date”**), 2.40 per cent. per annum; and
- (ii) thereafter, at a rate (to be reset on the NC7 Fixed Rate Reset First Reset Date and each fifth anniversary of such date) equal to the 5 Year SEK Mid-Swap Rate plus the applicable Margin.

For the purposes of the NC7 Fixed Rate Reset Capital Securities, the **“Margin”** means:

- (a) in respect of the period from (and including) the NC7 Fixed Rate Reset First Reset Date to (but excluding) 26 May 2033 (the **“NC7 Fixed Rate Reset 2033 Step-up Date”**), 1.80 per cent.;
- (b) in respect of the period from (and including) the NC7 Fixed Rate Reset 2033 Step-up Date to (but excluding) 26 May 2048 (the **“NC7 Fixed Rate Reset 2048 Step-up Date”**), 2.05 per cent.; and
- (c) in respect of the period from (and including) the NC7 Fixed Rate Reset 2048 Step-up Date to (but excluding) the Maturity Date, 2.80 per cent.

Interest shall be payable (subject to deferral as provided below) annually in arrear on 26 May of each year, commencing 26 May 2022.

Interest on NC7 Floating Rate Capital Securities:

The NC7 Floating Rate Capital Securities will bear interest on their principal amount at the following rates of interests:

- (i) from (and including) the Issue Date to (but excluding) the Interest Payment Date falling in May 2033 (the **“NC7 Floating Rate 2033 Step-up Date”**), 1.80 per cent. per annum above the three-month Stockholm Inter-Bank Offered Rate for SEK deposits (the **“3 Month STIBOR Rate”**) for each Interest Period; and
- (ii) in respect of the period from (and including) the NC7 Floating Rate 2033 Step-up Date to (but excluding) the Interest Payment Date falling in May 2048 (the **“NC7 Floating Rate 2048 Step-up Date”**), 2.05 per cent. per annum above the 3 Month STIBOR Rate for each Interest Period; and
- (iii) in respect of the period from (and including) the NC7 Floating Rate 2048 Step-up Date to (but excluding) the Maturity Date, 2.80 per cent. per annum above the 3 Month STIBOR Rate for each Interest Period.

Interest shall be payable (subject to deferral as provided below) quarterly in arrear on the Interest Payment Dates falling in

February, May, August and November of each year, commencing in August 2021.

Optional Interest Deferral:

Interest deferral

The Issuer may, at any time and at its sole discretion, by giving notice to the Holders not less than seven Business Days before the relevant Interest Payment Date, elect to defer all or part of an Interest Payment which is otherwise scheduled to be paid on an Interest Payment Date (except for interest payable upon maturity or redemption of the Capital Securities).

No default

If the Issuer makes such an election to defer interest, the Issuer shall have no obligation to make such payment on the relevant Interest Payment Date and any such non-payment of interest on such date shall not constitute a default by the Issuer or any other breach of obligations under the Capital Securities or for any other purpose.

Deferred Interest

Any interest in respect of the Capital Securities which has not been paid at the election of the Issuer in accordance with the Conditions will be deferred and such deferred interest shall itself bear interest (such further interest being an “**Additional Interest Amount**”) at the rate of interest prevailing from time to time (which interest shall compound on each Interest Payment Date) and, for so long as the same remains unpaid, such deferred interest (including interest accrued thereon) shall constitute “**Deferred Interest**” (such Deferred Interest, together with the Additional Interest Amount, being “**Arrears of Interest**”).

Settlement of Arrears of Interest:

Optional settlement

Arrears of Interest may be paid (in whole or in part) at any time at the option of the Issuer upon not less than seven Business Days’ notice to the Holders.

If amounts in respect of Deferred Interest and Additional Interest Amounts are paid in part:

- (i) unpaid amounts of Deferred Interest shall be payable before any of the Additional Interest Amounts;
- (ii) Deferred Interest accrued for any period shall not be payable until full payment has been made of all Deferred Interest that has accrued during any earlier period and the order of payment of the Additional Interest Amounts shall follow that of the Deferred Interest to which it relates; and
- (iii) the amount of Deferred Interest or Additional Interest Amounts payable in respect of any of the Capital Securities in respect of any period shall be *pro rata* to the total amount of all unpaid Deferred Interest or, as the case may be, Additional Interest Amounts accrued on the Capital Securities in respect of that period to the date of payment.

Mandatory settlement

The Issuer shall pay any Arrears of Interest, in whole but not in part, on the first to occur of the following dates:

- (i) the 10th Business Day following the date on which a Deferred Interest Payment Event occurs;
- (ii) any Interest Payment Date in respect of which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period; and
- (iii) the date on which the Capital Securities are redeemed or repaid in accordance with Condition 6 or Condition 11.

A “**Deferred Interest Payment Event**” means any one or more of the following events:

- (a) declaration or payment of any distribution or dividend or any other payment made by the Issuer on its share capital or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or by the Issuer or any Subsidiary (as defined in the terms and conditions below) of the Issuer, as the case may be, on any Parity Securities;
- (b) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any shares of the Issuer or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities; and/or
- (c) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any Parity Securities,

save for:

- (i) in each case, any compulsory distribution, dividend, other payment, redemption, repurchase, repayment, cancellation, reduction or other acquisition required by the terms of such securities or by mandatory operation of applicable law;
- (ii) in the case of (b) above only, the redemption, repurchase, repayment, cancellation, reduction or other acquisition is executed in connection with, or for the purpose of (1) any reduction of the quota value of the share capital of the Issuer without a corresponding return of cash, capital or assets to shareholders of the Issuer or (2) any share buyback programme then in force and duly approved by the shareholders’ general meeting of the Issuer or the relevant Subsidiary of the Issuer (as applicable) or any existing or future stock option plan or free share allocation plan or other incentive plan, in all cases, reserved for directors, officers and/or employees of the Issuer or the relevant Subsidiary of the Issuer or any associated hedging transaction; and
- (iii) in the case of (c) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition

executed in whole or in part in the form of a public tender offer or public exchange offer at a consideration per Parity Security below its par value.

A Deferred Interest Payment Event shall not occur pursuant to paragraph (a) above in respect of any optional pro rata payment of deferred or arrears of interest on any Parity Securities which is made simultaneously with an optional pro rata payment of any Arrears of Interest provided that such pro rata payment of deferred or arrears of interest on a Parity Security is not proportionately more than the pro rata settlement of any such Arrears of Interest.

“**Parity Securities**” has the meaning given in the Conditions.

Status/Ranking:

The Capital Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer.

In the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer (each an “**Issuer Winding-up**”), the Holders shall, in respect of their Capital Securities, have a claim (in lieu of any other amount) for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Arrears of Interest) thereon and such claims will rank:

- (i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities;
- (ii) in priority to all present or future claims in respect of (A) any share capital of the Issuer and (B) any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security; and
- (iii) junior to any present or future claims in respect of (A) all unsubordinated obligations of the Issuer and (B) all Subordinated Indebtedness.

In the event of a company re-construction (*företagsrekonstruktion*) of the Issuer under the Swedish Company Reorganisation Act (*lag (1996:764) om företagsrekonstruktion*) (an “**Issuer Re-construction**”), the Holders shall, in respect of the Capital Securities, have a statutory claim (in lieu of any other amount) for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Arrears of Interest) thereon and such claims will rank:

- (i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities;
- (ii) in priority to all present or future claims in respect of any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security; and
- (iii) junior to any present or future claims in respect of (A) all unsubordinated obligations of the Issuer and (B) all

Subordinated Indebtedness.

“**Subordinated Indebtedness**” means any obligation of the Issuer, whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event of an Issuer Winding-up or Issuer Re-construction to the claims of all unsubordinated creditors of the Issuer but senior to the Capital Securities or to the obligations of the Issuer in respect of any Parity Securities.

No Set-off:

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Capital Securities and each Holder shall, by virtue of its holding, be deemed to have waived all such rights of set-off, compensation or retention.

Form and Denomination:

The NC7 Fixed Rate Reset Capital Securities and the NC7 Floating Rate Capital Securities will each be represented on issue by a temporary bearer global security, exchangeable in accordance with its terms for interests in a permanent bearer global security, in turn exchangeable for bearer definitive securities in accordance with its terms.

The NC7 Fixed Rate Reset Capital Securities and the NC7 Floating Rate Capital Securities will have a denomination of SEK2,000,000 and integral multiples of SEK1,000,000 in excess thereof up to and including denominations of SEK3,000,000.

Final Redemption:

Unless earlier redeemed or purchased and cancelled, the NC7 Fixed Rate Reset Capital Securities will be redeemed on 26 May 2083 (the “**NC7 Fixed Rate Reset Maturity Date**”) and the NC7 Floating Rate Capital Securities will be redeemed on the Interest Payment Date falling in May 2083 (the “**NC7 Floating Rate Maturity Date**”), in each case at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Early Redemption at the option of the Issuer:

The Issuer may, upon not less than 15 nor more than 30 days’ notice to the Fiscal Agent and the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of:

- (i) the NC7 Fixed Rate Reset Capital Securities on (i) any date during the NC7 Fixed Rate Reset Relevant Period or (ii) on any Interest Payment Date for the NC7 Fixed Rate Reset Capital Securities thereafter; and
- (ii) the NC7 Floating Rate Capital Securities on (i) any date during the NC7 Floating Rate Relevant Period or (ii) on any Interest Payment Date for the NC7 Floating Rate Capital Securities thereafter,

in each case at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Early Redemption upon a Tax Deductibility Event or a Rating Methodology Event:

If a Tax Deductibility Event or a Rating Methodology Event (each as defined in the Conditions) has occurred and is continuing, the Issuer may, upon not less than 15 nor more than 30 days' notice to the Fiscal Agent and the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to certain preconditions as specified in the Conditions of the Capital Securities, redeem all, but not some only, of the Capital Securities at any time at an amount equal to:

- (i) 101 per cent. of their principal amount, where such redemption occurs (A) in the case of the NC7 Fixed Rate Reset Capital Securities, before the start of the NC7 Fixed Rate Reset Relevant Period or (B) in the case of the NC7 Floating Rate Capital Securities, before the start of the NC7 Floating Rate Relevant Period; or
- (ii) 100 per cent. of their principal amount, where such redemption occurs (A) in the case of the NC7 Fixed Rate Reset Capital Securities, on or after the start of the NC7 Fixed Rate Reset Relevant Period or (B) in the case of the NC7 Floating Rate Capital Securities, on or after the start of the NC7 Floating Rate Relevant Period,

together, in each case, with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Early Redemption upon a Withholding Tax Event or a Substantial Repurchase Event:

If a Withholding Tax Event (as defined in the Conditions) has occurred and is continuing, or if a Substantial Repurchase Event (as defined in the Conditions) has occurred, the Issuer may, upon not less than 15 nor more than 30 days' notice to the Fiscal Agent and the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to certain preconditions as specified in the Conditions of the Capital Securities, redeem all, but not some only, of the Capital Securities at any time at an amount equal to 100 per cent. of their principal amount together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Early Redemption at the Make-Whole Redemption Amount:

The Issuer may, upon not less than 15 nor more than 30 days' notice to the Fiscal Agent and the Holders (which notice shall be irrevocable), redeem all, but not some only, of the Capital Securities at any time (other than on a date on which the Issuer may exercise its option to redeem the Capital Securities pursuant to Condition 6(b)) at their Make-Whole Redemption Amount, together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Substitution or Variation:

If at any time a Tax Deductibility Event, Rating Methodology Event or a Withholding Tax Event has occurred on or after the Issue Date and is continuing, then the Issuer may, subject to certain preconditions as specified in the Conditions of the Capital

Securities (and without any requirement for the consent or approval of the Holders), upon not less than 15 nor more than 30 days' notice to the Fiscal Agent and the Holders (which notice shall be irrevocable), at any time either:

- (i) substitute all, but not some only, of the Capital Securities for;
or
- (ii) vary the terms of the Capital Securities with the effect that they remain or become, as the case may be,

Qualifying Capital Securities.

Purchase:

The Issuer or any of its Subsidiaries may at any time purchase or procure others to purchase beneficially for its account any or all Capital Securities in any manner and at any price. In each case, purchases will be made together with all unmatured Coupons and Talons appertaining thereto.

Taxation:

All payments of principal, premium and interest (including Arrears of Interest) in respect of the Capital Securities and the Coupons by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges (“Taxes”) of whatever nature imposed or levied by or on behalf of Sweden or any political subdivision of, or any authority in, or of, Sweden having power to tax, unless the withholding or deduction of the Taxes is required by law. If such a withholding or deduction is required by law, the Issuer will be required to gross-up payments to the Holders, subject as provided in Condition 12.

Default and Enforcement:

If a default is made by the Issuer for a period of 30 days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, then the Issuer shall, without notice from a Holder, be deemed to be in default under the Capital Securities and the Coupons and any Holder may, subject to Condition 20(c), institute proceedings for an Issuer Winding-up or Issuer-Reconstruction.

In the event of an Issuer Winding-up or Issuer-Reconstruction (whether instituted as aforesaid or otherwise) any Holder of a Capital Security may prove and/or claim in such Issuer Winding-up or Issuer Re-construction, as the case may be, in respect of the Capital Securities, such claim being for such amount, and being subordinated in such manner, as is provided under Condition 3(a).

Subject to Condition 20(c), a Holder may, at its sole discretion, and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Capital Securities or the Coupons but in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

Rating:

The Capital Securities are expected to be rated “Baa2” by Moody’s

and “BB+” by S&P.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

As of the date of this Prospectus, each of S&P Global Ratings Europe Limited and Moody’s France SAS is established in the European Union and is registered under the CRA Regulation and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority (at <https://www.esma.europa.eu/supervision/credit-ratingagencies/risk>) in accordance with the CRA Regulation.

Each of Moody’s France SAS and S&P Global Ratings Europe Limited is not established in the United Kingdom and has not applied for registration in accordance with the UK CRA Regulation. Ratings issued by Moody’s France SAS and S&P Global Ratings Europe Limited have been endorsed by Moody’s Investors Service Limited and S&P Global Ratings UK Limited, respectively, in accordance with the UK CRA Regulation and have not been withdrawn. As such, the ratings issued by Moody’s France SAS and S&P Global Ratings Europe Limited may be used for regulatory purposes in the United Kingdom in accordance with the UK CRA Regulation.

Governing Law:	The Fiscal Agency Agreement, the Capital Securities, the Coupons and the Talons, and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, the laws of Sweden.
Listing and Trading:	Application will be made for the Capital Securities to be admitted to trading on Nasdaq Stockholm. Such admission to trading is expected to occur as of the Issue Date or as soon as practicable thereafter.
Clearing Systems:	Euroclear Bank SA/NV (“ Euroclear ”) and Clearstream Banking S.A. (“ Clearstream, Luxembourg ”).
Selling Restrictions:	There are restrictions on offers of the Capital Securities to EEA and UK retail investors and into, or to persons resident in, the United States, the UK and elsewhere. See “Subscription and Sale”. Category 2 selling restrictions will apply to the Capital Securities for the purposes of Regulation S under the Securities Act.
Risk Factors:	For a discussion of certain risk factors relating to the Issuer and the Capital Securities that prospective investors should carefully consider prior to making an investment in the Capital Securities, see “ <i>Risk Factors</i> ”.
Securities Identifiers for the Capital Securities:	NC7 Fixed Rate Reset Capital Securities ISIN: XS2342250730. NC7 Fixed Rate Reset Capital Securities Common Code: 234225073. NC7 Fixed Rate Reset Capital Securities FISN: VATTENFALL

AB/EUR NT 20830602 SUB.

NC7 Fixed Rate Reset Capital Securities CFI: DBFXFB.

NC7 Floating Rate Capital Securities ISIN: XS2342252603.

NC7 Floating Rate Capital Securities Common Code: 234225260.

NC7 Floating Rate Capital Securities FISN: VATTENFALL
AB/VAREUR NT 20830602 S.

NC7 Floating Rate Capital Securities CFI: DBVXFB.

TERMS AND CONDITIONS OF THE NC7 FIXED RATE RESET CAPITAL SECURITIES

The following, except for paragraphs in italics, are the terms and conditions of the NC7 Fixed Rate Reset Capital Securities which will be endorsed on each NC7 Fixed Rate Reset Capital Security in definitive form (if issued).

The issue of the SEK500,000,000 Subordinated Fixed Rate Reset 7 year Non-Call Capital Securities due 2083 (the “**Capital Securities**”, which expression shall, unless the context otherwise requires, include any Further Capital Securities issued pursuant to Condition 18 and forming a single series with the Capital Securities) of Vattenfall AB (publ) (the “**Issuer**”) was authorised by a resolution of the Board of Directors of the Issuer passed on 28 April 2021. A fiscal agency agreement dated 26 May 2021 (the “**Fiscal Agency Agreement**”) has been entered into in relation to the Capital Securities between the Issuer and Citibank, N.A., London Branch, as fiscal agent, paying agent and calculation agent. The fiscal agent, the calculation agent and the paying agents for the time being are referred to as the “**Fiscal Agent**”, the “**Calculation Agent**” and the “**Paying Agents**” (which expression shall include the Fiscal Agent), respectively.

The Fiscal Agency Agreement includes the form of the Capital Securities and the coupons relating to them (the “**Coupons**”, which expression includes, where the context so permits, talons for further coupons (the “**Talons**”)).

A copy of the Fiscal Agency Agreement is available for inspection during normal business hours at the specified offices of the Paying Agents. The Holders (each as defined in Condition 1(b) (*Title*)) are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

1 Form, Denomination and Title

(a) *Form and Denomination*

The Capital Securities are represented on issue by a temporary bearer global security (the “**Temporary Global Security**”) held by the common safekeeper for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) as applicable which is exchangeable in accordance with its terms for interests in a permanent bearer global security (the “**Permanent Global Security**”). The Permanent Global Security is exchangeable for bearer definitive securities in accordance with its terms (the Temporary Global Security or the Permanent Global Security is referred to herein as a “**Global Security**”).

The Capital Securities are serially numbered and in bearer form in the denominations of SEK2,000,000 and integral multiples of SEK1,000,000 in excess thereof up to and including SEK3,000,000, each with Coupons and a Talon attached on issue. No definitive Capital Securities will be issued with a denomination above SEK3,000,000. Capital Securities of one denomination may not be exchanged for Capital Securities of any other denomination.

For so long as the Capital Securities are represented by a Global Security, the aggregate nominal amount of the Capital Securities shall be the aggregate amount from time to time entered in the records of both Euroclear or Clearstream, Luxembourg as applicable. The records of Euroclear or Clearstream, Luxembourg (which expression means the records that each of Euroclear or Clearstream, Luxembourg holds for its customers which reflect the amount of such customer’s interest in the Capital Securities) shall be conclusive evidence of the nominal amount of the Capital Securities (for so long as they are represented by a Global Security), and, for these purposes, a statement issued by Euroclear or Clearstream, Luxembourg as applicable stating the nominal amount of the Capital Securities so

represented at any time shall be conclusive evidence of the records of Euroclear or Clearstream, Luxembourg at that time.

For so long as the Capital Securities are represented by a Global Security, the Issuer shall, on any redemption or payment of interest or premium being made in respect of, or purchase and cancellation of, any of the Capital Securities, procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Security shall be entered pro rata in the records of Euroclear or Clearstream, Luxembourg as applicable and, upon any such entry being made, the nominal amount of the Capital Securities recorded in the records of Euroclear or Clearstream, Luxembourg and represented by the Global Security shall be reduced by the aggregate nominal amount of the Capital Securities so redeemed or purchased and cancelled.

On an exchange of a portion only of the Capital Securities represented by a Temporary Global Security, the Issuer shall procure that details of such exchange shall be entered pro rata in the records of Euroclear or Clearstream, Luxembourg as applicable.

In these Conditions, a reference to a “**holder**” shall, in relation to a Capital Security, Coupon or Talon, be a reference to a Holder, except in relation to a Global Security, in which case it means the common safekeeper (or a nominee thereof) acting, and holding, the Global Security, for Euroclear and Clearstream, Luxembourg, on behalf of the Holder(s). References in these Conditions to Euroclear and Clearstream, Luxembourg shall include any successor or other clearing system in which the Capital Securities may be cleared and/or traded from time to time.

(b) Title

The ownership interests in a Global Security will be evidenced by the records of Euroclear and Clearstream, Luxembourg as applicable and transfers of ownership interests in such Global Security will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests, and the book-entries made by Euroclear or Clearstream, Luxembourg (as the case may be) to effect such transfers shall be deemed to constitute notice to the Issuer of the relevant transfers. For the avoidance of doubt, ownership interests in a Global Security will constitute each person’s proportionate co-ownership of the Global Security.

An ownership interest in the Permanent Global Security will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Capital Securities in definitive form only in the denominations set out in Condition 1(a) and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the provisions of the Fiscal Agency Agreement.

Title to the Capital Securities in definitive form, Coupons and Talons passes by delivery.

The person holding a proportionate co-ownership or other beneficial interest or right in any Global Security, and the bearer of any Capital Security, Coupon or Talon in definitive form (in each case, a “**Holder**”) will (except as ordered by a court of competent jurisdiction or 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 interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the Holder.

2 Status of the Capital Securities and the Coupons

The Capital Securities and Coupons constitute direct, unsecured and subordinated obligations of the Issuer. The rights and claims of the Holders in respect of the Capital Securities and the Coupons, in each case against the Issuer, are subordinated as described in Condition 3(a).

3 Subordination and rights on a winding-up or Re-construction

(a) *Rights on a winding-up or Re-construction*

In the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer (each an “**Issuer Winding-up**”), the Holders shall, in respect of their Capital Securities, have a claim (in lieu of any other amount) for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Arrears of Interest) thereon and such claims will rank:

- (i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities;
- (ii) in priority to all present or future claims in respect of (A) any share capital of the Issuer and (B) any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security; and
- (iii) junior to any present or future claims in respect of (A) all unsubordinated obligations of the Issuer and (B) all Subordinated Indebtedness.

In the event of a company re-construction (*företagsrekonstruktion*) of the Issuer under the Swedish Company Reorganisation Act (*lag (1996:764) om företagsrekonstruktion*) (an “**Issuer Re-construction**”), the Holders shall, in respect of the Capital Securities, have a statutory claim (in lieu of any other amount) for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Arrears of Interest) thereon and such claims will rank:

- (i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities;
- (ii) in priority to all present or future claims in respect of any obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security; and
- (iii) junior to any present or future claims in respect of (A) all unsubordinated obligations of the Issuer and (B) all Subordinated Indebtedness.

Claims in respect of the share capital of the Issuer are not subject to loss absorbing measures under an Issuer Re-construction.

(b) *Set-off*

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Capital Securities or the Coupons and each Holder shall, by virtue of its holding of any Capital Security or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

4 Interest Payments

(a) *Interest Payment Dates*

The Capital Securities bear interest on their principal amount at the applicable Interest Rate from (and including) 26 May 2021 (the “**Issue Date**”) up to (but excluding) the Maturity Date in accordance with the provisions of this Condition 4.

Subject to Condition 5, interest shall be payable on the Capital Securities annually in arrear on 26 May in each year (each an “**Interest Payment Date**”) from (and including) 26 May 2022.

(b) *Interest Accrual*

The Capital Securities (and any unpaid amounts thereon) will cease to bear interest from (and including) the date of redemption thereof pursuant to the relevant paragraph of Condition 6 or the date of substitution or variation thereof pursuant to Condition 7, as the case may be, unless, upon due presentation, payment of all unpaid amounts in respect of the Capital Securities is not made, in which event interest shall continue to accrue in respect of the principal amount of, and any other unpaid amounts on, the Capital Securities, both before and after judgment, and shall be payable as provided in these Conditions up to (but excluding) the Relevant Date.

When interest is required to be calculated in respect of a period other than a full year, such interest shall be calculated on the basis of the Day-Count Fraction (as defined in Condition 21).

Interest in respect of any Capital Security shall be calculated per SEK1,000,000 in principal amount thereof (the “**Calculation Amount**”). The amount of interest calculated per Calculation Amount for any period shall be equal to the product of the relevant Interest Rate, the Calculation Amount and the Day-Count Fraction for the relevant period and rounding the resulting figure to the nearest öre (half an öre being rounded upwards). The amount of interest payable in respect of a Capital Security shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the denomination of such Capital Security without any further rounding.

(c) *Initial Interest Rate*

The Interest Rate in respect of each Interest Period commencing prior to the First Reset Date is 2.40 per cent. per annum (the “**Initial Interest Rate**”).

The Interest Payment in respect of each such Interest Period will amount to SEK24,000 per Calculation Amount (and any such Interest Payment may be deferred in accordance with Condition 5).

(d) *Reset Interest Rates*

The Interest Rate in respect of each Interest Period falling in a Reset Period shall be the aggregate of the relevant Margin and the relevant 5 Year SEK Mid-Swap Rate for such Reset Period, all as determined by the Calculation Agent (each a “**Reset Interest Rate**”).

(e) *Determination of Reset Interest Rates and Calculation of Interest Amounts*

The Calculation Agent shall, at or as soon as practicable after 12.00 p.m. (London time) on each Reset Interest Determination Date, determine the Reset Interest Rate in respect of the Reset Period commencing immediately following such Reset Interest Determination Date and shall calculate the amount of interest which will (subject to deferral in accordance with Condition 5) be payable per Calculation Amount in respect of each such Interest Period (the “**Interest Amount**”).

(f) ***Publication of Reset Interest Rates and Interest Amounts***

Unless the Capital Securities are to be redeemed, the Issuer shall cause notice of each Reset Interest Rate and the related Interest Amount to be given to the Fiscal Agent, the Paying Agents, any stock exchange on which the Capital Securities are for the time being listed or admitted to trading (if so required by law or such stock exchange's rules) and, in accordance with Condition 17, the Holders, in each case as soon as practicable after its determination but in any event not later than the first Business Day of the relevant Reset Period.

(g) ***Calculation Agent***

The Issuer may from time to time replace the Calculation Agent with another independent financial institution. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or fails to determine a Reset Interest Rate or calculate the related Interest Amount or effect the required publication thereof (in each case as required pursuant to these Conditions), the Issuer shall forthwith appoint another independent financial institution to act as such in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid. If the Issuer fails to appoint a successor Calculation Agent in a timely manner, then the Calculation Agent shall be entitled to appoint as its successor a reputable financial institution of good standing which the Issuer shall approve.

(h) ***Determinations of Calculation Agent Binding***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Fiscal Agent, the Paying Agents and all Holders and (in the absence of wilful default and bad faith) no liability to the Holders or the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(i) ***Benchmark Discontinuation***

(i) ***Independent Adviser***

Notwithstanding the provisions above in this Condition 4, if the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Event has occurred in relation to the Original Reference Rate when any interest rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(i)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(i)(iv)).

An Independent Adviser appointed pursuant to this Condition 4(i) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents or the Holders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4(i).

Whether or not the Issuer is able to appoint an Independent Adviser having used its reasonable endeavours, if the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4(i)(i) prior to the relevant Reset Interest Determination Date, the 5 year SEK Mid-Swap Rate applicable to the next succeeding Reset Period shall be equal to the last observable 5-year mid swap rate for SEK swap transactions which is displayed on the Mid-Swap Page,

as determined by the Calculation Agent. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Reset Period only and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(i)(i).

(ii) *Successor Rate or Alternative Rate*

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that:

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Interest Rate (or the relevant component part thereof) for all future payments of interest on the Capital Securities from the end of the then current Reset Period onwards; or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Interest Rate (or the relevant component part thereof) for all future payments of interest on the Capital Securities from the end of the then current Reset Period onwards.

(iii) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Issuer is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(i) and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions and/or the Fiscal Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(i)(v), without any requirement for the consent or approval of Holders, vary these Conditions and/or the Fiscal Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 4(i)(iv), the Issuer shall comply with the rules of any stock exchange on which the Capital Securities are for the time being listed or admitted to trading.

(v) *Notices*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(i) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 17, the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:

- (A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) any applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(i); and
- (B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) any applicable Adjustment Spread.

The Fiscal Agent shall display such certificate at its offices, for inspection by the Holders at all reasonable times during normal business hours.

Each of the Fiscal Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Fiscal Agent's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Holders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under this 4(i), the Original Reference Rate and the fallback provisions provided for in the definition of 5 Year SEK Mid-Swap Rate will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be) and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4(i)(v).

(vii) *No Successor Rate, etc. if Reduction in Equity Credit*

Notwithstanding any other provision of this Condition 4(i), no Successor Rate or Alternative Rate will be adopted, nor will any Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer (in consultation with the Independent Adviser), the same could reasonably be expected to (i) result in a reduction of the amount of "equity credit" assigned to the Capital Securities by any Rating Agency when compared to the "equity credit" assigned to the Capital Securities immediately prior to the occurrence of the relevant Benchmark Event from such Rating Agency or (ii) otherwise prejudice the eligibility of the Capital Securities for "equity credit" from any Rating Agency.

5 Optional Interest Deferral

(a) *Deferral of Interest Payments*

The Issuer may, at any time and at its sole discretion, elect to defer all or part of an Interest Payment which is otherwise scheduled to be paid on an Interest Payment Date (except on the Maturity Date or any other Interest Payment Date on which the Capital Securities are to be redeemed) by giving notice (a "**Deferral Notice**") of such election to the Holders in accordance with Condition 17 and the Fiscal Agent not less than seven Business Days prior to the relevant Interest Payment Date.

Any Interest Payment so deferred pursuant to this Condition 5(a) shall, from (and including) the Interest Payment Date on which such Interest Payment would (but for its deferral) have been payable to (but excluding) the date on which it is paid in full, itself bear interest (such further interest being an “**Additional Interest Amount**”) at the Interest Rate prevailing from time to time (which interest shall compound on each Interest Payment Date) and, for so long as the same remains unpaid, such deferred interest (together with the interest accrued thereon) shall constitute “**Deferred Interest**” (such Deferred Interest, together with the Additional Interest Amount, being “**Arrears of Interest**”).

The deferral of an Interest Payment in accordance with this Condition 5(a) shall not constitute a default by the Issuer under the Capital Securities or for any other purpose.

(b) Settlement of Arrears of Interest

Optional Settlement

Arrears of Interest may be paid (in whole or in part) at any time at the option of the Issuer following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Condition 17 and the Fiscal Agent not less than seven Business Days prior to the date (to be specified in such notice) on which the Issuer will pay such Arrears of Interest (or part thereof).

If amounts in respect of Deferred Interest and Additional Interest Amounts are paid in part:

- (i) all unpaid amounts of Deferred Interest shall be payable before any of the Additional Interest Amounts;
- (ii) Deferred Interest accrued for any period shall not be payable until full payment has been made of all Deferred Interest that has accrued during any earlier period and the order of payment of the Additional Interest Amounts shall follow that of the Deferred Interest to which it relates; and
- (iii) the amount of Deferred Interest or Additional Interest Amounts payable in respect of any of the Capital Securities in respect of any period shall be pro rata to the total amount of all unpaid Deferred Interest or, as the case may be, Additional Interest Amounts accrued on the Capital Securities in respect of that period to the date of payment.

Mandatory settlement

The Issuer shall pay any Arrears of Interest, in whole but not in part, on the first to occur of the following dates:

- (i) the 10th Business Day following the date on which a Deferred Interest Payment Event occurs;
- (ii) any Interest Payment Date in respect of which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period; and
- (iii) the date on which the Capital Securities are redeemed or repaid in accordance with Condition 6 or Condition 11.

Notice of any Deferred Interest Payment Event shall be given by the Issuer to the Holders in accordance with Condition 17 and the Fiscal Agent within three Business Days of such event.

6 Redemption

(a) *Final Redemption Date*

Unless previously repaid, redeemed or purchased and cancelled as provided in these Conditions, the Capital Securities will be redeemed on the Maturity Date at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the Maturity Date.

(b) *Issuer's Call Option*

The Issuer may, by giving not less than 15 nor more than 30 days' notice to the Fiscal Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Capital Securities (i) on any date during the Relevant Period or (ii) on any Interest Payment Date thereafter at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

(c) *Redemption upon a Tax Deductibility Event or a Rating Methodology Event*

If a Tax Deductibility Event or a Rating Methodology Event has occurred and is continuing, the Issuer may, by giving not less than 15 nor more than 30 days' notice to the Fiscal Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8, redeem all, but not some only, of the Capital Securities at any time at an amount equal to:

- (i) 101 per cent. of their principal amount, where such redemption occurs before the start of the Relevant Period; or
- (ii) 100 per cent. of their principal amount, where such redemption occurs on or after the start of the Relevant Period,

together, in each case, with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

(d) *Redemption upon a Withholding Tax Event or a Substantial Repurchase Event*

If a Withholding Tax Event has occurred and is continuing, or if a Substantial Repurchase Event has occurred, the Issuer may, by giving not less than 15 nor more than 30 days' notice to the Fiscal Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8, redeem all, but not some only, of the Capital Securities at any time at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

(e) *Redemption at the option of the Issuer at the Make-Whole Redemption Amount*

The Issuer may, by giving not less than 15 nor more than 30 days' notice to the Fiscal Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable), redeem all, but not some only, of the Capital Securities at any time (other than on a date on which the Issuer may exercise its option to redeem the Capital Securities pursuant to Condition 6(b)) at their Make-Whole

Redemption Amount, together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

7 Substitution or Variation

If at any time a Tax Deductibility Event, a Rating Methodology Event or a Withholding Tax Event has occurred on or after the Issue Date and is continuing, then the Issuer may, subject to Condition 8 (without any requirement for the consent or approval of the Holders), and having given not less than 15 nor more than 30 days' notice to the Fiscal Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable), at any time either:

- (i) substitute all, but not some only, of the Capital Securities for; or
- (ii) vary the terms of the Capital Securities with the effect that they remain or become, as the case may be, Qualifying Capital Securities.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Capital Securities in accordance with this Condition 7.

In connection with any substitution or variation in accordance with this Condition 7, the Issuer shall comply with the rules of any stock exchange on which the Capital Securities are for the time being listed or admitted to trading.

8 Preconditions to Special Event Redemption, Substitution and Variation

Prior to the publication of any notice of redemption pursuant to Condition 6 (other than redemption pursuant to Condition 6(b) or Condition 6(e)) or any notice of substitution or variation pursuant to Condition 7, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer stating:

- (i) that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary (as the case may be) the Capital Securities is satisfied;
- (ii) in the case of a Withholding Tax Event, that the Issuer is unable to avoid paying additional amounts by taking measures reasonably available to it; and
- (iii) in the case of a substitution or variation pursuant to Condition 7, that:
 - (a) the Issuer has determined that the terms of the Qualifying Capital Securities are not materially less favourable to Holders than the terms of the Capital Securities and that determination was reasonably reached by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing;
 - (b) the criteria specified in paragraphs (a) to (h) of the definition of Qualifying Capital Securities will be satisfied by the Qualifying Capital Securities upon issue; and
 - (c) the relevant substitution or variation (as the case may be) will not result in the occurrence of a Special Event.

Such certificate shall, absent manifest error, be final and binding on all parties.

Any redemption of the Capital Securities in accordance with Condition 6 shall be conditional on all Arrears of Interest being paid in full in accordance with these Conditions on or prior to the date of such redemption.

9 Purchases and Cancellation

(a) Purchases

Each of the Issuer and any of its Subsidiaries may at any time purchase beneficially for its account any or all Capital Securities in any manner and at any price. In each case, purchases will be made together with all unmatured Coupons and Talons appertaining thereto. For so long as the Capital Securities are represented by a Global Security, Capital Securities may only be purchased by the Issuer or any of its Subsidiaries if they are purchased together with the right to receive all future payments of interest thereon.

All Capital Securities purchased by the Issuer or any of its Subsidiaries may, at the option of the Issuer or such Subsidiary, be held, reissued, resold or surrendered for cancellation (together with all unmatured Coupons and all unexchanged Talons attached to them) to a Paying Agent.

(b) Cancellation

All Capital Securities redeemed or substituted by the Issuer pursuant to Condition 6 or Condition 7, as the case may be, and all Capital Securities purchased and surrendered for cancellation pursuant to Condition 9(a), (in each case, together with all unmatured Coupons and unexchanged Talons relating thereto) will forthwith be cancelled. For so long as the Capital Securities are represented by a Global Security, any cancellation of Capital Securities will reduce the nominal amount of the Global Security accordingly.

Capital Securities held by the Issuer and/or any of its Subsidiaries shall not entitle the Holder to vote at any meeting of Holders and shall be deemed not to be outstanding for the purposes of calculating quorums at meetings of Holders or for any other purpose specified in Condition 14.

10 Payments

(a) Method of Payment

- (i) Subject as mentioned below, payments of principal, premium and interest will be made against presentation and surrender of Capital Securities or the appropriate Coupons (as the case may be) at the specified office of any of the Paying Agents except that payments of interest in respect of any period not ending on an Interest Payment Date will only be made against presentation and either surrender or endorsement (as appropriate) of the relevant Capital Securities. Such payments will be made by transfer to a Swedish krona account maintained by the payee with a bank in Stockholm.
- (ii) For so long as the Capital Securities are represented by a Global Security, payments of principal, premium and interest shall be paid to or to the order of the holder of the Global Security against presentation and (if no further payment falls to be made on it) surrender of it to or to the order of the Fiscal Agent which shall cause the records of Euroclear and/or Clearstream, Luxembourg as applicable to be updated, as appropriate, and such payments so made to or to the order of the holder of the Global Security shall be credited to the accounts of each relevant Custodian for onward payment to the Holders in accordance with the customary procedures of Euroclear and/or Clearstream, Luxembourg.
- (iii) Upon the due date for redemption of any Capital Security, unmatured Coupons relating to such Capital Security (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Capital Security is presented for redemption without all unmatured

Coupons and/or all unexchanged Talons in each case relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

- (iv) Upon the due date for redemption of any Capital Security, any unexchanged Talon relating to such Capital Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (v) On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Capital Securities, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (to include another Talon for a further Coupon sheet, if appropriate) (but excluding any Coupons that may have become void pursuant to Condition 13).
- (vi) In relation to a Capital Security represented by a Global Security, payments made in respect of such Capital Security by or on behalf of the Issuer to or to the order of the holder of the Global Security, and otherwise in accordance with these Conditions, shall to that extent be a good discharge to the Issuer (including in circumstances where the corresponding entries have not yet been made in the records of Euroclear or Clearstream, Luxembourg as the case may be).

(b) *Payments Subject to Fiscal Laws*

Payments will be subject in all cases to any (i) fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 12 and (ii) withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (“**FATCA Withholding**”).

(c) *Days for Payments*

Payments on a Capital Security or Coupon will only be made on a day on which commercial banks and foreign exchange markets are open in the place of presentation (except for as long as the Capital Securities are represented by a Global Security), London and Stockholm (a “**Payment Day**”). If a due date for payment falls on a day which is not a Payment Day, then the payment shall be available to Holders from the first Payment Day following such due date. No further interest or other payment will be made as a consequence of the Payment Day falling after the due date in accordance with this paragraph.

(d) *Interpretation of principal, premium and interest*

References in these Conditions to principal, premium, Interest Payments, Arrears of Interest and/or any other amount in respect of interest shall be deemed to include any additional amounts which may become payable pursuant to Condition 12.

11 Default and Enforcement

(a) *Proceedings*

Without prejudice to the Issuer’s right to defer the payment of interest under Condition 5(a), if a default is made by the Issuer for a period of 30 days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, then the Issuer shall, without notice from a Holder, be deemed to be in default under the Capital Securities and the

Coupons and any Holder may, subject to Condition 20(c), institute proceedings for an Issuer Winding-up or Issuer Re-construction.

In the event of an Issuer Winding-up or Issuer Re-construction (whether instituted as aforesaid or otherwise), any Holder of a Capital Security may prove and/or claim in such Issuer Winding-up or Issuer Re-construction, as the case may be, in respect of its Capital Securities, such claim being for such amount, and being subordinated in such manner, as is provided under Condition 3(a).

(b) Enforcement

Subject to Condition 20(c), a Holder may, at its sole discretion, and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Capital Securities or the Coupons but in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(c) Extent of Holders' Remedy

No remedy against the Issuer, other than as referred to in this Condition 11, shall be available to the Holders, whether for the recovery of amounts owing in respect of the Capital Securities or the Coupons or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Capital Securities or the Coupons.

12 Taxation

All payments of principal, premium and interest (including Arrears of Interest) in respect of the Capital Securities and the Coupons by or on behalf of the Issuer will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges (“Taxes”) of whatever nature imposed or levied by or on behalf of Sweden or any political subdivision of, or any authority in, or of, Sweden having power to tax, unless the withholding or deduction of the Taxes is required by law.

In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Holders after such withholding or deduction shall equal the respective amounts of principal, premium and interest (including Arrears of Interest) which would have been receivable in respect of the Capital Securities or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Capital Security or Coupon:

- (a) to, or to a third party on behalf of, a Holder who is liable for the Taxes in respect of such Capital Security or Coupon by reason of such holder having some connection with Sweden other than (i) the mere holding of such Capital Security or Coupon or (ii) the receipt of principal, premium or interest in respect of such Capital Security or Coupon; or
- (b) to, or to a third party on behalf of, a Holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to additional amounts on presenting the same for payment on the last day of such period of 30 days assuming that day to have been an Interest Payment Date; or
- (d) presented for payment in Sweden; or
- (e) where such withholding or deduction is required by reason of FATCA Withholding; or

- (f) presented for payment by or on behalf of the holder who would be able to avoid such withholding or deduction by presenting the relevant Capital Security or Coupon to another Paying Agent in a Member State of the European Union (provided such a Paying Agent had been appointed at such time).

13 Prescription

Claims against the Issuer in respect of the Capital Securities and Coupons (which for this purpose shall not include Talons) will become void unless made within a period of 10 years (in respect of claims relating to principal and premium) and five years (in respect of claims relating to interest, including Arrears of Interest) from the Relevant Date relating thereto. There shall be no prescription period for Talons but there shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim in respect of which would be void pursuant to this Condition 13 or Condition 10(a)(iii).

14 Meetings of Holders, Modification and Waiver

The Fiscal Agency Agreement contains provisions for convening meetings (which may be physical or virtual meetings, including meetings held by conference call or on a videoconference platform) of the Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Capital Securities, the Coupons or any of the provisions of these Conditions. Such a meeting may be convened by the Issuer or Holders holding Capital Securities in definitive form or a co-ownership interest in not less than five per cent. in nominal amount of the Capital Securities for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a co-ownership interest in not less than a clear majority in nominal amount of the Capital Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the nominal amount of the Capital Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Capital Securities or Coupons (including, inter alia, the provisions regarding subordination referred to in Condition 3, the terms concerning currency and due dates for payment of principal, premium or interest (including Arrears of Interest) in respect of the Capital Securities and reducing or cancelling the principal amount of any Capital Securities, any premium or any Interest Rate) or certain of the provisions of these Conditions, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing a co-ownership interest in not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Capital Securities for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting.

The Fiscal Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Fiscal Agency Agreement by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the Holders representing a co-ownership interest in 75 per cent. or more in nominal amount of the Capital Securities for the time being outstanding or (iii) consent given by way of electronic consents through relevant clearing systems by or on behalf of the Holders representing a co-ownership interest in 75 per cent. or more in nominal amount of the Capital Securities for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Holders.

For so long as the Capital Securities are represented by a Global Security, if resolutions of the Holders shall be made by way of a meeting the convening notice will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Holders together with the convening notice. Attendance at the meeting and exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the convening notice no later than the day specified therein. As part of the registration, Holders must demonstrate their

eligibility to participate in the vote by means of a special confirmation of the relevant Custodian in accordance with Condition 20(c) in text form and by submission of a blocking instruction by the relevant Custodian stating that the relevant Capital Securities are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.

For so long as the Capital Securities are represented by a Global Security, if resolutions of the Holders shall be made by means of a vote without a meeting the request for voting will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Holders together with the request for voting. The exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the request for voting no later than the day specified therein. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with Condition 20(c) in text form and by submission of a blocking instruction by the relevant Custodian stating that the relevant Capital Securities are not transferable from and including the day such registration has been sent until and including the day the voting period ends.

For the purposes of voting on behalf of and at the direction of Holders, the holder of the Global Security shall be treated as having one vote in respect of each denomination of the Capital Securities to be voted for.

The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions required to be made in the circumstances described in Condition 7 in connection with the substitution or variation of the terms of the Capital Securities so that they remain or become Qualifying Capital Securities.

The Capital Securities and these Conditions may be amended without the consent of the Holders to correct a manifest error or pursuant to Conditions 4(e) (Benchmark Replacement) and 7 (Substitution or Variation). No other modification may be made to the Capital Securities or these Conditions except with the sanction of a resolution of the Holders.

In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Holders, to any such modification unless (i) it is of a formal, minor or technical nature or (ii) it is made to correct a manifest error. Any such modification will be notified to Holders in accordance with Condition 17 as soon as practicable.

15 Substitution

The Issuer may at any time, without the consent of the Holders, substitute on a subordinated basis equivalent to that referred to in Conditions 2 and 3 in place of the Issuer (or of any previous substitute under this Condition 15) as the principal debtor under the Capital Securities and the Coupons:

- (a) the successor in business of the Issuer; or
- (b) another company being a wholly-owned direct or indirect finance Subsidiary of the Issuer (or its successor in business as aforesaid),

(each, a "**Substitute**")

subject to:

- (i) in the case of (b) above, the Capital Securities, Coupons and Talons being unconditionally and irrevocably guaranteed by the Issuer (or its successor in business) on the same subordinated basis as the Capital Securities under Condition 3; and

- (ii) in each case, the Issuer delivering to the Fiscal Agent a certificate confirming that the interests of the Holders will not be materially prejudiced by the substitution.

The substitution shall be made by a substitution agreement (the “**Substitution Agreement**”), to be substantially in the form scheduled to the Fiscal Agency Agreement as Schedule 4, and may take place only if (i) the Substitute shall, by means of the Substitution Agreement, agree to indemnify each Holder against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute’s residence for tax purposes and, if different, of its incorporation with respect to any Capital Security or Coupon or Talon and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Substitution Agreement, the Capital Securities, Coupons and Talons represent valid, legally binding and enforceable obligations of the Substitute, and in the case of the Substitution Agreement of the Issuer have been taken, fulfilled and done and are in full force and effect, (iii) the Substitute shall have become party to the Fiscal Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (iv) where the Substitute is incorporated, domiciled or resident in, or subject generally to the taxing jurisdiction of, a territory other than or in addition to the Kingdom of Sweden or any political sub division thereof or any authority therein or thereof having power to tax, undertakings or covenants shall be given by the Substitute in terms corresponding to the provisions of Condition 12 with the substitution for (or, as the case may be, the addition to) the references to the Kingdom of Sweden of references to that other or additional territory in which the Substitute is incorporated, domiciled or resident or to whose taxing jurisdiction it is subject, (v) the Issuer shall procure that the Substitute delivers to the Fiscal Agent a certificate signed by two authorised signatories of the Substitute that the Substitute is solvent at the time at which the substitution is proposed to be effected and (vi) the Issuer shall have given at least 14 days’ prior notice of such substitution to the Holders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Holders, shall be available for inspection at the specified office of each of the Paying Agents.

Any substitution effected in accordance with this Condition 15 shall be binding on the Holders.

16 Replacement of the Capital Securities, Coupons and Talons

If any Capital Security, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Holders in accordance with Condition 17, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Capital Security, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Capital Securities, Coupons or further Coupons) and otherwise as the Issuer may reasonably require.

Mutilated or defaced Capital Securities, Coupons or Talons must be surrendered before any replacement Capital Securities, Coupons or Talons will be issued.

17 Notices

All notices regarding the Capital Securities shall be validly given if published in the Financial Times (or any other internationally recognised daily newspaper in London or, if this is not possible, in another English

language daily newspaper with general circulation in Europe). Any such notice will be deemed to have been given on the date of the first publication in the required newspaper. For so long as the Capital Securities are represented by a Global Security, notices to Holders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg as applicable for communication by it to Holders in substitution for publication in the manner described above. Any such notice shall be given in English and shall be deemed to have been given on the business day after the date that such notice was given to Euroclear and/or Clearstream, Luxembourg

For so long as the Capital Securities are listed and/or admitted to trading on any market or stock exchange, if so required by the rules of such market or stock exchange or by law notices shall also be published in such manner as may be required or permitted by the rules of such market or stock exchange.

For so long as the Capital Securities are represented by a Global Security, notices to be given to any Holder of the Capital Securities shall be sent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner the Fiscal Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose. In other circumstances, notices to be given to any holder of the Capital Securities shall be in writing and given by lodging the same, together with any relevant Capital Security or Capital Securities, with the Fiscal Agent.

18 Further Issues

The Issuer shall be at liberty from time to time without the consent of the Holders to create and issue further securities (“**Further Capital Securities**”) having terms and conditions the same as the Capital Securities or the same in all respects save for the amount and date of the first payment of interest on such Further Capital Securities and so that such Further Capital Securities shall be consolidated and form a single series with the outstanding Capital Securities.

19 Paying Agents

The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents, provided that:

- (a) there will at all times be a Fiscal Agent;
- (b) there will at all times be a Paying Agent outside Sweden; and
- (c) there will at all times be a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 17.

If the Fiscal Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Fiscal Agency Agreement (as the case may be), the Issuer shall appoint an independent financial institution to act as such in its place.

The Fiscal Agent, the Paying Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Holder.

20 Governing Law, Submission to Jurisdiction and Enforcement

(a) *Governing Law*

The Fiscal Agency Agreement, the Capital Securities, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of the Kingdom of Sweden.

(b) *Submission to Jurisdiction*

The courts of the Kingdom of Sweden are to have jurisdiction to settle any disputes that may arise out of or in connection with any Capital Securities, Coupons or Talons (including any non-contractual obligations arising out of or in connection with them) and accordingly any suit, legal action or proceedings arising out of or in connection with any Capital Securities, Coupons or Talons (“**Proceedings**”) may be brought in such courts. The City Court of Stockholm (*Stockholms tingsrätt*) shall be the court of first instance. The Issuer irrevocably submits to the jurisdiction of the courts of the Kingdom of Sweden and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum or otherwise and irrevocably and unconditionally agrees that a judgment in any Proceedings shall be conclusive and binding on it and may be enforced in the courts of any other jurisdiction. This submission is made for the benefit of each of the Holders and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) *Enforcement*

For so long as the Capital Securities are represented by a Global Security, any Holder may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in its own name its rights arising under or in connection with the Capital Securities held by it on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Capital Securities (A) stating the full name and address of the Holder, (B) specifying the aggregate nominal amount of Capital Securities credited to such securities account on the date of such statement and (C) confirming that the Custodian has given written notice to Euroclear or Clearstream, Luxembourg as the case may be containing the information pursuant to paragraphs (A) and (B) above, and (ii) a copy of the Global Security certified as being a true copy by the Fiscal Agent or the common safekeeper for the Capital Securities, without the need for production in such proceedings of the actual records or the Global Security representing the Capital Securities.

Each Holder may, without prejudice to the foregoing, protect and enforce its rights under the Capital Securities also in any other way which is admitted in the country of the proceedings.

21 Definitions

In these Conditions:

“**5 Year SEK Mid-Swap Rate**” means, with respect to a Reset Period:

- (a) the mid swap rate for Swedish krona swap transactions with a maturity of five years (“**5 Year SEK Mid-Swap**”), as published on Reuters screen “TGM42287” under “FIXED VS. 3M STIBOR” (or such other page or service as may replace it for the purposes of displaying European swap rates of leading reference banks for swaps in Swedish krona) (the “**Mid-Swap Page**”), as at approximately 12.00 p.m. (London time) on the Reset Interest Determination Date applicable to such Reset Period; or

- (b) if, on the Reset Interest Determination Date applicable to such Reset Period, no rate is calculated and published on the Mid-Swap Page, the arithmetic mean (rounded if necessary, to the nearest second decimal place, with 0.005 being rounded upwards) of the quotations offered by the Reset Reference Banks at approximately 12.00 p.m. (London time) on such Reset Interest Determination Date to prime banks in the European market for Swedish krona swap transactions with a maturity of five years in an amount that is, in the reasonable opinion of the Issuer, representative for a single transaction in the relevant market at the relevant time; provided that if fewer than two rates are so quoted, the 5 Year SEK Mid-Swap Rate shall be the 5 Year SEK Mid-Swap Rate determined by the Calculation Agent for the previous Reset Period or, in the case of the first Reset Interest Determination Date, 0.4108 per cent.;

“2077 Fixed Rate Capital Securities” means the SEK3,000,000,000 Subordinated Fixed Rate Reset 7 year Non-Call Capital Securities due 2077 issued by the Issuer (ISIN: XS1205627547);

“2077 Floating Rate Capital Securities” means the SEK3,000,000,000 Subordinated Floating Rate 7 year Non-Call Capital Securities due 2077 issued by the Issuer (ISIN: XS1205625251);

“2077 NC12 Capital Securities” means the €1,000,000,000 Subordinated Fixed Rate Reset 12 year Non-Call Capital Securities due 2077 issued by the Issuer (ISIN: XS1205618470);

“2078 NC8 Capital Securities” means the US\$400,000,000 Subordinated Fixed Rate Reset 8 year Non-Call Capital Securities due 2078 issued by the Issuer (ISIN: XS1322373017);

“2033 Step-up Date” means 26 May 2033;

“2048 Step-up Date” means 26 May 2048;

“Adjustment Spread” means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer determines that no such spread is customarily applied);
- (iii) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or (if the Issuer determines that no such spread is so recognised or acknowledged)
- (iv) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate;

“Alternative Rate” means an alternative to the Original Reference Rate which the Issuer determines in accordance with Condition 4(i)(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same Reset Period and in the same currency as the Capital Securities;

“**Arrears of Interest**” has the meaning given in Condition 5(a);

“**Benchmark Amendments**” has the meaning given in Condition 4(i)(iv);

“**Benchmark Event**” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Capital Securities; or
- (v) a public statement by the supervisor of the administrator of the Original Reference Rate that, in the view of such supervisor, such Original Reference Rate is no longer representative of its relevant underlying market; or
- (vi) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Holder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement;

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London and Stockholm;

“**Calculation Agent**” means Citibank, N.A., London Branch, or any successor appointed in accordance with the Fiscal Agency Agreement;

“**Calculation Amount**” has the meaning given in Condition 4(b);

“**Capital Securities**” has the meaning given in the preamble to these Conditions;

“**Conditions**” means these terms and conditions of the Capital Securities, as amended from time to time;

“**Coupon**” has the meaning given in the preamble to these Conditions;

“**Custodian**” means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which a Holder, directly or indirectly, maintains a securities account in respect of the Capital Securities and includes Euroclear or Clearstream, Luxembourg;

“**Day-Count Fraction**” means “30E/360”, calculated on a formula basis as follows:

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

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Interest Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

“**Deferral Notice**” has the meaning given in Condition 5(a);

“**Deferred Interest**” has the meaning given in Condition 5(a);

A “**Deferred Interest Payment Event**” means any one or more of the following events:

- (a) declaration or payment of any distribution or dividend or any other payment made by the Issuer on its share capital or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or by the Issuer or any Subsidiary of the Issuer, as the case may be, on any Parity Securities; and/or
- (b) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any shares of the Issuer or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities; and/or
- (c) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any Parity Securities,

save for:

- (i) in each case, any compulsory distribution, dividend, other payment, redemption, repurchase, repayment, cancellation, reduction or other acquisition required by the terms of such securities or by mandatory operation of applicable law;
- (ii) in the case of (b) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition executed in connection with, or for the purpose of (1) any reduction of the quota value of the share capital of the Issuer without a corresponding return of cash, capital or assets to shareholders of the Issuer or (2) any share buyback programme then in force and duly approved by the shareholders’ general meeting of the Issuer or the relevant Subsidiary of the Issuer (as applicable) or any existing or future stock option plan or free share allocation plan or other incentive plan, in all cases, reserved for directors, officers and/or employees of the Issuer or the relevant Subsidiary of the Issuer or any associated hedging transaction; and
- (iii) in the case of (c) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition executed in whole or in part in the form of a public tender offer or public exchange offer at a consideration per Parity Security below its par value,

A Deferred Interest Payment Event shall not occur pursuant to paragraph (a) above in respect of any optional pro rata payment of deferred or arrears of interest on any Parity Securities which is made simultaneously with an optional pro rata payment of any Arrears of Interest provided that such pro rata payment of deferred or arrears of interest on a Parity Security is not proportionately more than the pro rata settlement of any such Arrears of Interest;

“**FATCA Withholding**” has the meaning given in Condition 10(b);

“**First Reset Date**” means 26 May 2028;

“**Fiscal Agency Agreement**” has the meaning given in the preamble to these Conditions;

“**Further Capital Securities**” has the meaning given in Condition 18;

“**Global Security**” has the meaning given in Condition 1(a);

“**Holder**” has the meaning given in Condition 1(b);

“**holder**” has the meaning given in Condition 1(a);

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer at its own expense under Condition 4(i)(i);

“**Initial Interest Rate**” has the meaning given in Condition 4(c);

“**Interest Amount**” has the meaning given in Condition 4(e);

“**Interest Payment**” means, in respect the payment of interest on an Interest Payment Date, the amount of interest payable on the presentation and surrender of the Coupon for the relevant Interest Period in accordance with Condition 4;

“**Interest Payment Date**” has the meaning given in Condition 4(a);

“**Interest Period**” means the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date;

“**Interest Rate**” means the Initial Interest Rate or the relevant Reset Interest Rate, as the case may be;

“**Issue Date**” has the meaning given in Condition 4(a);

“**Issuer**” means Vattenfall AB (publ), Swedish Reg. No. 556036-2138;

“**Issuer Re-construction**” has the meaning given in Condition 3(a);

“**Issuer Winding-up**” has the meaning given in Condition 3(a);

“**Make-Whole Redemption Amount**” means an amount calculated by an independent financial adviser appointed by the Issuer for the purposes of calculating such amount, equal to the higher of:

- (a) 100 per cent. of the principal amount of the Capital Securities to be redeemed; and
- (b) the sum of the then present values of the principal amount of the Capital Securities to be redeemed and the aggregate amount of scheduled payment(s) of interest on such Capital Securities for the Remaining Term (exclusive of interest accrued to the redemption date and any outstanding Arrears of Interest) discounted to the relevant redemption date on an annual basis (based on the actual number of days

elapsed divided by 365 (in the case of a leap year, 366)) at a rate equal to the sum of: (x) the Reference Bond Rate and (y) the Make-Whole Redemption Margin;

“Make-Whole Redemption Margin” means:

- (a) in respect of the period from (and including) the Issue Date to (but excluding) the 2033 Step-up Date, 0.35 per cent.;
- (b) in respect of the period from (and including) the 2033 Step-up Date to (but excluding) the 2048 Step-up Date, 0.40 per cent.; and
- (c) in respect of the period from (and including) the 2048 Step-up Date to (but excluding) the Maturity Date, 0.50 per cent.;

“Margin” means:

- (a) in respect of the period from (and including) the First Reset Date to (but excluding) the 2033 Step-up Date, 1.80 per cent.;
- (b) in respect of the period from (and including) the 2033 Step-up Date to (but excluding) the 2048 Step-up Date, 2.05 per cent.; and
- (c) in respect of the period from (and including) the 2048 Step-up Date to (but excluding) the Maturity Date, 2.80 per cent.;

“Maturity Date” means 26 May 2083;

“Moody’s” means Moody’s Investors Service Limited and/or its affiliates and/or successors in business;

“NC7 Floating Rate Capital Securities” means the Issuer’s SEK3,000,000,000 Subordinated Floating Rate 7 year Non-Call Capital Securities due 2083 (ISIN: XS2342252603);

“Original Reference Rate” means 5 Year SEK Mid-Swap Rate (or any component part thereof) (provided that if, following one or more Benchmark Events, the 5 year SEK Mid-Swap Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate, the term “Original Reference Rate” shall include any such Successor Rate or Alternative Rate (or any component part thereof));

“Parity Securities” means any obligations of:

- (i) the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Capital Securities (and which shall include, for so long as any of the same remain outstanding, the NC7 Floating Rate Capital Securities, the 2077 Fixed Rate Capital Securities, the 2077 Floating Rate Capital Securities, the 2077 NC12 Capital Securities and the 2078 NC8 Capital Securities); and
- (ii) any Subsidiary of the Issuer having the benefit of a guarantee or support agreement from the Issuer which ranks or is expressed to rank *pari passu* with the Capital Securities;

“Paying Agents” has the meaning given in the preamble to these Conditions;

“Payment Day” has the meaning given in Condition 10(c);

“Permanent Global Security” has the meaning given in Condition 1(a);

“Qualifying Capital Securities” means securities that contain terms not materially less favourable to Holders than the terms of the Capital Securities (as reasonably determined by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing) and

provided that a certification to such effect (and confirming that the conditions set out in (a) to (h) below have been satisfied) of two authorised signatories of the Issuer shall have been delivered to the Fiscal Agent prior to the substitution or variation of the Capital Securities), provided that:

- (a) they shall be issued by the Issuer, the successor in business of the Issuer or by any wholly-owned direct or indirect finance Subsidiary of the Issuer with a guarantee of the Issuer; and
- (b) they (and/or, as appropriate, the guarantee as aforesaid) shall rank *pari passu* in an Issuer Winding-up and Issuer Re-construction with the ranking of the Capital Securities; and
- (c) they shall contain terms which provide for the same interest rate from time to time applying to the Capital Securities and preserve the same Interest Payment Dates; and
- (d) they shall preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Capital Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption; and
- (e) they shall preserve any existing rights under the Capital Securities to any accrued interest, any Arrears of Interest and any other amounts payable under the Capital Securities which, in each case, has accrued to Holders and not been paid; and
- (f) they shall not contain terms providing for the mandatory deferral of interest and shall not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (g) they shall, immediately after such exchange or variation, be assigned at least the same credit rating(s) by the same Rating Agencies as may have been assigned to the Capital Securities immediately prior to such exchange or variation (if any); and
- (h) they shall otherwise contain substantially identical terms (as reasonably determined by the Issuer) to the Capital Securities, save where any modifications to such terms are required to be made to avoid the occurrence or effect of a Tax Deductibility Event, a Rating Methodology Event or, as the case may be, a Withholding Tax Event or, in the case of a Rating Methodology Event occurring following any relevant refinancing of the Capital Securities, to avoid any part of the aggregate principal amount of the Capital Securities which benefitted from equity credit by the relevant Rating Agency prior to the occurrence of the Rating Methodology Event being assigned a level of equity credit (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) that is lower than the equity credit assigned on the Issue Date (or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time); and
- (i) they shall be (A) listed and admitted to trading on Nasdaq Stockholm's regulated market or (B) admitted to trading on any other regulated market for the purposes of Directive 2004/39/EC as selected by the Issuer;

“Rating Agency” means Moody's, S&P and any other rating agency of equivalent international standing requested by the Issuer to grant a corporate credit rating to the Issuer and, in each case, their successors or affiliates;

a **“Rating Methodology Event”** shall be deemed to occur if the Issuer has received confirmation from any Rating Agency either directly or via a publication by such Rating Agency, and has notified the Holders in accordance with Condition 17 that it has so received confirmation from any Rating Agency, that due to any amendment to, clarification of or change in hybrid capital methodology or a change in the interpretation thereof, in each case occurring or becoming effective after the Issue Date, all or any of the Capital Securities will no longer be eligible (or if the Capital Securities have been partially or fully re-financed since the Issue

Date and are no longer eligible for equity credit from such Rating Agency in part or in full as a result, all or any of the Capital Securities would no longer have been eligible as a result of such amendment, clarification, change in criteria or change in the interpretation had they not been re-financed) for the same or a higher amount of “equity credit” (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) attributed to the Capital Securities at the Issue Date (or, if “equity credit” is not assigned to the Capital Securities by the relevant Rating Agency on the Issue Date, at the date on which “equity credit” is assigned by such Rating Agency for the first time);

“**Reference Bond**” means SGB 0.75% May 2028 (ISIN: SE0009496367) or, if such security is no longer outstanding, shall be a government security or securities selected by an independent financial adviser appointed by the Issuer for such purpose, as having an actual or interpolated maturity comparable with the Remaining Term that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in SEK and of a comparable maturity to the Remaining Term;

“**Reference Bond Price**” means, with respect to the relevant redemption date, the amount displayed on the Reference Screen Page or, if the Reference Screen Page is not available, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Calculation Agent or an independent financial adviser appointed by the Issuer for such purpose is provided with fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

“**Reference Bond Rate**” means, with respect to the relevant redemption date, the rate per annum equal to the annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such redemption date;

“**Reference Date**” will be set out in the relevant notice of redemption;

“**Reference Government Bond Dealer**” means each of five banks selected by the Issuer, or their affiliates, which are (a) primary government securities dealers, and their respective successors, or (b) market makers in pricing corporate bond issues;

“**Reference Government Bond Dealer Quotations**” means, with respect to each Reference Government Bond Dealer and the relevant redemption date, the arithmetic average, as determined by the Calculation Agent or an independent financial adviser appointed by the Issuer for such purpose, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at 11:00 a.m. (Central European time) on the Reference Date quoted in writing to the Calculation Agent or such independent financial adviser by such Reference Government Bond Dealer;

“**Reference Screen Page**” means Bloomberg screen page “PGXE / FIT SWACT” for the Reference Bond (or any successor or replacement page, section or other part of the information service), or such other page, section or other part as may replace it on the information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying the mid-market yield to maturity for the Reference Bond;

“**Relevant Date**” means:

- (i) in respect of any payment other than a sum to be paid by the Issuer in an Issuer Winding-up or Issuer Re-construction, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been duly received by the Fiscal Agent on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice

to that effect shall have been given to the Holders by or on behalf of the Issuer in accordance with Condition 17; and

- (ii) in respect of any sum to be paid by or on behalf of the Issuer in an Issuer Winding-up or Issuer Re-construction, the date which is one day prior to the date on which an order is made or a resolution is passed for such Issuer Winding-up or Issuer Re-construction;

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;

“Relevant Period” means the period commencing on (and including) 26 November 2027 and ending on (and including) the First Reset Date;

“Remaining Term” means, with respect to any Capital Security, the period from (and including) the redemption date to (but excluding) (a) if the redemption date occurs before the first day of the Relevant Period, 26 November 2027 or (b) if the redemption date occurs after the Relevant Period, the next succeeding Interest Payment Date;

“Reset Date” means the First Reset Date and each fifth anniversary thereof up to and including 2083;

“Reset Interest Determination Date” means, with respect to a Reset Period, the day falling two Business Days prior to the Reset Date on which such Reset Period commences;

“Reset Interest Rate” has the meaning given in Condition 4(d);

“Reset Period” means each period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date thereafter;

“Reset Reference Banks” means four major banks in the European inter-bank market selected by the Issuer or the Calculation Agent (in consultation with the Issuer);

“Special Event” means any of a Tax Deductibility Event, a Substantial Repurchase Event, a Rating Methodology Event, a Withholding Tax Event, or any combination of the foregoing;

“S&P” means S&P Global Ratings Europe Limited and/or its affiliates and/or successors in business;

“Subordinated Indebtedness” means any obligation of the Issuer, whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event of an Issuer Winding-up or Issuer Re-construction to the claims of all unsubordinated creditors of the Issuer but senior to the Capital Securities or to the obligations of the Issuer in respect of any Parity Securities;

“Subsidiary” has the meaning provided in the Swedish Companies Act and **“Subsidiaries”** shall be construed accordingly;

a **“Substantial Repurchase Event”** shall be deemed to occur if the Issuer and/or any of its Subsidiaries repurchases and cancels or has at any time repurchased and cancelled, a principal amount of Capital

Securities equal to or greater than 75 per cent. of the aggregate principal amount of the Capital Securities initially issued (which shall include, for these purposes, any Further Capital Securities);

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body;

“**Swedish Companies Act**” means the Swedish Companies Act (*Aktiebolagslagen (2005:551)*) (as amended, supplemented or re-enacted);

“**Swedish krona**” or “**SEK**” means the lawful currency of Sweden;

“**Talons**” has the meaning given in the preamble to these Conditions;

“**Tax Deductibility Event**” means the receipt by the Issuer of an opinion of counsel in Sweden (experienced in such matters) to the effect that, as a result of a Tax Law Change, any interest payments under the Capital Securities were, but are no longer, tax-deductible by the Issuer for Swedish tax purposes to the same extent as any unsubordinated obligations of the Issuer;

“**Tax Law Change**” means (a) any amendment to, clarification of, or change (excluding any proposed amendment, clarification or change announced prior to the Issue Date but including any proposed amendment, clarification or change announced on or after the Issue Date) in the laws or treaties (or any regulations thereunder) of Sweden affecting taxation, (b) any governmental action (c) or any amendment to, clarification of, or change in the official position or the interpretation of such law, treaty (or regulations thereunder) or governmental action or any interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in Sweden, irrespective of the manner in which such amendment, clarification, change, action, pronouncement, interpretation or decision is made known, which amendment, clarification or change is effective or such governmental action, pronouncement, interpretation or decision is announced on or after the Issue Date;

“**Taxes**” has the meaning given in Condition 12;

“**Temporary Global Security**” has the meaning given in Condition 1(a); and

a “**Withholding Tax Event**” shall be deemed to occur if, as a result of any Tax Law Change, in making any payments on the Capital Securities, the Issuer has paid or will or would on the next Interest Payment Date be required to pay additional amounts on the Capital Securities pursuant to Condition 12 and the Issuer cannot avoid the foregoing by taking reasonable measures available to it.

The following text in italics does not form part of the Conditions:

The Issuer intends (without thereby assuming a legal or contractual obligation) that it will redeem or repurchase the Capital Securities (or any part thereof) only to the extent that the aggregate principal amount of the Capital Securities (or any part thereof) to be redeemed or repurchased which was assigned “equity credit” (or such similar nomenclature used by S&P from time to time) by S&P at the time of their issuance does not exceed such part of the net proceeds received by the Issuer or any Subsidiary of the Issuer from the sale or issuance by the Issuer or any Subsidiary of the Issuer to third party purchasers of securities which are assigned by S&P at the time of sale or issuance of such securities an aggregate “equity credit” (or such similar nomenclature used by S&P from time to time) that is equal to or greater than the “equity credit” assigned by S&P to the Capital Securities (or any part thereof) to be redeemed or repurchased (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Capital Securities).

The following exceptions apply as to the Issuer's replacement intention. The Capital Securities are not intended to be replaced:

- (a) if the issuer rating assigned by S&P to the Issuer is at least equal to the rating assigned by S&P to the Issuer as at the date of the last additional issuance of hybrid capital by the Issuer or any Subsidiary of the Issuer (excluding refinancings) and the Issuer is of the view that such rating would not fall below this level as a result of such redemption or repurchase; or*
- (b) if the stand-alone credit profile assigned by S&P to the Issuer is at least equal to the stand-alone credit profile assigned by S&P to the Issuer as at the date of the last additional issuance of hybrid capital by the Issuer or any Subsidiary of the Issuer (excluding refinancings) and the Issuer is of the view that such stand-alone credit profile would not fall below this level as a result of such redemption or repurchase; or*
- (c) in the case of any repurchase, up to the maximum amount of Capital Securities repurchased that would allow the Issuer's aggregate principal amount of hybrid capital remaining outstanding after such repurchase to be equal to or greater than the maximum aggregate principal amount of hybrid capital to which S&P would assign any category of "equity credit" (or such similar nomenclature then used by S&P at the time of such repurchase); or*
- (d) if the Capital Securities are not assigned any category of "equity credit" (or such similar nomenclature then used by S&P at the time of such redemption or purchase) by S&P; or*
- (e) in the case of repurchase of less than (x) 10 per cent. of the aggregate principal amount of hybrid capital outstanding in any period of 12 consecutive months or (y) 25 per cent. of the aggregate principal amount of hybrid capital outstanding in any period of 10 consecutive years; or*
- (f) if such redemption or repurchase occurs on or after the 2048 Step-up Date; or*
- (g) if such redemption is pursuant to a Tax Deductibility Event, a Substantial Repurchase Event, a Rating Methodology Event or a Withholding Tax Event.*

TERMS AND CONDITIONS OF THE NC7 FLOATING RATE CAPITAL SECURITIES

The following, except for paragraphs in italics, are the terms and conditions of the NC7 Floating Rate Capital Securities which will be endorsed on each NC7 Floating Rate Capital Security in definitive form (if issued).

The issue of the SEK3,000,000,000 Subordinated Floating Rate 7 year Non-Call Capital Securities due 2083 (the “**Capital Securities**”, which expression shall, unless the context otherwise requires, include any Further Capital Securities issued pursuant to Condition 18 and forming a single series with the Capital Securities) of Vattenfall AB (publ) (the “**Issuer**”) was authorised by a resolution of the Board of Directors of the Issuer passed on 28 April 2021. A fiscal agency agreement dated 26 May 2021 (the “**Fiscal Agency Agreement**”) has been entered into in relation to the Capital Securities between the Issuer and Citibank, N.A., London Branch, as fiscal agent, paying agent and calculation agent. The fiscal agent, the calculation agent and the paying agents for the time being are referred to as the “**Fiscal Agent**”, the “**Calculation Agent**” and the “**Paying Agents**” (which expression shall include the Fiscal Agent), respectively.

The Fiscal Agency Agreement includes the form of the Capital Securities and the coupons relating to them (the “**Coupons**”, which expression includes, where the context so permits, talons for further coupons (the “**Talons**”)).

A copy of the Fiscal Agency Agreement is available for inspection during normal business hours at the specified offices of the Paying Agents. The Holders (each as defined in Condition 1(b) (*Title*)) are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

1 Form, Denomination and Title

(a) *Form and Denomination*

The Capital Securities are represented on issue by a temporary bearer global security (the “**Temporary Global Security**”) held by the common safekeeper for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) as applicable which is exchangeable in accordance with its terms for interests in a permanent bearer global security (the “**Permanent Global Security**”). The Permanent Global Security is exchangeable for bearer definitive securities in accordance with its terms (the Temporary Global Security or the Permanent Global Security is referred to herein as a “**Global Security**”).

The Capital Securities are serially numbered and in bearer form in the denominations of SEK2,000,000 and integral multiples of SEK1,000,000 in excess thereof up to and including SEK3,000,000, each with Coupons and a Talon attached on issue. No definitive Capital Securities will be issued with a denomination above SEK3,000,000. Capital Securities of one denomination may not be exchanged for Capital Securities of any other denomination.

For so long as the Capital Securities are represented by a Global Security, the aggregate nominal amount of the Capital Securities shall be the aggregate amount from time to time entered in the records of both Euroclear or Clearstream, Luxembourg as applicable. The records of Euroclear or Clearstream, Luxembourg (which expression means the records that each of Euroclear or Clearstream, Luxembourg holds for its customers which reflect the amount of such customer’s interest in the Capital Securities) shall be conclusive evidence of the nominal amount of the Capital Securities (for so long as they are represented by a Global Security), and, for these purposes, a statement issued by Euroclear or Clearstream, Luxembourg as applicable stating the nominal amount of the Capital Securities so represented at any time shall be conclusive evidence of the records of Euroclear or Clearstream, Luxembourg at that time.

For so long as the Capital Securities are represented by a Global Security, the Issuer shall, on any redemption or payment of interest or premium being made in respect of, or purchase and cancellation of, any of the Capital Securities, procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Security shall be entered *pro rata* in the records of Euroclear or Clearstream, Luxembourg as applicable and, upon any such entry being made, the nominal amount of the Capital Securities recorded in the records of Euroclear or Clearstream, Luxembourg and represented by the Global Security shall be reduced by the aggregate nominal amount of the Capital Securities so redeemed or purchased and cancelled.

On an exchange of a portion only of the Capital Securities represented by a Temporary Global Security, the Issuer shall procure that details of such exchange shall be entered *pro rata* in the records of Euroclear or Clearstream, Luxembourg as applicable.

In these Conditions, a reference to a “**holder**” shall, in relation to a Capital Security, Coupon or Talon, be a reference to a Holder, except in relation to a Global Security, in which case it means the common safekeeper (or a nominee thereof) acting, and holding, the Global Security, for Euroclear and Clearstream, Luxembourg, on behalf of the Holder(s). References in these Conditions to Euroclear and Clearstream, Luxembourg shall include any successor or other clearing system in which the Capital Securities may be cleared and/or traded from time to time.

(b) Title

The ownership interests in a Global Security will be evidenced by the records of Euroclear and Clearstream, Luxembourg as applicable and transfers of ownership interests in such Global Security will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests, and the book-entries made by Euroclear or Clearstream, Luxembourg (as the case may be) to effect such transfers shall be deemed to constitute notice to the Issuer of the relevant transfers. For the avoidance of doubt, ownership interests in a Global Security will constitute each person’s proportionate co-ownership of the Global Security.

An ownership interest in the Permanent Global Security will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Capital Securities in definitive form only in the denominations set out in Condition 1(a) and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the provisions of the Fiscal Agency Agreement.

Title to the Capital Securities in definitive form, Coupons and Talons passes by delivery.

The person holding a proportionate co-ownership or other beneficial interest or right in any Global Security, and the bearer of any Capital Security, Coupon or Talon in definitive form (in each case, a “**Holder**”) will (except as ordered by a court of competent jurisdiction or 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 interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the Holder.

2 Status of the Capital Securities and the Coupons

The Capital Securities and Coupons constitute direct, unsecured and subordinated obligations of the Issuer. The rights and claims of the Holders in respect of the Capital Securities and the Coupons, in each case against the Issuer, are subordinated as described in Condition 3(a).

3 Subordination and rights on a winding-up or Re-construction

(a) *Rights on a winding-up or Re-construction*

In the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer (each an “**Issuer Winding-up**”), the Holders shall, in respect of their Capital Securities, have a claim (in lieu of any other amount) for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Arrears of Interest) thereon and such claims will rank:

- (i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities;
- (ii) in priority to all present or future claims in respect of (A) any share capital of the Issuer and (B) any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security; and
- (iii) junior to any present or future claims in respect of (A) all unsubordinated obligations of the Issuer and (B) all Subordinated Indebtedness.

In the event of a company re-construction (*företagsrekonstruktion*) of the Issuer under the Swedish Company Reorganisation Act (*lag (1996:764) om företagsrekonstruktion*) (an “**Issuer Re-construction**”), the Holders shall, in respect of the Capital Securities, have a statutory claim (in lieu of any other amount) for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Arrears of Interest) thereon and such claims will rank:

- (i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities;
- (ii) in priority to all present or future claims in respect of any obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security; and
- (iii) junior to any present or future claims in respect of (A) all unsubordinated obligations of the Issuer and (B) all Subordinated Indebtedness.

Claims in respect of the share capital of the Issuer are not subject to loss absorbing measures under an Issuer Re-construction.

(b) *Set-off*

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Capital Securities or the Coupons and each Holder shall, by virtue of its holding of any Capital Security or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

4 Interest Payments

(a) *Interest Payment Dates*

The Capital Securities bear interest on their principal amount at the applicable Interest Rate from (and including) 26 May 2021 (the “**Issue Date**”) up to (but excluding) the Maturity Date in accordance with the provisions of this Condition 4.

Subject to Condition 5, interest will be payable on 26 February, 26 May, 26 August and 26 November in each year (each an “**Interest Payment Date**”). The first Interest Payment Date will be 26 August

2021. 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 the Interest Payment Date shall be brought forward to the immediately preceding Business Day. The period from and including the Issue Date to but excluding the first Interest Payment Date, and each successive period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date, is called an “**Interest Period**”.

(b) Interest Accrual

The Capital Securities (and any unpaid amounts thereon) will cease to bear interest from (and including) the date of redemption thereof pursuant to the relevant paragraph of Condition 6 or the date of substitution or variation thereof pursuant to Condition 7, as the case may be, unless, upon due presentation, payment of all unpaid amounts in respect of the Capital Securities is not made, in which event interest shall continue to accrue in respect of the principal amount of, and any other unpaid amounts on, the Capital Securities, both before and after judgment, and shall be payable as provided in these Conditions up to (but excluding) the Relevant Date.

(c) Initial Interest Rate

The Interest Rate in respect of each Interest Period commencing prior to the 2033 Step-up Date (the “**Initial Interest Rate**”) will be at a rate of 1.80 per cent. per annum above the three-month Stockholm Inter-Bank Offered Rate for SEK deposits (the “**3 Month STIBOR Rate**”) for each Interest Period payable quarterly in arrear on the Interest Payment Date for each Interest Period, and will be determined by the Calculation Agent on the basis of the following provisions:

- (i) the Calculation Agent or its duly appointed successor (in such capacity, the Calculation Agent) will determine the 3 Month STIBOR Rate which appears on the display page designated SIDE on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as of 11.00 a.m. (Stockholm time) on the second Business Day (as defined below) before the first day of the relevant Interest Period (the “**Interest Determination Date**”);
- (ii) if such rate does not appear on that page, the Issuer will:
 - (A) request the principal Stockholm office of each of four major banks in the Stockholm interbank market to provide a quotation of the rate at which deposits in SEK are offered by it in the Stockholm interbank market at approximately 11.00 a.m. (Stockholm time) on the Interest Determination Date to prime banks in the Stockholm interbank market for 3 months and in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point, 0.000005 being rounded upwards) of such quotations; and
- (iii) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in Stockholm, selected by the Issuer, at approximately 11.00 a.m. (Stockholm time) on the first day of the relevant Interest Period for loans in SEK to leading European banks for 3 months and in an amount that is representative for a single transaction in that market at that time.

The Interest Payment in respect of each such Interest Period may be deferred in accordance with Condition 5.

(d) Calculation of Initial Interest Amount

The Calculation Agent will, as soon as practicable after the Interest Determination Date in relation to each Interest Period, calculate the amount of interest (the “**Initial Interest Amount**”) payable in respect of each Capital Security for such Interest Period. The Initial Interest Amount will be calculated by applying the Interest Rate for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction (as defined below), rounding the resulting figure to the nearest öre, half an öre being rounded upwards.

(e) Publication of Initial Interest Rates and Initial Interest Amounts

Unless the Capital Securities are to be redeemed, the Issuer shall cause notice of each Initial Interest Rate and the related Initial Interest Amount to be given to the Fiscal Agent, the Paying Agents, any stock exchange on which the Capital Securities are for the time being listed or admitted to trading (if so required by law or such stock exchange’s rules) and, in accordance with Condition 17, the Holders, in each case as soon as practicable after its determination (by no later than the first Business Day of each Interest Period). The Initial 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.

(f) Step-up Interest Rates

The Interest Rate in respect of the period from (and including) the 2033 Step-up Date to (but excluding) the 2048 Step-up Date will be at a rate of 2.05 per cent. per annum above the 3 Month STIBOR Rate, and the Interest Rate in respect of the period from (and including) the 2048 Step-up Date to (but excluding) the Maturity Date will be at a rate of 2.80 per cent. per annum above the 3 Month STIBOR Rate (each a “**Step-up Interest Rate**”). Each Step-up Interest Rate shall be determined, calculated and published in accordance with Conditions 4(c), 4(d) and 4(e).

(g) Calculation Agent

The Issuer may from time to time replace the Calculation Agent with another independent financial institution. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or fails to determine an Interest Rate or calculate the related Initial Interest Amount or effect the required publication thereof (in each case as required pursuant to these Conditions), the Issuer shall forthwith appoint another independent financial institution to act as such in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid. If the Issuer fails to appoint a successor Calculation Agent in a timely manner, then the Calculation Agent shall be entitled to appoint as its successor a reputable financial institution of good standing which the Issuer shall approve.

(h) Determinations of Calculation Agent Binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Fiscal Agent, the Paying Agents and all Holders and (in the absence of wilful default and bad faith) no liability to the Holders or the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(i) **Benchmark Discontinuation**

(i) *Independent Adviser*

Notwithstanding the provisions above in this Condition 4, if the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Event has occurred in relation to the Original Reference Rate when any interest rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(i)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(i)(iv)).

An Independent Adviser appointed pursuant to this Condition 4(i) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents or the Holders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4(i).

Whether or not the Issuer is able to appoint an Independent Adviser having used its reasonable endeavours, if the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4(i)(i) prior to the relevant Interest Determination Date, the 3 Month STIBOR Rate applicable to the next succeeding Interest Period shall be equal to the last observable 3 Month STIBOR Rate which is displayed on the display page designated SIDE on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates), as determined by the Calculation Agent. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(i)(i).

(ii) *Successor Rate or Alternative Rate*

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that:

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Interest Rate (or the relevant component part thereof) for all future payments of interest on the Capital Securities from the end of the then current Interest Period onwards; or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Interest Rate (or the relevant component part thereof) for all future payments of interest on the Capital Securities from the end of the then current Interest Period onwards.

(iii) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Issuer is unable to determine the quantum of, or a formula or methodology for determining,

such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(i) and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions and/or the Fiscal Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(i)(v), without any requirement for the consent or approval of Holders, vary these Conditions and/or the Fiscal Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 4(i)(iv), the Issuer shall comply with the rules of any stock exchange on which the Capital Securities are for the time being listed or admitted to trading.

(v) *Notices*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(i) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 17, the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:

- (A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) any applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(i); and
- (B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) any applicable Adjustment Spread.

The Fiscal Agent shall display such certificate at its offices, for inspection by the Holders at all reasonable times during normal business hours.

Each of the Fiscal Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Fiscal Agent’s or the Calculation Agent’s or the Paying Agents’ ability to rely on such certificate as aforesaid) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Holders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under this 4(i), the Original Reference Rate will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be) and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4(i)(v).

(vii) *No Successor Rate, etc. if Reduction in Equity Credit*

Notwithstanding any other provision of this Condition 4(i), no Successor Rate or Alternative Rate will be adopted, nor will any Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer (in consultation with the Independent Adviser), the same could reasonably be expected to (i) result in a reduction of the amount of “equity credit” assigned to the Capital Securities by any Rating Agency when compared to the “equity credit” assigned to the Capital Securities immediately prior to the occurrence of the relevant Benchmark Event from such Rating Agency or (ii) otherwise prejudice the eligibility of the Capital Securities for “equity credit” from any Rating Agency.

5 Optional Interest Deferral

(a) *Deferral of Interest Payments*

The Issuer may, at any time and at its sole discretion, elect to defer all or part of an Interest Payment which is otherwise scheduled to be paid on an Interest Payment Date (except on the Maturity Date or any other Interest Payment Date on which the Capital Securities are to be redeemed) by giving notice (a “**Deferral Notice**”) of such election to the Holders in accordance with Condition 17 and the Fiscal Agent not less than seven Business Days prior to the relevant Interest Payment Date.

Any Interest Payment so deferred pursuant to this Condition 5(a) shall, from (and including) the Interest Payment Date on which such Interest Payment would (but for its deferral) have been payable to (but excluding) the date on which it is paid in full, itself bear interest (such further interest being an “**Additional Interest Amount**”) at the Interest Rate prevailing from time to time (which interest shall compound on each Interest Payment Date) and, for so long as the same remains unpaid, such deferred interest (together with the interest accrued thereon) shall constitute “**Deferred Interest**” (such Deferred Interest, together with the Additional Interest Amount, being “**Arrears of Interest**”).

The deferral of an Interest Payment in accordance with this Condition 5(a) shall not constitute a default by the Issuer under the Capital Securities or for any other purpose.

(b) *Settlement of Arrears of Interest*

Optional Settlement

Arrears of Interest may be paid (in whole or in part) at any time at the option of the Issuer following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Condition 17 and the Fiscal Agent not less than seven Business Days prior to the date (to be specified in such notice) on which the Issuer will pay such Arrears of Interest (or part thereof).

If amounts in respect of Deferred Interest and Additional Interest Amounts are paid in part:

- (i) all unpaid amounts of Deferred Interest shall be payable before any of the Additional Interest Amounts;

- (ii) Deferred Interest accrued for any period shall not be payable until full payment has been made of all Deferred Interest that has accrued during any earlier period and the order of payment of the Additional Interest Amounts shall follow that of the Deferred Interest to which it relates; and
- (iii) the amount of Deferred Interest or Additional Interest Amounts payable in respect of any of the Capital Securities in respect of any period shall be *pro rata* to the total amount of all unpaid Deferred Interest or, as the case may be, Additional Interest Amounts accrued on the Capital Securities in respect of that period to the date of payment.

Mandatory settlement

The Issuer shall pay any Arrears of Interest, in whole but not in part, on the first to occur of the following dates:

- (i) the 10th Business Day following the date on which a Deferred Interest Payment Event occurs;
- (ii) any Interest Payment Date in respect of which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period; and
- (iii) the date on which the Capital Securities are redeemed or repaid in accordance with Condition 6 or Condition 11.

Notice of any Deferred Interest Payment Event shall be given by the Issuer to the Holders in accordance with Condition 17 and the Fiscal Agent within three Business Days of such event.

6 Redemption

(a) *Final Redemption Date*

Unless previously repaid, redeemed or purchased and cancelled as provided in these Conditions, the Capital Securities will be redeemed on the Maturity Date at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the Maturity Date.

(b) *Issuer's Call Option*

The Issuer may, by giving not less than 15 nor more than 30 days' notice to the Fiscal Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Capital Securities (i) on any date during the Relevant Period or (ii) on any Interest Payment Date thereafter at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

(c) *Redemption upon a Tax Deductibility Event or a Rating Methodology Event*

If a Tax Deductibility Event or a Rating Methodology Event has occurred and is continuing, the Issuer may, by giving not less than 15 nor more than 30 days' notice to the Fiscal Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8, redeem all, but not some only, of the Capital Securities at any time at an amount equal to:

- (i) 101 per cent. of their principal amount, where such redemption occurs before the start of the Relevant Period; or

- (ii) 100 per cent. of their principal amount, where such redemption occurs on or after the start of the Relevant Period,

together, in each case, with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

(d) *Redemption upon a Withholding Tax Event or a Substantial Repurchase Event*

If a Withholding Tax Event has occurred and is continuing, or if a Substantial Repurchase Event has occurred, the Issuer may, by giving not less than 15 nor more than 30 days' notice to the Fiscal Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8, redeem all, but not some only, of the Capital Securities at any time at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

(e) *Redemption at the option of the Issuer at the Make-Whole Redemption Amount*

The Issuer may, by giving not less than 15 nor more than 30 days' notice to the Fiscal Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable), redeem all, but not some only, of the Capital Securities at any time (other than on a date on which the Issuer may exercise its option to redeem the Capital Securities pursuant to Condition 6(b)) at their Make-Whole Redemption Amount, together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

7 Substitution or Variation

If at any time a Tax Deductibility Event, a Rating Methodology Event or a Withholding Tax Event has occurred on or after the Issue Date and is continuing, then the Issuer may, subject to Condition 8 (without any requirement for the consent or approval of the Holders), and having given not less than 15 nor more than 30 days' notice to the Fiscal Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable), at any time either:

- (i) substitute all, but not some only, of the Capital Securities for; or
- (ii) vary the terms of the Capital Securities with the effect that they remain or become, as the case may be, Qualifying Capital Securities.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Capital Securities in accordance with this Condition 7.

In connection with any substitution or variation in accordance with this Condition 7, the Issuer shall comply with the rules of any stock exchange on which the Capital Securities are for the time being listed or admitted to trading.

8 Preconditions to Special Event Redemption, Substitution and Variation

Prior to the publication of any notice of redemption pursuant to Condition 6 (other than redemption pursuant to Condition 6(b) or Condition 6(e)) or any notice of substitution or variation pursuant to Condition 7, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer stating:

- (i) that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary (as the case may be) the Capital Securities is satisfied;
- (ii) in the case of a Withholding Tax Event, that the Issuer is unable to avoid paying additional amounts by taking measures reasonably available to it; and
- (iii) in the case of a substitution or variation pursuant to Condition 7, that:
 - (a) the Issuer has determined that the terms of the Qualifying Capital Securities are not materially less favourable to Holders than the terms of the Capital Securities and that determination was reasonably reached by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing;
 - (b) the criteria specified in paragraphs (a) to (h) of the definition of Qualifying Capital Securities will be satisfied by the Qualifying Capital Securities upon issue; and
 - (c) the relevant substitution or variation (as the case may be) will not result in the occurrence of a Special Event.

Such certificate shall, absent manifest error, be final and binding on all parties.

Any redemption of the Capital Securities in accordance with Condition 6 shall be conditional on all Arrears of Interest being paid in full in accordance with these Conditions on or prior to the date of such redemption.

9 Purchases and Cancellation

(a) Purchases

Each of the Issuer and any of its Subsidiaries may at any time purchase beneficially for its account any or all Capital Securities in any manner and at any price. In each case, purchases will be made together with all unmatured Coupons and Talons appertaining thereto. For so long as the Capital Securities are represented by a Global Security, Capital Securities may only be purchased by the Issuer or any of its Subsidiaries if they are purchased together with the right to receive all future payments of interest thereon.

All Capital Securities purchased by the Issuer or any of its Subsidiaries may, at the option of the Issuer or such Subsidiary, be held, reissued, resold or surrendered for cancellation (together with all unmatured Coupons and all unexchanged Talons attached to them) to a Paying Agent.

(b) Cancellation

All Capital Securities redeemed or substituted by the Issuer pursuant to Condition 6 or Condition 7, as the case may be, and all Capital Securities purchased and surrendered for cancellation pursuant to Condition 9(a), (in each case, together with all unmatured Coupons and unexchanged Talons relating thereto) will forthwith be cancelled. For so long as the Capital Securities are represented by a Global Security, any cancellation of Capital Securities will reduce the nominal amount of the Global Security accordingly.

Capital Securities held by the Issuer and/or any of its Subsidiaries shall not entitle the Holder to vote at any meeting of Holders and shall be deemed not to be outstanding for the purposes of calculating quorums at meetings of Holders or for any other purpose specified in Condition 14.

10 Payments

(a) *Method of Payment*

- (i) Subject as mentioned below, payments of principal, premium and interest will be made against presentation and surrender of Capital Securities or the appropriate Coupons (as the case may be) at the specified office of any of the Paying Agents except that payments of interest in respect of any period not ending on an Interest Payment Date will only be made against presentation and either surrender or endorsement (as appropriate) of the relevant Capital Securities. Such payments will be made by transfer to a Swedish krona account maintained by the payee with a bank in Stockholm.
- (ii) For so long as the Capital Securities are represented by a Global Security, payments of principal, premium and interest shall be paid to or to the order of the holder of the Global Security against presentation and (if no further payment falls to be made on it) surrender of it to or to the order of the Fiscal Agent which shall cause the records of Euroclear and/or Clearstream, Luxembourg as applicable to be updated, as appropriate, and such payments so made to or to the order of the holder of the Global Security shall be credited to the accounts of each relevant Custodian for onward payment to the Holders in accordance with the customary procedures of Euroclear and/or Clearstream, Luxembourg.
- (iii) Upon the due date for redemption of any Capital Security, unmatured Coupons relating to such Capital Security (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Capital Security is presented for redemption without all unmatured Coupons and/or all unexchanged Talons in each case relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iv) Upon the due date for redemption of any Capital Security, any unexchanged Talon relating to such Capital Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (v) On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Capital Securities, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (to include another Talon for a further Coupon sheet, if appropriate) (but excluding any Coupons that may have become void pursuant to Condition 13).
- (vi) In relation to a Capital Security represented by a Global Security, payments made in respect of such Capital Security by or on behalf of the Issuer to or to the order of the holder of the Global Security, and otherwise in accordance with these Conditions, shall to that extent be a good discharge to the Issuer (including in circumstances where the corresponding entries have not yet been made in the records of Euroclear or Clearstream, Luxembourg as the case may be).

(b) *Payments Subject to Fiscal Laws*

Payments will be subject in all cases to any (i) fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 12 and (ii) withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue

Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (“**FATCA Withholding**”).

(c) ***Days for Payments***

Payments on a Capital Security or Coupon will only be made on a day on which commercial banks and foreign exchange markets are open in the place of presentation (except for as long as the Capital Securities are represented by a Global Security), London and Stockholm (a “**Payment Day**”). If a due date for payment falls on a day which is not a Payment Day, then the payment shall be available to Holders from the first Payment Day following such due date. No further interest or other payment will be made as a consequence of the Payment Day falling after the due date in accordance with this paragraph.

(d) ***Interpretation of principal, premium and interest***

References in these Conditions to principal, premium, Interest Payments, Arrears of Interest and/or any other amount in respect of interest shall be deemed to include any additional amounts which may become payable pursuant to Condition 12.

11 Default and Enforcement

(a) ***Proceedings***

Without prejudice to the Issuer’s right to defer the payment of interest under Condition 5(a), if a default is made by the Issuer for a period of 30 days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, then the Issuer shall, without notice from a Holder, be deemed to be in default under the Capital Securities and the Coupons and any Holder may, subject to Condition 20(c), institute proceedings for an Issuer Winding-up or Issuer Re-construction.

In the event of an Issuer Winding-up or Issuer Re-construction (whether instituted as aforesaid or otherwise), any Holder of a Capital Security may prove and/or claim in such Issuer Winding-up or Issuer Re-construction, as the case may be, in respect of its Capital Securities, such claim being for such amount, and being subordinated in such manner, as is provided under Condition 3(a).

(b) ***Enforcement***

Subject to Condition 20(c), a Holder may, at its sole discretion, and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Capital Securities or the Coupons but in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(c) ***Extent of Holders’ Remedy***

No remedy against the Issuer, other than as referred to in this Condition 11, shall be available to the Holders, whether for the recovery of amounts owing in respect of the Capital Securities or the Coupons or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Capital Securities or the Coupons.

12 Taxation

All payments of principal, premium and interest (including Arrears of Interest) in respect of the Capital Securities and the Coupons by or on behalf of the Issuer will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges (“**Taxes**”) of whatever nature imposed or levied by or on behalf of Sweden or any political subdivision of, or any authority in, or of, Sweden having power to tax, unless the withholding or deduction of the Taxes is required by law.

In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Holders after such withholding or deduction shall equal the respective amounts of principal, premium and interest (including Arrears of Interest) which would have been receivable in respect of the Capital Securities or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Capital Security or Coupon:

- (a) to, or to a third party on behalf of, a Holder who is liable for the Taxes in respect of such Capital Security or Coupon by reason of such holder having some connection with Sweden other than (i) the mere holding of such Capital Security or Coupon or (ii) the receipt of principal, premium or interest in respect of such Capital Security or Coupon; or
- (b) to, or to a third party on behalf of, a Holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to additional amounts on presenting the same for payment on the last day of such period of 30 days assuming that day to have been an Interest Payment Date; or
- (d) presented for payment in Sweden; or
- (e) where such withholding or deduction is required by reason of FATCA Withholding; or
- (f) presented for payment by or on behalf of the holder who would be able to avoid such withholding or deduction by presenting the relevant Capital Security or Coupon to another Paying Agent in a Member State of the European Union (provided such a Paying Agent had been appointed at such time).

13 Prescription

Claims against the Issuer in respect of the Capital Securities and Coupons (which for this purpose shall not include Talons) will become void unless made within a period of 10 years (in respect of claims relating to principal and premium) and five years (in respect of claims relating to interest, including Arrears of Interest) from the Relevant Date relating thereto. There shall be no prescription period for Talons but there shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim in respect of which would be void pursuant to this Condition 13 or Condition 10(a)(iii).

14 Meetings of Holders, Modification and Waiver

The Fiscal Agency Agreement contains provisions for convening meetings (which may be physical or virtual meetings, including meetings held by conference call or on a videoconference platform) of the Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Capital Securities, the Coupons or any of the provisions of these Conditions. Such a meeting may be convened by the Issuer or Holders holding Capital Securities in definitive form or a co-ownership interest in not less than five per cent. in nominal amount of the Capital Securities for the time

being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a co-ownership interest in not less than a clear majority in nominal amount of the Capital Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the nominal amount of the Capital Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Capital Securities or Coupons (including, *inter alia*, the provisions regarding subordination referred to in Condition 3, the terms concerning currency and due dates for payment of principal, premium or interest (including Arrears of Interest) in respect of the Capital Securities and reducing or cancelling the principal amount of any Capital Securities, any premium or any Interest Rate) or certain of the provisions of these Conditions, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing a co-ownership interest in not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Capital Securities for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting.

The Fiscal Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Fiscal Agency Agreement by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the Holders representing a co-ownership interest in 75 per cent. or more in nominal amount of the Capital Securities for the time being outstanding or (iii) consent given by way of electronic consents through relevant clearing systems by or on behalf of the Holders representing a co-ownership interest in 75 per cent. or more in nominal amount of the Capital Securities for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Holders.

For so long as the Capital Securities are represented by a Global Security, if resolutions of the Holders shall be made by way of a meeting the convening notice will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Holders together with the convening notice. Attendance at the meeting and exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the convening notice no later than the day specified therein. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the relevant Custodian in accordance with Condition 20(c) in text form and by submission of a blocking instruction by the relevant Custodian stating that the relevant Capital Securities are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.

For so long as the Capital Securities are represented by a Global Security, if resolutions of the Holders shall be made by means of a vote without a meeting the request for voting will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Holders together with the request for voting. The exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the request for voting no later than the day specified therein. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with Condition 20(c) in text form and by submission of a blocking instruction by the relevant Custodian stating that the relevant Capital Securities are not transferable from and including the day such registration has been sent until and including the day the voting period ends.

For the purposes of voting on behalf of and at the direction of Holders, the holder of the Global Security shall be treated as having one vote in respect of each denomination of the Capital Securities to be voted for.

The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions required to be made in the circumstances described in Condition 7 in connection with the

substitution or variation of the terms of the Capital Securities so that they remain or become Qualifying Capital Securities.

The Capital Securities and these Conditions may be amended without the consent of the Holders to correct a manifest error or pursuant to Conditions 4(e) (*Benchmark Replacement*) and 7 (*Substitution or Variation*). No other modification may be made to the Capital Securities or these Conditions except with the sanction of a resolution of the Holders.

In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Holders, to any such modification unless (i) it is of a formal, minor or technical nature or (ii) it is made to correct a manifest error. Any such modification will be notified to Holders in accordance with Condition 17 as soon as practicable.

15 Substitution

The Issuer may at any time, without the consent of the Holders, substitute on a subordinated basis equivalent to that referred to in Conditions 2 and 3 in place of the Issuer (or of any previous substitute under this Condition 15) as the principal debtor under the Capital Securities and the Coupons:

- (a) the successor in business of the Issuer; or
- (b) another company being a wholly-owned direct or indirect finance Subsidiary of the Issuer (or its successor in business as aforesaid),

(each, a “**Substitute**”)

subject to:

- (i) in the case of (b) above, the Capital Securities, Coupons and Talons being unconditionally and irrevocably guaranteed by the Issuer (or its successor in business) on the same subordinated basis as the Capital Securities under Condition 3; and
- (ii) in each case, the Issuer delivering to the Fiscal Agent a certificate confirming that the interests of the Holders will not be materially prejudiced by the substitution.

The substitution shall be made by a substitution agreement (the “**Substitution Agreement**”), to be substantially in the form scheduled to the Fiscal Agency Agreement as Schedule 4, and may take place only if (i) the Substitute shall, by means of the Substitution Agreement, agree to indemnify each Holder against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute’s residence for tax purposes and, if different, of its incorporation with respect to any Capital Security or Coupon or Talon and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Substitution Agreement, the Capital Securities, Coupons and Talons represent valid, legally binding and enforceable obligations of the Substitute, and in the case of the Substitution Agreement of the Issuer have been taken, fulfilled and done and are in full force and effect, (iii) the Substitute shall have become party to the Fiscal Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (iv) where the Substitute is incorporated, domiciled or resident in, or subject generally to the taxing jurisdiction of, a territory other than or in addition to the Kingdom of Sweden or any political sub division thereof or any authority therein or thereof having power to tax, undertakings or covenants shall be given by the Substitute in terms corresponding to the provisions of Condition 12 with the substitution for (or, as the case may be, the addition to) the references to the Kingdom of Sweden of references to that other or additional territory in which the

Substitute is incorporated, domiciled or resident or to whose taxing jurisdiction it is subject, (v) the Issuer shall procure that the Substitute delivers to the Fiscal Agent a certificate signed by two authorised signatories of the Substitute that the Substitute is solvent at the time at which the substitution is proposed to be effected and (vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the Holders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Holders, shall be available for inspection at the specified office of each of the Paying Agents.

Any substitution effected in accordance with this Condition 15 shall be binding on the Holders.

16 Replacement of the Capital Securities, Coupons and Talons

If any Capital Security, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Holders in accordance with Condition 17, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Capital Security, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Capital Securities, Coupons or further Coupons) and otherwise as the Issuer may reasonably require.

Mutilated or defaced Capital Securities, Coupons or Talons must be surrendered before any replacement Capital Securities, Coupons or Talons will be issued.

17 Notices

All notices regarding the Capital Securities shall be validly given if published in the *Financial Times* (or any other internationally recognised daily newspaper in London or, if this is not possible, in another English language daily newspaper with general circulation in Europe). Any such notice will be deemed to have been given on the date of the first publication in the required newspaper. For so long as the Capital Securities are represented by a Global Security, notices to Holders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg as applicable for communication by it to Holders in substitution for publication in the manner described above. Any such notice shall be given in English and shall be deemed to have been given on the business day after the date that such notice was given to Euroclear and/or Clearstream, Luxembourg

For so long as the Capital Securities are listed and/or admitted to trading on any market or stock exchange, if so required by the rules of such market or stock exchange or by law notices shall also be published in such manner as may be required or permitted by the rules of such market or stock exchange.

For so long as the Capital Securities are represented by a Global Security, notices to be given to any Holder of the Capital Securities shall be sent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner the Fiscal Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose. In other circumstances, notices to be given to any holder of the Capital Securities shall be in writing and given by lodging the same, together with any relevant Capital Security or Capital Securities, with the Fiscal Agent.

18 Further Issues

The Issuer shall be at liberty from time to time without the consent of the Holders to create and issue further securities (“**Further Capital Securities**”) having terms and conditions the same as the Capital Securities or the same in all respects save for the amount and date of the first payment of interest on such Further Capital Securities and so that such Further Capital Securities shall be consolidated and form a single series with the outstanding Capital Securities.

19 Paying Agents

The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents, provided that:

- (a) there will at all times be a Fiscal Agent;
- (b) there will at all times be a Paying Agent outside Sweden; and
- (c) there will at all times be a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 17.

If the Fiscal Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Fiscal Agency Agreement (as the case may be), the Issuer shall appoint an independent financial institution to act as such in its place.

The Fiscal Agent, the Paying Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Holder.

20 Governing Law, Submission to Jurisdiction and Enforcement

(a) *Governing Law*

The Fiscal Agency Agreement, the Capital Securities, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of the Kingdom of Sweden.

(b) *Submission to Jurisdiction*

The courts of the Kingdom of Sweden are to have jurisdiction to settle any disputes that may arise out of or in connection with any Capital Securities, Coupons or Talons (including any non-contractual obligations arising out of or in connection with them) and accordingly any suit, legal action or proceedings arising out of or in connection with any Capital Securities, Coupons or Talons (“**Proceedings**”) may be brought in such courts. The City Court of Stockholm (*Stockholms tingsrätt*) shall be the court of first instance. The Issuer irrevocably submits to the jurisdiction of the courts of the Kingdom of Sweden and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum or otherwise and irrevocably and unconditionally agrees that a judgment in any Proceedings shall be conclusive and binding on it and may be enforced in the courts of any other jurisdiction. This submission is made for the benefit of each of the Holders and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Enforcement**

For so long as the Capital Securities are represented by a Global Security, any Holder may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in its own name its rights arising under or in connection with the Capital Securities held by it on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Capital Securities (A) stating the full name and address of the Holder, (B) specifying the aggregate nominal amount of Capital Securities credited to such securities account on the date of such statement and (C) confirming that the Custodian has given written notice to Euroclear or Clearstream, Luxembourg as the case may be containing the information pursuant to paragraphs (A) and (B) above, and (ii) a copy of the Global Security certified as being a true copy by the Fiscal Agent or the common safekeeper for the Capital Securities, without the need for production in such proceedings of the actual records or the Global Security representing the Capital Securities.

Each Holder may, without prejudice to the foregoing, protect and enforce its rights under the Capital Securities also in any other way which is admitted in the country of the proceedings.

21 Definitions

In these Conditions:

“**3 Month STIBOR Rate**” has the meaning given in Condition 4(c);

“**2028 Call Date**” means the Interest Payment Date falling in May 2028;

“**2077 Fixed Rate Capital Securities**” means the SEK3,000,000,000 Subordinated Fixed Rate Reset 7 year Non-Call Capital Securities due 2077 issued by the Issuer (ISIN: XS1205627547);

“**2077 Floating Rate Capital Securities**” means the SEK3,000,000,000 Subordinated Floating Rate 7 year Non-Call Capital Securities due 2077 issued by the Issuer (ISIN: XS1205625251);

“**2077 NC12 Capital Securities**” means the €1,000,000,000 Subordinated Fixed Rate Reset 12 year Non-Call Capital Securities due 2077 issued by the Issuer (ISIN: XS1205618470);

“**2078 NC8 Capital Securities**” means the US\$400,000,000 Subordinated Fixed Rate Reset 8 year Non-Call Capital Securities due 2078 issued by the Issuer (ISIN: XS1322373017);

“**2033 Step-up Date**” means the Interest Payment Date falling in May 2033;

“**2048 Step-up Date**” means the Interest Payment Date falling in May 2048;

“**Adjustment Spread**” means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer determines that no such spread is customarily applied);

- (iii) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or (if the Issuer determines that no such spread is so recognised or acknowledged)
- (iv) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate;

“**Alternative Rate**” means an alternative to the Original Reference Rate which the Issuer determines in accordance with Condition 4(i)(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same Interest Period and in the same currency as the Capital Securities;

“**Arrears of Interest**” has the meaning given in Condition 5(a);

“**Benchmark Amendments**” has the meaning given in Condition 4(i)(iv);

“**Benchmark Event**” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Capital Securities; or
- (v) a public statement by the supervisor of the administrator of the Original Reference Rate that, in the view of such supervisor, such Original Reference Rate is no longer representative of its relevant underlying market; or
- (vi) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Holder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement;

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London and Stockholm;

“**Calculation Agent**” means Citibank, N.A., London Branch, or any successor appointed in accordance with the Fiscal Agency Agreement;

“**Calculation Amount**” means SEK1,000,000;

“**Capital Securities**” has the meaning given in the preamble to these Conditions;

“**Conditions**” means these terms and conditions of the Capital Securities, as amended from time to time;

“**Coupon**” has the meaning given in the preamble to these Conditions;

“**Custodian**” means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which a Holder, directly or indirectly, maintains a securities account in respect of the Capital Securities and includes Euroclear or Clearstream, Luxembourg;

“**Day-Count Fraction**” means Actual/360, the actual number of days in the Interest Period divided by 360;

“**Deferral Notice**” has the meaning given in Condition 5(a);

“**Deferred Interest**” has the meaning given in Condition 5(a);

A “**Deferred Interest Payment Event**” means any one or more of the following events:

- (a) declaration or payment of any distribution or dividend or any other payment made by the Issuer on its share capital or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or by the Issuer or any Subsidiary of the Issuer, as the case may be, on any Parity Securities; and/or
- (b) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any shares of the Issuer or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities; and/or
- (c) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any Parity Securities,

save for:

- (i) in each case, any compulsory distribution, dividend, other payment, redemption, repurchase, repayment, cancellation, reduction or other acquisition required by the terms of such securities or by mandatory operation of applicable law;
- (ii) in the case of (b) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition executed in connection with, or for the purpose of (1) any reduction of the quota value of the share capital of the Issuer without a corresponding return of cash, capital or assets to shareholders of the Issuer or (2) any share buyback programme then in force and duly approved by the shareholders’ general meeting of the Issuer or the relevant Subsidiary of the Issuer (as applicable) or any existing or future stock option plan or free share allocation plan or other incentive plan, in all cases, reserved for directors, officers and/or employees of the Issuer or the relevant Subsidiary of the Issuer or any associated hedging transaction; and
- (iii) in the case of (c) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition executed in whole or in part in the form of a public tender offer or public exchange offer at a consideration per Parity Security below its par value,

A Deferred Interest Payment Event shall not occur pursuant to paragraph (a) above in respect of any optional pro rata payment of deferred or arrears of interest on any Parity Securities which is made simultaneously with an optional pro rata payment of any Arrears of Interest provided that such pro rata payment of deferred or arrears of interest on a Parity Security is not proportionately more than the pro rata settlement of any such Arrears of Interest;

“**FATCA Withholding**” has the meaning given in Condition 10(b);

“**Fiscal Agency Agreement**” has the meaning given in the preamble to these Conditions;

“**Further Capital Securities**” has the meaning given in Condition 18;

“**Global Security**” has the meaning given in Condition 1(a);

“**Holder**” has the meaning given in Condition 1(b);

“**holder**” has the meaning given in Condition 1(a);

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer at its own expense under Condition 4(i)(i);

“**Initial Interest Amount**” has the meaning given in Condition 4(d);

“**Initial Interest Rate**” has the meaning given in Condition 4(c);

“**Interest Determination Date**” has the meaning given in Condition 4(c);

“**Interest Payment**” means, in respect the payment of interest on an Interest Payment Date, the amount of interest payable on the presentation and surrender of the Coupon for the relevant Interest Period in accordance with Condition 4;

“**Interest Payment Date**” has the meaning given in Condition 4(a);

“**Interest Period**” has the meaning given in Condition 4(a);

“**Interest Rate**” means the Initial Interest Rate or the relevant Step-up Interest Rate, as the case may be;

“**Issue Date**” has the meaning given in Condition 4(a);

“**Issuer**” means Vattenfall AB (publ), Swedish Reg. No. 556036-2138;

“**Issuer Re-construction**” has the meaning given in Condition 3(a);

“**Issuer Winding-up**” has the meaning given in Condition 3(a);

“**Make-Whole Redemption Amount**” means an amount calculated by an independent financial adviser appointed by the Issuer for the purposes of calculating such amount, equal to the higher of:

- (a) 100 per cent. of the principal amount of the Capital Securities to be redeemed; and
- (b) the sum of the then present values of the principal amount of the Capital Securities to be redeemed and the aggregate amount of scheduled payment(s) of interest (calculated on the basis of the prevailing Interest Rate at the time of the redemption) on such Capital Securities for the Remaining Term (exclusive of interest accrued to the redemption date and any outstanding Arrears of Interest) discounted to the relevant redemption date on an annual basis (based on the actual number of days elapsed divided by 365 (in the case of a leap year, 366)) at a rate equal to the sum of: (x) the Reference Bond Rate and (y) the Make-Whole Redemption Margin;

“**Make-Whole Redemption Margin**” means:

- (a) in respect of the period from (and including) the Issue Date to (but excluding) the 2033 Step-up Date, 0.35 per cent.;

- (b) in respect of the period from (and including) the 2033 Step-up Date to (but excluding) the 2048 Step-up Date, 0.40 per cent.; and
- (c) in respect of the period from (and including) the 2048 Step-up Date to (but excluding) the Maturity Date, 0.50 per cent.;

“**Maturity Date**” means the Interest Payment Date falling in May 2083;

“**Moody’s**” means Moody’s Investors Service Limited and/or its affiliates and/or successors in business;

“**NC7 Fixed Rate Reset Capital Securities**” means the Issuer’s SEK500,000,000 Subordinated Fixed Rate Reset 7 year Non-Call Capital Securities due 2083 (ISIN: XS2342250730);

“**Original Reference Rate**” means the 3 Month STIBOR Rate (or any component part thereof) (provided that if, following one or more Benchmark Events, the 3 Month STIBOR Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate, the term “Original Reference Rate” shall include any such Successor Rate or Alternative Rate (or any component part thereof));

“**Parity Securities**” means any obligations of:

- (i) the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Capital Securities (and which shall include, for so long as any of the same remain outstanding, the NC7 Fixed Rate Reset Capital Securities, the 2077 Fixed Rate Capital Securities, the 2077 Floating Rate Capital Securities, the 2077 NC12 Capital Securities and the 2078 NC8 Capital Securities); and
- (ii) any Subsidiary of the Issuer having the benefit of a guarantee or support agreement from the Issuer which ranks or is expressed to rank *pari passu* with the Capital Securities;

“**Paying Agents**” has the meaning given in the preamble to these Conditions;

“**Payment Day**” has the meaning given in Condition 10(c);

“**Permanent Global Security**” has the meaning given in Condition 1(a);

“**Qualifying Capital Securities**” means securities that contain terms not materially less favourable to Holders than the terms of the Capital Securities (as reasonably determined by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing) and provided that a certification to such effect (and confirming that the conditions set out in (a) to (h) below have been satisfied) of two authorised signatories of the Issuer shall have been delivered to the Fiscal Agent prior to the substitution or variation of the Capital Securities), provided that:

- (a) they shall be issued by the Issuer, the successor in business of the Issuer or by any wholly-owned direct or indirect finance Subsidiary of the Issuer with a guarantee of the Issuer; and
- (b) they (and/or, as appropriate, the guarantee as aforesaid) shall rank *pari passu* in an Issuer Winding-up and Issuer Re-construction with the ranking of the Capital Securities; and
- (c) they shall contain terms which provide for the same interest rate from time to time applying to the Capital Securities and preserve the same Interest Payment Dates; and
- (d) they shall preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Capital Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption; and

- (e) they shall preserve any existing rights under the Capital Securities to any accrued interest, any Arrears of Interest and any other amounts payable under the Capital Securities which, in each case, has accrued to Holders and not been paid; and
- (f) they shall not contain terms providing for the mandatory deferral of interest and shall not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (g) they shall, immediately after such exchange or variation, be assigned at least the same credit rating(s) by the same Rating Agencies as may have been assigned to the Capital Securities immediately prior to such exchange or variation (if any); and
- (h) they shall otherwise contain substantially identical terms (as reasonably determined by the Issuer) to the Capital Securities, save where any modifications to such terms are required to be made to avoid the occurrence or effect of a Tax Deductibility Event, a Rating Methodology Event or, as the case may be, a Withholding Tax Event or, in the case of a Rating Methodology Event occurring following any relevant refinancing of the Capital Securities, to avoid any part of the aggregate principal amount of the Capital Securities which benefitted from equity credit by the relevant Rating Agency prior to the occurrence of the Rating Methodology Event being assigned a level of equity credit (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) that is lower than the equity credit assigned on the Issue Date (or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time); and
- (i) they shall be (A) listed and admitted to trading on Nasdaq Stockholm's regulated market or (B) admitted to trading on any other regulated market for the purposes of Directive 2004/39/EC as selected by the Issuer;

“Rating Agency” means Moody's, S&P and any other rating agency of equivalent international standing requested by the Issuer to grant a corporate credit rating to the Issuer and, in each case, their successors or affiliates;

a **“Rating Methodology Event”** shall be deemed to occur if the Issuer has received confirmation from any Rating Agency either directly or via a publication by such Rating Agency, and has notified the Holders in accordance with Condition 17 that it has so received confirmation from any Rating Agency, that due to any amendment to, clarification of or change in hybrid capital methodology or a change in the interpretation thereof, in each case occurring or becoming effective after the Issue Date, all or any of the Capital Securities will no longer be eligible (or if the Capital Securities have been partially or fully re-financed since the Issue Date and are no longer eligible for equity credit from such Rating Agency in part or in full as a result, all or any of the Capital Securities would no longer have been eligible as a result of such amendment, clarification, change in criteria or change in the interpretation had they not been re-financed) for the same or a higher amount of “equity credit” (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) attributed to the Capital Securities at the Issue Date (or, if “equity credit” is not assigned to the Capital Securities by the relevant Rating Agency on the Issue Date, at the date on which “equity credit” is assigned by such Rating Agency for the first time);

“Reference Bond” means a government security or securities selected by an independent financial adviser appointed by the Issuer for such purpose, as having an actual or interpolated maturity comparable to 3 months at the time of selection and in accordance with customary financial practice;

“Reference Bond Price” means, with respect to the relevant redemption date, the amount displayed on the Reference Screen Page or, if the Reference Screen Page is not available, (a) the arithmetic average of the

Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Calculation Agent or an independent financial adviser appointed by the Issuer for such purpose is provided with fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

“**Reference Bond Rate**” means, with respect to the relevant redemption date, the rate per annum equal to the annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such redemption date;

“**Reference Date**” will be set out in the relevant notice of redemption;

“**Reference Government Bond Dealer**” means each of five banks selected by the Issuer, or their affiliates, which are (a) primary government securities dealers, and their respective successors, or (b) market makers in pricing corporate bond issues;

“**Reference Government Bond Dealer Quotations**” means, with respect to each Reference Government Bond Dealer and the relevant redemption date, the arithmetic average, as determined by the Calculation Agent or an independent financial adviser appointed by the Issuer for such purpose, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at 11:00 a.m. (Central European time) on the Reference Date quoted in writing to the Calculation Agent or such independent financial adviser by such Reference Government Bond Dealer;

“**Reference Screen Page**” means the relevant screen page for the Reference Bond as selected by the Issuer or by an independent advisor appointed by the Issuer for such purpose (or any successor or replacement page, section or other part of the information service), or such other page, section or other part as may replace it on the information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying the mid-market yield to maturity for the Reference Bond;

“**Relevant Date**” means:

- (i) in respect of any payment other than a sum to be paid by the Issuer in an Issuer Winding-up or Issuer Re-construction, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been duly received by the Fiscal Agent on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders by or on behalf of the Issuer in accordance with Condition 17; and
- (ii) in respect of any sum to be paid by or on behalf of the Issuer in an Issuer Winding-up or Issuer Re-construction, the date which is one day prior to the date on which an order is made or a resolution is passed for such Issuer Winding-up or Issuer Re-construction;

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;

“**Relevant Period**” means the period commencing on (and including) 26 November 2027 and ending on (and including) the 2028 Call Date;

“**Remaining Term**” means, with respect to any Capital Security, the period from (and including) the redemption date to (but excluding) (a) if the redemption date occurs before the first day of the Relevant Period, 26 November 2027 or (b) if the redemption date occurs after the Relevant Period, the next succeeding Interest Payment Date;

“**Special Event**” means any of a Tax Deductibility Event, a Substantial Repurchase Event, a Rating Methodology Event, a Withholding Tax Event, or any combination of the foregoing;

“**S&P**” means S&P Global Ratings Europe Limited and/or its affiliates and/or successors in business;

“**Step-up Interest Rate**” has the meaning given in Condition 4(f);

“**Subordinated Indebtedness**” means any obligation of the Issuer, whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event of an Issuer Winding-up or Issuer Reconstruction to the claims of all unsubordinated creditors of the Issuer but senior to the Capital Securities or to the obligations of the Issuer in respect of any Parity Securities;

“**Subsidiary**” has the meaning provided in the Swedish Companies Act and “**Subsidiaries**” shall be construed accordingly;

a “**Substantial Repurchase Event**” shall be deemed to occur if the Issuer and/or any of its Subsidiaries repurchases and cancels or has at any time repurchased and cancelled, a principal amount of Capital Securities equal to or greater than 75 per cent. of the aggregate principal amount of the Capital Securities initially issued (which shall include, for these purposes, any Further Capital Securities);

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body;

“**Swedish Companies Act**” means the Swedish Companies Act (*Aktiebolagslagen (2005:551)*) (as amended, supplemented or re-enacted);

“**Swedish krona**” or “**SEK**” means the lawful currency of Sweden;

“**Talons**” has the meaning given in the preamble to these Conditions;

“**Tax Deductibility Event**” means the receipt by the Issuer of an opinion of counsel in Sweden (experienced in such matters) to the effect that, as a result of a Tax Law Change, any interest payments under the Capital Securities were, but are no longer, tax-deductible by the Issuer for Swedish tax purposes to the same extent as any unsubordinated obligations of the Issuer;

“**Tax Law Change**” means (a) any amendment to, clarification of, or change (excluding any proposed amendment, clarification or change announced prior to the Issue Date but including any proposed amendment, clarification or change announced on or after the Issue Date) in the laws or treaties (or any regulations thereunder) of Sweden affecting taxation, (b) any governmental action (c) or any amendment to, clarification of, or change in the official position or the interpretation of such law, treaty (or regulations thereunder) or governmental action or any interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in Sweden, irrespective of the manner in which such amendment, clarification, change, action, pronouncement, interpretation or decision is made known, which amendment, clarification or

change is effective or such governmental action, pronouncement, interpretation or decision is announced on or after the Issue Date;

“Taxes” has the meaning given in Condition 12;

“Temporary Global Security” has the meaning given in Condition 1(a); and

a “Withholding Tax Event” shall be deemed to occur if, as a result of any Tax Law Change, in making any payments on the Capital Securities, the Issuer has paid or will or would on the next Interest Payment Date be required to pay additional amounts on the Capital Securities pursuant to Condition 12 and the Issuer cannot avoid the foregoing by taking reasonable measures available to it.

The following text in italics does not form part of the Conditions:

The Issuer intends (without thereby assuming a legal or contractual obligation) that it will redeem or repurchase the Capital Securities (or any part thereof) only to the extent that the aggregate principal amount of the Capital Securities (or any part thereof) to be redeemed or repurchased which was assigned “equity credit” (or such similar nomenclature used by S&P from time to time) by S&P at the time of their issuance does not exceed such part of the net proceeds received by the Issuer or any Subsidiary of the Issuer from the sale or issuance by the Issuer or any Subsidiary of the Issuer to third party purchasers of securities which are assigned by S&P at the time of sale or issuance of such securities an aggregate “equity credit” (or such similar nomenclature used by S&P from time to time) that is equal to or greater than the “equity credit” assigned by S&P to the Capital Securities (or any part thereof) to be redeemed or repurchased (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Capital Securities).

The following exceptions apply as to the Issuer’s replacement intention. The Capital Securities are not intended to be replaced:

- (a) if the issuer rating assigned by S&P to the Issuer is at least equal to the rating assigned by S&P to the Issuer as at the date of the last additional issuance of hybrid capital by the Issuer or any Subsidiary of the Issuer (excluding refinancings) and the Issuer is of the view that such rating would not fall below this level as a result of such redemption or repurchase; or*
- (b) if the stand-alone credit profile assigned by S&P to the Issuer is at least equal to the stand-alone credit profile assigned by S&P to the Issuer as at the date of the last additional issuance of hybrid capital by the Issuer or any Subsidiary of the Issuer (excluding refinancings) and the Issuer is of the view that such stand-alone credit profile would not fall below this level as a result of such redemption or repurchase; or*
- (c) in the case of any repurchase, up to the maximum amount of Capital Securities repurchased that would allow the Issuer’s aggregate principal amount of hybrid capital remaining outstanding after such repurchase to be equal to or greater than the maximum aggregate principal amount of hybrid capital to which S&P would assign any category of “equity credit” (or such similar nomenclature then used by S&P at the time of such repurchase); or*
- (d) if the Capital Securities are not assigned any category of “equity credit” (or such similar nomenclature then used by S&P at the time of such redemption or purchase) by S&P; or*
- (e) in the case of repurchase of less than (x) 10 per cent. of the aggregate principal amount of hybrid capital outstanding in any period of 12 consecutive months or (y) 25 per cent. of the aggregate principal amount of hybrid capital outstanding in any period of 10 consecutive years; or*
- (f) if such redemption or repurchase occurs on or after the 2048 Step-up Date; or*

- (g) *if such redemption is pursuant to a Tax Deductibility Event, a Substantial Repurchase Event, a Rating Methodology Event or a Withholding Tax Event.*

SUMMARY OF PROVISIONS RELATING TO THE CAPITAL SECURITIES IN GLOBAL FORM

Part A - Provisions relating to the NC7 Fixed Rate Reset Capital Securities whilst in global form

Global Securities and Definitive Capital Securities

The NC7 Fixed Rate Reset Capital Securities will initially be represented by a temporary bearer global security (the “**NC7 Fixed Rate Reset Temporary Global Security**”) which will be deposited on or around the Issue Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The principal amount of the NC7 Fixed Rate Reset Capital Securities shall be the aggregate amount from time to time entered in the records of Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) or any permitted alternative clearing system (the “**Alternative Clearing System**”) (each a “**relevant Clearing System**”). The records of such relevant Clearing System shall be conclusive evidence of the principal amount of NC7 Fixed Rate Reset Capital Securities represented by the NC7 Fixed Rate Reset Temporary Global Security and the NC7 Fixed Rate Reset Permanent Global Security and a statement issued by such relevant Clearing System at any time shall be conclusive evidence of the records of that relevant Clearing System at that time.

The NC7 Fixed Rate Reset Temporary Global Security will be exchangeable in whole or in part for interests in a permanent bearer global security (the “**NC7 Fixed Rate Reset Permanent Global Security**”) not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the NC7 Fixed Rate Reset Temporary Global Security unless exchange for interests in the NC7 Fixed Rate Reset Permanent Global Security is improperly withheld or refused. In addition, interest payments in respect of the NC7 Fixed Rate Reset Temporary Global Security cannot be collected without such certification of non-U.S. beneficial ownership.

The NC7 Fixed Rate Reset Permanent Global Security will become exchangeable in whole, but not in part, for NC7 Fixed Rate Reset Capital Securities in definitive form (the “**NC7 Fixed Rate Reset Definitive Capital Securities**”) in the denominations of SEK2,000,000 and integral multiples of SEK1,000,000 in excess thereof up to and including SEK3,000,000, at the request of the holder of the NC7 Fixed Rate Reset Permanent Global Security against presentation and surrender of the NC7 Fixed Rate Reset Permanent Global Security to the Fiscal Agent if either of the following events (each, an “**Exchange Event**”) occurs: (a) 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 or (b) any of the circumstances described in Condition 11(a) occurs.

Whenever the NC7 Fixed Rate Reset Permanent Global Security is to be exchanged for NC7 Fixed Rate Reset Definitive Capital Securities, the Issuer shall procure the prompt delivery (free of charge to the holder) of such NC7 Fixed Rate Reset Definitive Capital Securities, duly authenticated and with Coupons (and, if applicable a Talon) attached, in an aggregate principal amount equal to the principal amount of the NC7 Fixed Rate Reset Permanent Global Security to the holder of the NC7 Fixed Rate Reset Permanent Global Security against the surrender of the NC7 Fixed Rate Reset Permanent Global Security to or to the order of the Fiscal Agent within 30 days of the occurrence of the relevant Exchange Event.

References herein to a “holder” shall, in relation to a Capital Security, Coupon or Talon, be a reference to a Holder, except in relation to the NC7 Fixed Rate Reset Temporary Global Security or the NC7 Fixed Rate Reset Permanent Global Security, in which case it means the common safekeeper (or a nominee thereof) acting, and holding, the NC7 Fixed Rate Reset Temporary Global Security or the NC7 Fixed Rate Reset

Permanent Global Security (as applicable) for Euroclear and Clearstream, Luxembourg, on behalf of the Holder(s).

Modifications to the terms of the NC7 Fixed Rate Reset Capital Securities whilst in global form

In addition, the NC7 Fixed Rate Reset Temporary Global Security and the NC7 Fixed Rate Reset Permanent Global Security will contain provisions which may modify the Conditions as they apply to the NC7 Fixed Rate Reset Capital Securities for so long as they are represented by the NC7 Fixed Rate Reset Temporary Global Security and/or the NC7 Fixed Rate Reset Permanent Global Security. The following is a summary of certain of those provisions:

Payments

All payments in respect of the NC7 Fixed Rate Reset Temporary Global Security and the NC7 Fixed Rate Reset Permanent Global Security will be made to, or to the order of, the holder of the same against presentation and (in the case of payment of principal in full with all Arrears of Interest and any other interest accrued thereon) surrender of the NC7 Fixed Rate Reset Temporary Global Security or (as the case may be) the NC7 Fixed Rate Reset Permanent Global Security to or to the order of the Fiscal Agent, and each payment so made will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the relevant amount so paid on the NC7 Fixed Rate Reset Capital Securities.

On each occasion on which a payment of principal or interest is made in respect of the NC7 Fixed Rate Reset Temporary Global Security or the NC7 Fixed Rate Reset Permanent Global Security, the Fiscal Agent shall cause the records of Euroclear and/or Clearstream, Luxembourg as applicable to be updated, as appropriate, and such payments so made to or to the order of the holder of the NC7 Fixed Rate Reset Temporary Global Security or the NC7 Fixed Rate Reset Permanent Global Security (as applicable) shall be credited to the accounts of each relevant Custodian for onward payment to the Holders in accordance with the customary procedures of Euroclear and/or Clearstream, Luxembourg.

In relation to a NC7 Fixed Rate Reset Capital Security represented by the NC7 Fixed Rate Reset Temporary Global Security or the NC7 Fixed Rate Reset Permanent Global Security (as applicable), payments made in respect of such Capital Security by or on behalf of the Issuer to or to the order of the holder of the Global NC7 Fixed Rate Reset Temporary Global Security or the NC7 Fixed Rate Reset Permanent Global Security (as applicable), and otherwise in accordance with the Conditions, shall to that extent be a good discharge to the Issuer (including in circumstances where the corresponding entries have not yet been made in the records of Euroclear or Clearstream, Luxembourg as the case may be).

Calculation of interest

For so long as all of the NC7 Fixed Rate Reset Capital Securities are represented by the NC7 Fixed Rate Reset Temporary Global Security and/or the NC7 Fixed Rate Reset Permanent Global Security (as the case may be), interest shall be calculated in respect of the entire principal amount of NC7 Fixed Rate Reset Capital Securities represented by the NC7 Fixed Rate Reset Temporary Global Security and/or the NC7 Fixed Rate Reset Permanent Global Security (as the case may be) and not per Calculation Amount as provided in Condition 4(b).

Title and transfers

The ownership interests in the NC7 Fixed Rate Reset Temporary Global Security or the NC7 Fixed Rate Reset Permanent Global Security (as the case may be) will be evidenced by the records of Euroclear and Clearstream, Luxembourg as applicable and transfers of such ownership interests will be effected by Euroclear or Clearstream, Luxembourg (as the case may be) and their respective direct and indirect participants in accordance with their respective rules and procedures, and the book-entries made by Euroclear or Clearstream, Luxembourg (as the case may be) to effect such transfers shall be deemed to constitute notice

to the Issuer of the relevant transfers. For the avoidance of doubt, ownership interests in the NC7 Fixed Rate Reset Temporary Global Security or the NC7 Fixed Rate Reset Permanent Global Security will constitute each person's proportionate co-ownership of the NC7 Fixed Rate Reset Temporary Global Security or the NC7 Fixed Rate Reset Permanent Global Security (as the case may be).

Redemption and cancellation

Any redemption or purchase and cancellation of any NC7 Fixed Rate Reset Capital Securities will be effected by a corresponding reduction in the nominal amount of the NC7 Fixed Rate Reset Temporary Global Security or NC7 Fixed Rate Reset Permanent Global Security representing such NC7 Fixed Rate Reset Capital Securities.

Notices

For so long as all of the NC7 Fixed Rate Reset Capital Securities are represented by the NC7 Fixed Rate Reset Temporary Global Security and/or the NC7 Fixed Rate Reset Permanent Global Security (as the case may be) and the same are deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Holders may be given, in lieu of publication as provided in Condition 17, by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for onwards transmission to the Holders and, in any case, such notice shall be deemed to have been given to the Holders on the business day after the date that such notice was delivered to Euroclear and Clearstream, Luxembourg.

For so long as the NC7 Fixed Rate Reset Capital Securities are admitted to listing and/or trading on any market or stock exchange, if so required by the rules of such market or stock exchange or by law notice shall also be given in such manner as may be required or permitted by the rules of such market or stock exchange.

For so long as the NC7 Fixed Rate Reset Capital Securities are represented by the NC7 Fixed Rate Reset Temporary Global Security and/or the NC7 Fixed Rate Reset Permanent Global Security (as the case may be), notices to be given by any Holder of the NC7 Fixed Rate Reset Capital Securities shall be given to the Fiscal Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner the Fiscal Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

Clearing Systems

References herein to Euroclear and Clearstream, Luxembourg shall include any successor or other clearing system in which the NC7 Fixed Rate Reset Capital Securities may be cleared and/or traded from time to time.

Part B - Provisions relating to the NC7 Floating Rate Capital Securities whilst in global form

Global Securities and Definitive Capital Securities

The NC7 Floating Rate Capital Securities will initially be represented by a temporary bearer global security (the “**NC7 Floating Rate Temporary Global Security**”) which will be deposited on or around the Issue Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The principal amount of the NC7 Floating Rate Capital Securities shall be the aggregate amount from time to time entered in the records of Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) or any permitted alternative clearing system (the “**Alternative Clearing System**”) (each a “**relevant Clearing System**”). The records of such relevant Clearing System shall be conclusive evidence of the principal amount of NC7 Floating Rate Capital Securities represented by the NC7 Floating Rate Temporary Global Security and the NC7 Floating Rate Permanent Global Security and a statement issued by such relevant Clearing System at any time shall be conclusive evidence of the records of that relevant Clearing System at that time.

The NC7 Floating Rate Temporary Global Security will be exchangeable in whole or in part for interests in a permanent bearer global security (the “**NC7 Floating Rate Permanent Global Security**”) not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the NC7 Floating Rate Temporary Global Security unless exchange for interests in the NC7 Floating Rate Permanent Global Security is improperly withheld or refused. In addition, interest payments in respect of the NC7 Floating Rate Temporary Global Security cannot be collected without such certification of non-U.S. beneficial ownership.

The NC7 Floating Rate Permanent Global Security will become exchangeable in whole, but not in part, for NC7 Floating Rate Capital Securities in definitive form (the “**NC7 Floating Rate Definitive Capital Securities**”) in the denominations of SEK2,000,000 and integral multiples of SEK1,000,000 in excess thereof up to and including SEK3,000,000, at the request of the holder of the NC7 Floating Rate Permanent Global Security against presentation and surrender of the NC7 Floating Rate Permanent Global Security to the Fiscal Agent if either of the following events (each, an “**Exchange Event**”) occurs: (a) 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 or (b) any of the circumstances described in Condition 11(a) occurs.

Whenever the NC7 Floating Rate Permanent Global Security is to be exchanged for NC7 Floating Rate Definitive Capital Securities, the Issuer shall procure the prompt delivery (free of charge to the holder) of such NC7 Floating Rate Definitive Capital Securities, duly authenticated and with Coupons (and, if applicable a Talon) attached, in an aggregate principal amount equal to the principal amount of the NC7 Floating Rate Permanent Global Security to the bearer of the NC7 Floating Rate Permanent Global Security against the surrender of the NC7 Floating Rate Permanent Global Security to or to the order of the Fiscal Agent within 30 days of the occurrence of the relevant Exchange Event.

References herein to a “holder” shall, in relation to a Capital Security, Coupon or Talon, be a reference to a Holder, except in relation to the NC7 Floating Rate Reset Temporary Global Security or the NC7 Floating Rate Reset Permanent Global Security, in which case it means the common safekeeper (or a nominee thereof) acting, and holding, the NC7 Floating Rate Reset Temporary Global Security or the NC7 Floating Rate Reset Permanent Global Security (as applicable) for Euroclear and Clearstream, Luxembourg, on behalf of the Holder(s).

Modifications to the terms of the NC7 Floating Rate Capital Securities whilst in global form

In addition, the NC7 Floating Rate Temporary Global Security and the NC7 Floating Rate Permanent Global Security will contain provisions which may modify the Conditions as they apply to the NC7 Floating Rate Capital Securities for so long as they are represented by the NC7 Floating Rate Temporary Global Security and/or the NC7 Floating Rate Permanent Global Security. The following is a summary of certain of those provisions:

Payments

All payments in respect of the NC7 Floating Rate Temporary Global Security and the NC7 Floating Rate Permanent Global Security will be made to, or to the order of, the holder of the same against presentation and (in the case of payment of principal in full with all Arrears of Interest and any other interest accrued thereon) surrender of the NC7 Floating Rate Temporary Global Security or (as the case may be) the NC7 Floating Rate Permanent Global Security or to the order of the Fiscal Agent, and each payment so made will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the relevant amount so paid on the NC7 Floating Rate Capital Securities.

On each occasion on which a payment of principal or interest is made in respect of the NC7 Floating Rate Temporary Global Security or the NC7 Floating Rate Permanent Global Security, the Fiscal Agent shall cause the records of Euroclear and/or Clearstream, Luxembourg as applicable to be updated, as appropriate, and such payments so made to or to the order of the holder of the NC7 Floating Rate Reset Temporary Global Security or the NC7 Floating Rate Reset Permanent Global Security (as applicable) shall be credited to the accounts of each relevant Custodian for onward payment to the Holders in accordance with the customary procedures of Euroclear and/or Clearstream, Luxembourg.

Calculation of interest

For so long as all of the NC7 Floating Rate Capital Securities are represented by the NC7 Floating Rate Temporary Global Security and/or the NC7 Floating Rate Permanent Global Security (as the case may be), interest shall be calculated in respect of the entire principal amount of NC7 Floating Rate Capital Securities represented by the NC7 Floating Rate Temporary Global Security and/or the NC7 Floating Rate Permanent Global Security (as the case may be) and not per Calculation Amount as provided in the Conditions.

Title and transfers

The ownership interests in the NC7 Floating Rate Temporary Global Security or the NC7 Floating Rate Permanent Global Security (as the case may be) will be evidenced by the records of Euroclear and Clearstream, Luxembourg as applicable and transfers of such ownership interests will be effected by Euroclear or Clearstream, Luxembourg (as the case may be) and their respective direct and indirect participants in accordance with their respective rules and procedures, and the book-entries made by Euroclear or Clearstream, Luxembourg (as the case may be) to effect such transfers shall be deemed to constitute notice to the Issuer of the relevant transfers. For the avoidance of doubt, ownership interests in the NC7 Floating Rate Reset Temporary Global Security or the NC7 Floating Rate Reset Permanent Global Security will constitute each person's proportionate co-ownership of the NC7 Floating Rate Reset Temporary Global Security or the NC7 Floating Rate Reset Permanent Global Security.

Redemption and cancellation

Any redemption or purchase and cancellation of any NC7 Floating Rate Capital Securities will be effected by a corresponding reduction in the nominal amount of the NC7 Floating Rate Temporary Global Security or NC7 Floating Rate Permanent Global Security representing such NC7 Floating Rate Capital Securities.

Notices

For so long as all of the NC7 Floating Rate Capital Securities are represented by the NC7 Floating Rate Temporary Global Security and/or the NC7 Floating Rate Permanent Global Security (as the case may be) and the same are deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Holders may be given, in lieu of publication as provided in Condition 17, by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for onwards transmission to the Holders and, in any case, such notice shall be deemed to have been given to the Holders on the business day after the date that such notice was delivered to Euroclear and Clearstream, Luxembourg.

For so long as such NC7 Floating Rate Capital Securities are admitted to listing and/or trading on any market or stock exchange, if so required by the rules of such market or stock exchange or by law notice shall also be given in such manner as may be required or permitted by the rules of such market or stock exchange.

For so long as the NC7 Floating Rate Reset Capital Securities are represented by the NC7 Floating Rate Reset Temporary Global Security and/or the NC7 Floating Rate Reset Permanent Global Security (as the case may be), notices to be given by any Holder of the NC7 Floating Rate Reset Capital Securities shall be given to the Fiscal Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner the Fiscal Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

Clearing Systems

References herein to Euroclear and Clearstream, Luxembourg shall include any successor or other clearing system in which the NC7 Floating Rate Capital Securities may be cleared and/or traded from time to time.

USE OF PROCEEDS

The net proceeds of the issue of the Capital Securities, after the deduction of underwriting discounts and expenses associated with the offering, are expected to be approximately SEK3,487,815,000. The Issuer intends to allocate an amount equal to the net proceeds of the issue of the Capital Securities to the financing or refinancing of a portfolio of new or existing eligible green projects (“**Eligible Green Projects**”) that meet the requirements of the Issuer’s green bond framework published on its website (<https://group.vattenfall.com/investors/funding-and-ratings/green-financing>), as applicable from time to time (the “**Green Bond Framework**”).

DESCRIPTION OF THE GROUP

Overview

General and History

Vattenfall's history dates back to 1909 and the Issuer was incorporated and registered with the Swedish Companies Registration Office on 5 March and 18 June 1937, respectively. With effect from 1 January 1992 the Swedish State Power Board (*Statens Vattenfallsverk*) was converted from a public utility into a limited liability company, having been established under the name Vattenfall Aktiebolag in November 1990. The national high-voltage grid (together with its international connections), which was part of Statens Vattenfallsverk's operations, was not transferred but was demerged and incorporated into a new public utility, Svenska Kraftnät. With effect from 1 January 1995, the Issuer became a public limited company, regulated by the Swedish Companies Act (*aktiebolagslagen (2005:551)*). The legal name of the Issuer (and its commercial name) is Vattenfall AB. The Issuer is registered (*säte*) in Solna, Sweden under registration number 556036-2138. It has its registered office at SE-169 92 Stockholm, Sweden and its head office at Evenemangsgatan 13, SE-169 79 Solna, Sweden. Its telephone number is +46 8 739 50 00 and its LEI code is 549300T5RZ1HA5HZ3109.

The Issuer is the parent company of the Group and is 100 per cent. owned by the Swedish state. The Issuer's activities are conducted on a commercial basis with the Swedish state's involvement limited to the role of a shareholder.

Group Vision and Operations

The Issuer's assignment, from its owner the Swedish state, is to generate a market rate of return by operating an energy business that enables the Issuer to be among the leaders in developing environmentally sustainable energy production. The Group's vision is to be a dedicated partner to its customers and society at large, providing convenient and innovative energy solutions, while being a leader in sustainable production and ensuring a reliable and cost-efficient energy supply. The Group's ambition is to enable fossil-free living within one generation. The Group's main markets are Sweden, Germany, the Netherlands, Denmark, and the United Kingdom and its main products are electricity, heat and gas. In electricity and heat, the Group works in all parts of the value chain: generation, distribution and sales. In gas, the Group is active in sales and storage. The Group is also engaged in energy trading. As at 31 December 2020, the Group had approximately 20,000 full time equivalent employees.

The Group's operations consist largely of production of electricity and heat; distribution of electricity and heat; and sales of electricity, gas and heat, each of which involves slightly varying business models.

Production of electricity and heat is conducted with various types of energy sources as input. Electricity and heat production are competitive businesses and the marginal cost per produced unit is the most important competitive factor.

Distribution of electricity is a regulated and legally unbundled business where revenue frameworks are set by the regulators, which are intended to cover investment costs and allow a reasonable return on invested capital. Distribution of heat (district heating) is not a regulated business but has characteristics similar to electricity distribution.

Sales of electricity, gas and heat are competitive businesses, where price and product are the key competitive factors. Add-on services, such as energy efficiency solutions and other advice on sustainable energy, are becoming an increasingly important competitive factor. The new energy landscape is opening a new market

for customer-centric services as many customers are seeking to become more active as consumers and increasingly also want to become electricity producers themselves.

The figures presented for the sections titled “Electricity generation”, “Sales of electricity, heat and gas” and “Price hedging” below are based on the performance of the Group and the figures are as reported in the 2020 annual and sustainability report and the interim report for the period January-March 2021 (“Q1 2021”).

Electricity generation

Electricity generation decreased by 13 per cent. to 112.8 TWh in 2020 (130.3 TWh in 2019). Hydro power generation increased by 11 per cent. during 2020. Nuclear power generation decreased by 26 per cent., mainly due to the closure of Ringhals 2, prolonged outages for yearly inspections and output reductions in response to lower price levels. Fossil-based power generation (coal and gas) decreased by 27 per cent. in 2020. The Group’s electricity generation from wind power increased by 14 per cent. in 2020, mainly due to new commissioned capacity.

Sales of electricity, heat and gas

Total sales of electricity, including sales to Nord Pool Spot and deliveries to minority shareholders, decreased by 3 per cent. from 169.4 TWh in 2019 to 164.1 TWh in 2020. Sales of heat decreased by 19 per cent., from 17.1 TWh in 2019 to 13.8 TWh in 2020. Sales of gas decreased by 4 per cent., from 59.2 TWh in 2019 to 56.8 TWh in 2020.

Price hedging

The Group continuously hedges its future electricity generation through sales in the forward and future markets, thus reducing the impact of spot prices on the Group’s earning in the short-term. The Group’s price hedging strategy is primarily focused on the Nordic generation assets. As at 31 March 2021, the estimated Nordic¹ hedge ratio for 2021, 2022 and 2023 was 69 per cent, 56 per cent. and 25 per cent, respectively, and the average indicative Nordic hedge prices for 2021, 2022, and 2023 were 28 EUR/MWh, 28 EUR/MWh and 26 EUR/MWh, respectively. The achieved prices from the spot markets and hedges in Q1 2021 (including Nordic hydro, nuclear and wind power generation) amounted to 33 EUR/MWh, compared to 27 EUR/MWh in Q1 2020.

Strategy

The Group exists to help all of its customers power their lives in ever climate smarter ways and live free from fossil fuels within one generation.

The Group has been electrifying industries, powering homes and transforming lives through innovation and collaboration for over a hundred years, and is now focused on the challenge of transitioning to fully fossil-free energy supply.

The Group engages with customers, business leaders, governments and non-governmental organisations to define and visualise the road ahead – through research and development partnerships, policy discussions and innovative business endeavours. This brings a holistic understanding of customer needs, energy markets, the value chain and the Group’s social impact. Together with its partners, the Group is taking responsibility for finding new, sustainable and innovative ways to power the lives of its customers and electrify the transportation sector, heating and cooling, core industrial manufacturing processes and other areas beyond its industry, to ultimately reduce or eliminate the use of fossil fuels in society.

The Group believes that electrification is a key enabler for reducing CO₂ emissions from heating and cooling, transportation, and industry, in turn leading to increased electricity demand. In combination with the phase-

¹ Comprising Sweden, Denmark and Finland.

out of fossil-based electricity generation in the Group's markets, this points to a strong, long-term market for fossil-free electricity generation. Therefore, a growing, sustainable and cost-effective generation portfolio is strategically attractive. The build-out of the Group's renewables portfolio and the CO₂ roadmap for phasing out coal in the Group's heat operations are key components of the strategy. In addition, hydro and nuclear power generation play a key role in supporting the energy transition, stabilising the grid and supplying electricity based on fossil-free power generation. Electricity grids support the electrification of new sectors, whilst ensuring reliable supply to the Group's customers.

The Group also sees significant new business opportunities in decentralised, integrated and customised energy and network solutions. This is the Group's response to customers wanting sustainable, affordable and convenient energy solutions, combined with significantly lower costs for solar panels and batteries and a growing need for reliable power.

New businesses mean new ways of interacting with customers, technology and society. Additional skills and competences are therefore required. In a highly dynamic environment, the Group fosters an inclusive company culture that encourages individual and organisational learning, and that is open to diverse viewpoints and promotes active collaboration. The Group is also focusing on recruiting and retaining critical talent in a number of areas.

Cost and capital efficiency are prerequisites for success in an increasingly competitive environment. The Group's existing businesses serve as its financial anchor for the period ahead, while the Group invests in new opportunities.

The strategic objectives of the Group are to drive decarbonisation with its customers and partners, connect and optimise the energy system, secure a fossil-free energy supply, deliver high-performing operations and empower its people.

The below list outlines the Group's strategic milestones on its journey towards reaching the Group's ambition of fossil-free living within one generation:

- 2023: Provide electric charging for 1 billion fossil-free kilometres annually;
- 2024: More renewable generation enabled by 750 MW of additional flexible hydro capacity;
- 2025: Reduce CO₂ intensity by >40 per cent. from 2017. Generate fossil-free electricity to power 30 million homes. Provide 7 TWh of renewable energy through corporate power purchase agreements (PPAs);
- 2026: The Hydrogen Breakthrough Ironmaking Technology (HYBRIT) partnership project together with steel producer SSAB and mining company LKAB produces fossil-free steel;
- 2030: Reduce CO₂ intensity by nearly 70 per cent. from 2017. Coal is completely phased out from the Group's operations. Operate a bio-carbon capture and storage (bio-CCS) plant; and
- 2035: More milestones are under development.

Investment plan for 2021–2022

The Group annually revises and updates its investment plan. The latest investment plan was published in the 2020 annual and sustainability report and is described below. The Group plans to invest a total of SEK 57 billion during 2021 and 2022, of which SEK 14 billion and SEK 10 billion pertains to maintenance and replacement investments, respectively. Growth investments amount to SEK 32 billion² and the biggest

² The growth investments are intended to be allocated to projects in the Netherlands (SEK 9 billion), Denmark (SEK 9 billion), the United Kingdom (SEK 7 billion), Sweden (SEK 4 billion) and Germany (SEK 3 billion).

individual share, SEK 23 billion, is planned for investments in wind power. The Group will also invest in the electricity grid and in the expansion of district heating operations. Other growth investments include charging infrastructure, solar and battery projects, decentralised energy solutions and the HYBRIT project. In total, SEK 4 billion, SEK 3 billion and SEK 2 billion are planned for investments in electricity distribution, heat supply and other³ projects, respectively.

Split by technology, SEK 33.9 billion of the planned investments during 2021 and 2022 are intended to be invested in wind, fossil, hydro and other technologies. Compared to 2015 and 2016, where the corresponding amount was SEK 30.8 billion, the share allocated to investments in wind technologies has increased by 41.2 percentage points and the share allocated to investments in fossil technologies has decreased by 34.1 percentage points.⁴

Sustainability

Sustainability considerations are fully integrated in the Group's strategy and operations. The Group's strategy reflects the UN Sustainable Development goals and six of these goals have been identified as most relevant to the Group and to which the Group can provide the most meaningful global contribution:

- 7 Affordable and clean energy
- 9 Industry, innovation and infrastructure
- 11 Sustainable cities and communities
- 12 Responsible consumption and production
- 13 Climate action
- 17 Partnership for the goals

The Group also contributes to several other goals locally (for example 5 Gender equality, 8 Decent working conditions and economic growth, 15 Life on land) or via suppliers (for example 6 Clean water and sanitation, 8 Decent working conditions and economic growth, 10 Reduced inequality).

Good environmental performance is fundamental for the success of the Group's business and environmental aspects are managed as an integrated part of the business. The Group's environmental policy includes commitments to become climate neutral, protect nature and biodiversity and work towards a sustainable resource use. The foundation is a strong and responsible environmental culture, with high emphasis on environmental management on all levels of the company and certified management systems, which is in place for almost 100 per cent. of the energy production and energy management sites.

Social commitments also follow other relevant frameworks. The Group base its work on the UN Global Compact, the International Labour Organization's (ILO) eight fundamental conventions, the OECD's guidelines for Multinational Enterprises, and the UN's Guiding Principles for Business and Human Rights.

³ "Other" mainly comprises charging solutions, solar and battery projects, decentralised solutions and the HYBRIT project.

⁴ Pursuant to the investment plan for 2021–2022, 71.7 per cent., 5.5 per cent., 5.7 per cent. and 16.6. per cent. of the SEK 33.9 billion are intended to be allocated to investments in wind, fossil, hydro and other technologies, respectively, whereas the corresponding allocation in 2015–2016 was 30.5 per cent., 39.6 per cent., 10.4 per cent. and 19.5 per cent. "Fossil" includes hard coal and gas. "Other" includes nuclear, solar and batteries, and biomass.

Group Governance, Organisation and Business Structure

Corporate Governance

Corporate governance in the Group is based on numerous external and internal rules and regulations, the most important of which are set out below.

External rules and regulations

- Swedish and foreign legal rules, particularly the Swedish Companies Act and the Swedish Annual Accounts Act.
- The Swedish state's ownership policy and principles for state-owned enterprises 2020.
- The Swedish Corporate Governance Code (the "**Corporate Governance Code**"). Any deviations that the Issuer makes from the Corporate Governance Code are mainly due to the fact that the Issuer is 100 per cent. owned by the Swedish state, while the Corporate Governance Code is written primarily for listed companies with broad ownership.
- Stock exchange rules. The Issuer adheres to the stock exchange rules that apply for companies that have fixed-income securities registered on Nasdaq Stockholm and rules that apply for other marketplaces in which the Issuer has securities registered.
- International Financial Reporting Standards (IFRS) and other accounting rules.
- Global Reporting Initiative (GRI) Standards 2016 and UN Global Compact, as well as reporting according to Green Bonds Impact Reporting, Science Based Targets and the Task Force on Climate-related Financial Disclosures (TCFD).

Internal rules and regulations

- The Articles of Association.
- The rules of procedure of the board of directors and its committees ("**Rules of Procedure**"), including the Chief Executive Officer's ("**CEO**") instruction and the instruction for reporting to the board of directors.
- Internal documents, particularly those documenting the Vattenfall Management System ("**VMS**"), which include the Group's code of conduct and integrity (the "**Code of Conduct**") and instructions on roles and responsibilities, and on the delegation of duties.

Corporate governance; the AGM

As a Swedish public limited liability company, the Swedish Companies Act applies to the Issuer and requires that the Issuer must have a board of directors ("**Board**") that is elected by the owner at the Annual General Meeting ("**AGM**"). The AGM decides the content of the Issuer's Articles of Association, elects auditors (based on the proposal of the Board), adopts the income statement and balance sheet, grants discharge from liability and deals with other matters of business that are incumbent upon the AGM, pursuant to the Swedish Companies Act and the Issuer's Articles of Association. Under Swedish law, the AGM will be held within six months of the end of each financial year and not later than 30 April, in accordance with the Swedish state's ownership policy. The Board, in turn, appoints the President and CEO, who are responsible for the day-to-day administration of the Issuer in accordance with the Board's guidelines and instructions.

The board of directors

For enterprises that are wholly owned by the Swedish state and that are not listed on a stock market, uniform and joint principles for a structured nomination of board members are applied. These principles take the place

of the Corporate Governance Code's rules on proposal decisions for the nomination of board members and auditors. The principles state that the process for nominating directors is co-ordinated by the Ministry of Enterprise and Innovation.

The Issuer's Articles of Association stipulate that the Board shall have a minimum of five and a maximum of ten AGM-elected directors without deputies. The Chairman of the Board shall be elected by the AGM. In accordance with the Swedish state's ownership policy, the Group's CEO is not a director on the Board. The matters reserved for the Board are prescribed primarily by the Swedish Companies Act and the Rules of Procedure. Each year the Board adopts its Rules of Procedure and a number of central policies and instructions binding on the Issuer and other companies within the Group. The Rules of Procedure and instructions regulate matters such as reporting to the Board, the allocation of duties between the Board, the CEO and the Board's committees, the Chairman's duties, the form of board meetings, and evaluation of the work of the Board and the CEO. The Rules of Procedure stipulate, among other things, that the Board shall approve major investments, acquisitions and divestments, and adopt central policies and instructions. The Board shall also approve certain important contracts, including contracts between the Group and the CEO, and between the Group and such other persons in the Group who are defined as senior executives by the AGM. The Board's duties pertain to the Issuer as well as the Group. The Chairman leads the work of the Board in accordance with the Swedish Companies Act and the Corporate Governance Code, and is responsible for, among other things, ensuring that the board members receive relevant information, discussing ownership matters with the owner, and conveying views from the owner to the Board.

Directors' compensation and fees for committee work are set by the owner at the AGM, in accordance with the Swedish state's ownership policy.

The Rules of Procedure stipulate that eight to twelve regular meetings are to be held each year. In addition to the regular meetings, the Board is summoned to further meetings if necessary. The Rules of Procedure stipulate, among other things, that the following items are to be included on the agenda once a year:

- strategic plan, business plan and investment plan;
- risk mandate and risk policy;
- strategic personnel issues; and
- annual and sustainability report and quarterly reports.

In addition, a report is presented at every regular meeting on important business events since the previous meeting, the financing situation, reports from board committees and matters that are not handled by the CEO in the day-to-day administration. The Board evaluates its own work and that of the CEO work once a year with the aim of improving the Board's processes and effectiveness. The Board sets the overall risk mandates for the Group in the areas of energy and commodity trading, as well as for financial, insurance and credit risks.

Board committees

The Board has established an audit committee (the "**Audit Committee**") and a remuneration committee, and has drawn up rules of procedure for each of them. At the statutory board meeting, the Board appoints a number of directors elected at a general meeting for each committee, one of whom serves as committee chair. In addition, the Board can, where necessary, establish other board committees or temporary work groups to address matters in more defined areas.

The committees report on their work to the Board at the next regular board meeting, where the committee chair presents the report accompanied by minutes of the committee meeting. Except for minor issues considered by the Audit Committee, the committees are only drafting bodies. The Board's legal responsibility

under company law for the Issuer's organisation and administration of the Issuer's affairs is not constrained by the committees' work.

The Audit Committee is, amongst other things, responsible for overseeing the Group's financial reporting, including sustainability reporting, and for meeting with the Group's external and internal auditors on a regular basis in order to stay informed about the planning, focus and scope of the Issuer's audit. The Audit Committee is also responsible for discussing coordination of the external and internal audit work and views of the Issuer's financial risks.

The Audit Committee has the right, on behalf of the Board, to decide on guidelines for services other than auditing that the Group may procure from the Group's auditors. The internal audit's budget, the Internal Audit Charter and the internal audit plan are decided on by the Board.

The Chief Financial Officer ("CFO") and the Head of Internal Audit serve in a reporting role on the Audit Committee.

CEO and Executive Group Management, auditor, internal governance

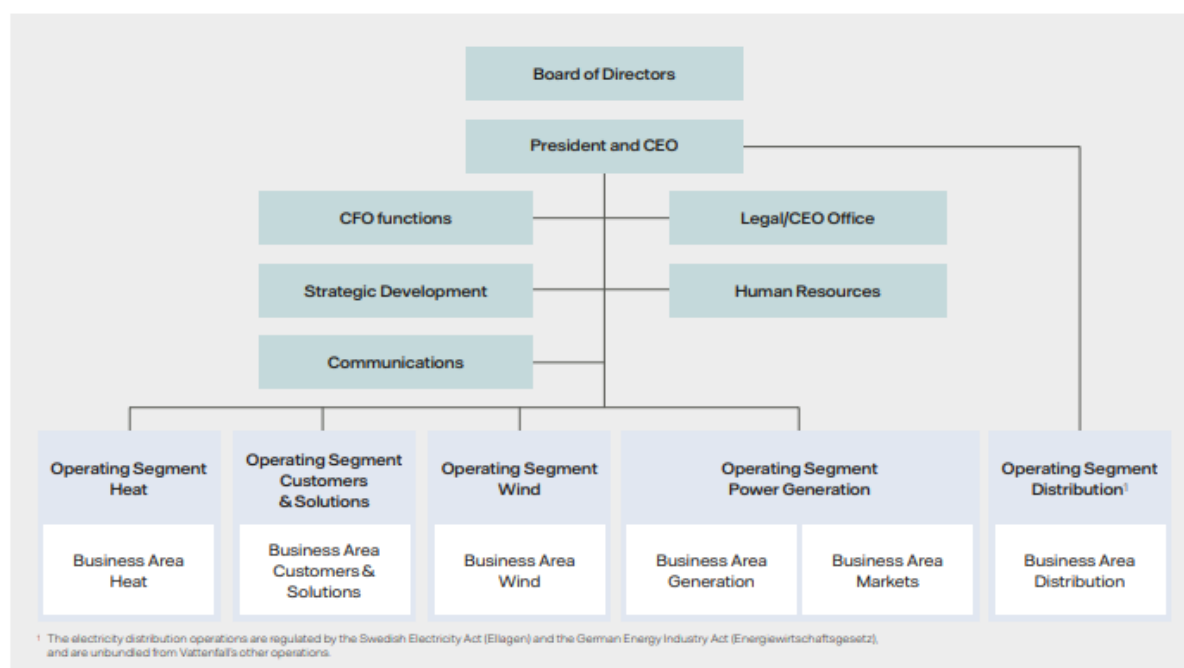
The President of the Issuer, who is also CEO of the Group, is responsible for the day-to-day administration of the Issuer in accordance with the Swedish Companies Act. The CEO has set up internal bodies for governance of the Group and makes decisions independently or with the support of these bodies. The most important of these bodies are the Executive Group Management ("EGM") and the Vattenfall Group Risk Committee ("VRC"). The EGM focuses on the Group's overall direction and decides – within the framework of the CEO's mandate from the Board of Directors – on matters of importance for the Group, such as certain investments. The VRC makes decisions pertaining to, among other things, the risk mandate and credit limits, and exercises oversight of the risk management framework. Both the EGM and the VRC conduct preparatory drafting work on matters that are to be decided by the Board of Directors. No member of the EGM is also a director of the Board.

The Swedish state's ownership policy stipulates that the owner is responsible for the election of auditors and that the auditors are to be appointed by the Annual General Meeting. The Issuer's Articles of Association stipulate that the Issuer shall have one or two auditors with or without one or two deputy auditors, or a chartered auditing firm as auditor. In accordance with the Act on Auditing of State Activities, the Swedish National Audit Office may appoint one or more auditors to participate in the annual audit.

The Issuer's Code of Conduct is adopted by the Board and builds upon the four Vattenfall principles – open, active, positive and safety. Information about the Code of Conduct is provided on the Issuer's intranet and in connection with new hiring and training. These measures have helped make employees more familiar with the Code of Conduct. The Issuer's Code of Conduct also includes clear references to the VMS, which more clearly elaborates on the four principles. The VMS is the framework that ensures that the Issuer's governance adheres to formal requirements as well as to requirements made by the Board, the CEO, the business operations and the Staff Functions (as defined below). The VMS is documented in binding governance documents. The VMS is an integrated management system that applies to the entire Group, along with the limitations that may arise from legal requirements, such as regarding the unbundling of the electricity distribution business.

Organisation and Business Structure

The Group's organisational structure, as depicted by the structure chart below, comprises of six business areas being Heat, Wind, Customers & Solutions, Generation, Markets and Distribution. The Group's business areas are organised in five operating segments, where Generation and Markets make up a single operating segment.



Staff Functions and Shared Service Centres

A number of Group-wide staff functions (“**Staff Functions**”) support the Group’s business, as well as the decision-making process of the EGM and CEO. The Staff Functions also govern relevant business processes in the Group as a whole. The central Staff Functions are organised in a “Corporate Centre”, which supports and directs the business activities and which is managed and co-ordinated centrally, with employees located at both the management level and closer to the business.

Business Operations

Operations are partly conducted through the Subsidiaries of the Issuer and the Issuer is thus dependent on its Subsidiaries to generate revenue and profit in order to be able to fulfil its payment obligations under the Capital Securities.

The Issuer has approximately 300 Subsidiaries. The direct and indirect main Subsidiaries of the Issuer as at the date of this Prospectus are illustrated by the tables below.

Shares and participations owned by the Issuer

	Corporate Identity Number	Registered office	Number of shares	Participation in %
Sweden				
Borås Elhandel AB	556613-7765	Borås	1,000	100
Chlorout AB	558640-9253	Stockholm	500	100
Forsmarks Kraftgrupp AB	556174-8525	Östhammar	198,000	66
Försäkrings AB Vattenfall Insurance.....	516401-8391	Solna	200,000	100
Gotlands Energi AB.....	556008-2157	Gotland	112,500	75
InCharge AB.....	559178-6081	Stockholm	50,000	100
Klimatum AB	559030-1148	Borås	100	100

	Corporate Identity Number	Registered office	Number of shares	Participation in %
Produktionsbalans PBA AB.....	556425-8134	Stockholm	4,800	100
Ringhals AB	556558-7036	Varberg	248,572	70
Svensk Kärnbränslehantering AB.....	556175-2014	Solna	360	36 ⁽¹⁾
Vattenfall Business Services Nordic AB	556439-0614	Stockholm	100	100
Vattenfall Computing Services AB	559217-9229	Stockholm	50,000	100
Vattenfall Elanläggningar AB	556257-5561	Solna	1,000	100
Vattenfall Eldistribution AB.....	556417-0800	Solna	8,000	100
Vattenfall France Holding AB.....	556815-4214	Stockholm	30,500	100
Vattenfall Kundservice AB.....	556529-7065	Umeå	100,000	100
Vattenfall Nuclear Fuel AB	556440-2609	Solna	100	100
Vattenfall Power Consultant AB	556383-5519	Stockholm	12,500	100
Vattenfall Power Management AB.....	556573-5940	Stockholm	6,570	100
Vattenfall Services Nordic AB	556417-0859	Stockholm	26,000	100
Vattenfall Vattenkraft AB.....	556810-1520	Stockholm	1,200	100
Vattenfall Vindkraft AB	556731-0866	Stockholm	1,000	100
Västerbergslagens Energi AB.....	556565-6856	Ludvika	14,674	51
Denmark				
Vattenfall A/S.....	213 11 332	Copenhagen	10,040,000	100
Vattenfall Energy Trading A/S	310 811 81	Copenhagen	500	100
Vindstød A/S	340 451 43	Århus	1,333,333	90 ⁽²⁾
Finland				
Vattenfall Sähköyhtiö Oy	1842073-2	Helsinki	85	100
Germany				
Vattenfall GmbH	(HRB) 124040	Berlin	500,000,000	100
Poland				
Vattenfall IT Services Poland Sp.z.o.o	0000402391	Gliwice	58,000	100
Netherlands				
Vattenfall N.V.	33292245	Amsterdam	136,794,964	100
Other countries				
Parc Eolien En Mer des Bancs de Flandre SAS.....	2016802593	Boulogne Billancourt	58,680	1 ⁽³⁾
Vattenfall Eolien SAS.....	832352528	Boulogne Billancourt	1,000	100
Vattenfall HEAT UK Limited	2951085	London	17,000,002	100
Vattenfall Network Ltd.....	2731769	London	15,000,002	100
Vattenfall Network Solutions Ltd.....	2892708	London	2,000	100
Vattenfall Wind Power Ltd.....	6205750	London	646,000,001	100
Vattenfall UK Sales Limited.....	05461926	London	104,000,400	100

Notes:

- (1) The Group owns a further 30 per cent. via Forsmarks Kraftgrupp AB
- (2) The remaining 10 per cent. of the shares will be paid in 2022.
- (3) The Group owns a further 79 per cent. via Vattenfall Vindkraft AB.

Larger shareholdings owned by Group companies other than the Issuer

Larger shareholdings owned by other Group companies than the Parent Company Vattenfall AB

When calculating the participation percentages, consideration is taken for the non-controlling interests in the respective companies.

	Registered office	Participation in % 2020		Registered office	Participatio n in % 2020
Sweden			Netherlands		
Vattenfall Kraftgården AB.....	Ragunda	74	DELTA Energie B.V.	Middelburg	100
			Feenstra NV.....	Amsterdam	100
			Feenstra Verwarming B.V.	Lelystad	100
Denmark					
Vattenfall Vindkraft A/S.....	Esbjerg	100	Nuon Epe Gas Service BV.....	Amsterdam	100
Vattenfall Vindkraft Nørrekaer Enge A/S.....	Esbjerg	100	Nuon Storage BV	Amsterdam	100
			Vattenfall Customers & Solutions Netherlands NV	Amsterdam	100
Germany					
DanTysk Sandbank Offshore Wind GmbH & Co KG.....	Hamburg	51	Vattenfall Duurzame Energie NV.....	Amsterdam	100
			Vattenfall Energy Sourcing Netherlands NV	Amsterdam	100
Fernheizwerk Neukölln AG.....	Berlin	81	Vattenfall Energy Trading Netherlands NV	Amsterdam	100
Kernkraftwerk Brunsbüttel GmbH & Co oHG.....	Hamburg	67	Vattenfall Klantenservice NV.....	Amsterdam	100
Kernkraftwerk Krümmel GmbH & Co oHG	Hamburg	50	Vattenfall Eemshaven BV	Amsterdam	100
Nuon Epe Gasspeicher GmbH	Gronau	100	Vattenfall Power Generation Netherlands BV	Amsterdam	100
Stromnetz Berlin GmbH	Berlin	100	Vattenfall Renewables NSW I BV....	Amsterdam	100
Vattenfall Energy Trading GmbH.....	Hambutg	100	Vattenfall Sales Nederland NV.....	Amsterdam	100
Vattenfall Europe Business Services GmbH	Hamburg	100	Vattenfall Warmte NV.....	Amsterdam	100
Vattenfall Europe Information Services GmbH.....	Hamburg	100	Vattenfall Windpark Wieringermeer BV	Amsterdam	100
Vattenfall Europe New Energy GmbH	Hamburg	100	Vattenfall Windpark Wieringermeer EXT BV.	Amsterdam	100
Vattenfall Europe New Energy Ecopower GmbH	Rostock	100	Zuidlob Wind BV	Amsterdam	100
Vattenfall Europe Nuclear Energy GmbH	Hamburg	100	UK		
Vattenfall Europe Sales GmbH.....	Hamburg	100	Aberdeen Offshore Wind Farm Ltd..	Aberdeen	100
Vattenfall Europe Windkraft GmbH...	Hamburg	100	Kentish Flats Ltd	London	100
Vattenfall Smarter Living GmbH.....	Berlin	100	Nuon UK Ltd.....	Cornwall	100
Vattenfall Wärme Berlin AG	Berlin	100			

	Registered office	Participation in % 2020		Registered office	Participatio n in % 2020
Vattenfall Heizkraftwerk Moorburg GmbH	Hamburg	100	Ormonde Energy Ltd.....	London	51
Vattenfall Wasserkraft GmbH.....	Berlin	100	Pen Y Cymoedd Wind Farm Ltd	Cornwall	100
			Thanet Offshore Wind Ltd.....	London	100

Insurance Cover

The Group protects itself against economic loss through insurance. The Group has a Group-owned (captive) insurance company that insures the Group’s own risks exclusively – Försäkringsaktiebolaget Vattenfall Insurance (“**Vattenfall Insurance**”). Vattenfall Insurance optimises the risk financing of insurable risks within the Group. Reinsurance is procured in the international reinsurance market. Vattenfall Insurance underwrites insurance for most of the Group’s property and business interruption exposure, as well as for construction risks. In addition, Vattenfall Insurance provides Group-wide, general liability insurance, including consultant and product liability. Most of the power lines in the distribution networks are uninsured. This is due to the difficulty of finding cost-effective insurance solutions.

With respect to dam liability, Swedish dam owners have strict and unlimited liability for damage to third parties caused by dam accidents. In co-operation with other Nordic dam owners, the Group procures dam liability insurance with an insured amount of SEK 9.7 billion. Property insurance for the Group’s operational nuclear power plants is issued by the European Mutual Association for Nuclear Insurance and by Nordic Nuclear Insurers. Nuclear liability in Sweden is strict and limited to 1.0 billion Special Drawing Rights (approximately EUR 1.2 billion). Statutory nuclear liability insurance is issued by Nordic Nuclear Insurers and by the mutual insurance company, European Liability Insurance for the Nuclear Industry. In Germany, nuclear liability is strict and unlimited. By law, nuclear power plants are required to have insurance or other financial guarantees for up to EUR 2.5 billion. The German Atomic Insurance Pool issues insurance for up to EUR 256 million, which is complemented by up to EUR 2.5 billion through a solidarity agreement (*Solidarvereinbarung*) between the parent companies of the German nuclear operators (Vattenfall GmbH, E.ON, RWE and EnBW). Each party accepts liability vis-à-vis the other parties in proportion to the respective ownership interests the parent companies have in the nuclear power plant. Since the liability is unlimited, the nuclear power plants and their German parent companies are ultimately liable also for amounts in excess of this level.

Pensions

The Group’s pension obligations in its Swedish and German companies are predominantly defined benefit pension obligations. The pension plans in question are primarily retirement pensions, disability pensions and family pensions. The assets in these funds (the “**Plan Assets**”) are reported at fair value. There are also pension plans in Sweden, Germany and other countries, including The Netherlands, which are defined contribution plans. The Group’s pension provision was SEK 43.8 billion at year-end 2020 (compared to SEK 44.0 billion in 2019). The total pension costs in 2020 were SEK 2.3 billion (compared to SEK 2.5 billion in 2019).

Swedish pension plans

The Swedish pension plans supplement the Swedish social insurance system and are the result of agreements between employer and employee organisations. Almost all of the Group’s employees in Sweden are covered by a pension plan that is known as ITP-Vattenfall. For employees born in 1978 and earlier, the plan is mostly

a defined benefit solution, while for employees born in 1979 and later, the plan is entirely a defined contribution solution.

Certain of the Group's obligations in ITP-Vattenfall (such as spousal benefits and disability pensions) are secured through an insurance policy from Alecta (a Swedish mutual insurance company). According to a statement (UFR 10) issued by the Swedish Financial Reporting Board, this plan is a multi-employer defined benefit plan. As in previous years, the Group has not had access to such information as to make it possible to report this plan as a defined benefit plan.

German pension plans

The pension plans in Germany are based on collective agreements in line with market terms and conditions. Substantial defined benefit plans exist in Germany for employees in Berlin and Hamburg.

Berlin

Two pension plans exist, both secured through Pensionskasse der Bewag, a mutual insurance company. Obligations are secured through funds paid in by the Group and its employees. One plan has been classified as a defined contribution plan and is reported as such, since the benefit is based on paid-in contributions and Pensionskasse der Bewag's financial position. The other pension plan, for employees who began their employment before 1 January 1984, is treated as a defined benefit plan, which is partly funded. The Plan Assets attributable to personnel employed since before 1 January 1984 are reported as Plan Assets at fair value. The assets of the Pensionskasse are investment funds that are not listed on the stock exchange. The fair value is determined by the repurchase price.

Hamburg

The Group has pension obligations for employees in Hamburg that mainly comprise the Group's obligations to personnel employed before 1 April 1991 and who have been employed for at least 10 years. The plan is an unfunded defined benefit plan.

Dutch pension plans

In the Netherlands, the Group has the majority of its pension obligations secured through the ABP pension fund and the "Metaal en Techniek" pension fund. The ABP and "Metaal en Techniek" plans are classified and reported as defined contribution plans.

Recent Activities

In January 2020, the Group signed an agreement to plan and build one of Sweden's largest solar parks in Uppsala commissioned by the property company Vasakronan. 11,000 solar panels will be installed on an area of approximately 7 hectares with planned output of 4.4 MW.

On 12 February 2020, Midlothian Council selected the Group as a preferred partner for a project close to Edinburgh. The project is a 50/50 joint venture and pertains to development of a district heating network that will initially source heat from a waste and recycling plant to some 1,800 households.

In February 2020, the Danish Energy Agency (DEA) granted final approval for the Kriegers Flak offshore wind farm. Once completed (scheduled for 2021), the wind farm is expected to have a capacity of 605 MW, corresponding to the annual electricity consumption of 600,000 Danish households.

On 27 April 2020, the Group entered into a partnership with the renewable infrastructure fund Greencoat UK Wind, which will acquire the South Kyle wind farm following its completion. The Group will construct the wind farm and manage its operation on behalf of Greencoat for a minimum of ten years. The Group will also purchase the power for a period of 15 years. South Kyle (240 MW) is expected to be able to power some

170,000 UK homes with renewable electricity per year, saving close to 300,000 tonnes in CO₂ emissions annually.

On 3 June 2020, the new gas-fired Marzahn CHP plant in Berlin was inaugurated. The plant has an installed capacity of 260 MW of electricity and 230 MW of heat and is expected to reduce annual CO₂ emissions in the city by 240,000 tonnes.

On 4 June 2020, the final investment decision was taken on Hollandse Kust Zuid 1–4 in the Netherlands, which is expected to be the world's largest offshore wind farm when commissioned (scheduled for 2023). The wind farm is expected to have an installed capacity of 1,500 MW, which is equivalent to the annual electricity consumption of more than two million Dutch households.

In June 2020, the Group reached an agreement with the Transmission System Operator (TSO) Svenska kraftnät to support stability in the Swedish electricity grid by operating Ringhals 1 nuclear reactor during the period 1 July–15 September 2020 in exchange for approximately SEK 300 million in compensation. The reactor was previously planned to not be restarted until after summer 2020 due to the market situation.

On 25 June 2020, the Swedish government announced its decision on the national plan for modern environmental requirements for hydro power, which caps production capacity losses resulting from environmental measures at 1.5 TWh.

On 21 July 2020, the Group's President and CEO Magnus Hall announced that he had decided to leave the Group. On 10 September 2020, Anna Borg was named as his successor, effective 1 November 2020.

On 31 August 2020, a pilot plant for the HYBRIT partnership project together with SSAB and LKAB in Luleå, Sweden, was inaugurated with both the Swedish Prime Minister and Deputy Prime Minister in attendance. The plant will be used to perform tests in several stages of the use of hydrogen gas in the direct reduction of iron ore.

On 30 September 2020, the Princess Ariane onshore wind farm (formerly known as Wieringermeer and Wieringermeer Extension) was inaugurated and is the largest of its kind in the Netherlands. With a total capacity of 301 MW, the wind farm is expected to generate electricity corresponding to the annual electricity consumption of 370,000 Dutch households.

In September 2020, the tendering process for the electricity grid in Berlin was rejected by the Higher Regional Court. Despite the favourable ruling, the Group decided on 23 October 2020 to offer its subsidiary for sale to the State of Berlin in order to end litigation over the grid concession at a time when major investments in the grid are needed. On 27 April 2021, the Berlin Senate decided to accept the Group's offer. The necessary approval of the House of Representatives is still pending and the transaction is expected to be completed during the summer of 2021. The state has calculated the total cost of the acquisition at EUR 2,143 billion, and the pure purchase price is EUR 2.06 billion.

In October 2020, Ringhals 1 nuclear reactor went into a so-called coast-down phase, gradually reducing power as the fuel burnt out. The last electricity was generated on 31 December 2020, and cold shutdown was reached after almost 45 years in operation and 220 TWh of generated electricity.

On 1 December 2020, Bundesnetzagentur, the German Federal Network Agency, announced the results of its first auction for the phase-out of coal power. The Group had submitted a tender to shut down the Moorburg coal-fired power plant, which was accepted. As of year-end 2020, the plant stopped generating coal-fired power.

On 14 December 2020, the Danish Energy Agency approved the construction plans for Vesterhav Syd and Nord offshore wind farms, which are located 4–10 kilometres off the coast of Jutland in Denmark. Once

commissioned (scheduled for 2024), the wind farms are expected to have a combined capacity of 350 MW, equivalent to the annual electricity consumption of 380,000 Danish households.

In February 2021, the Group's sustainability work was confirmed to be of highest quality, Platinum, according to a rating from EcoVadis, a leading source of corporate sustainability evaluation. This strengthens the Group's position as one of the most sustainability-oriented companies in the energy sector being ranked in the top 1 per cent. among 75,000 companies.

On 26 February 2021, the Administrative Court in Linköping announced rulings in the cases of the electricity network companies' revenue frames for the 2020–2023 regulation period. The Administrative Court found that the revenue frame regulation is in violation of the Swedish Electricity Act and the EU's third electricity market directive, and that the calculation method for the return on investment should be stable, long-term and forward-looking. As a result, the Swedish Energy Markets Inspectorate (Ei) will need to perform new calculations and set new revenue frames. Ei has subsequently appealed the court's ruling to the Administrative Court of Appeal and has until 31 May 2021 to complement its appeal.

In March 2021, an agreement was signed with the German federal government on compensation for the early closure of nuclear power in Germany. The agreement will terminate all disputes on the German nuclear phase-out and will come into force once a law has been passed authorising such an agreement. The federal government has submitted a corresponding bill, which needs to be approved by the German Bundestag, and a vote is expected during the third quarter of 2021. Under the terms of the agreement, the Group would receive compensation of EUR 1,425 million before tax in late November or early December at the earliest. Added to this would be compensation of EUR 181 million from the future sale of production rights to E.ON. The Group's previous sales of nuclear production rights from the Krümmel nuclear power plant to E.ON. will be reversed. In the meantime, several transfers of nuclear production rights will be conducted, which will be partly reversed and treated as commercial transactions under the agreement.

Financial Overview and Analysis for the Group

The Group's earnings reporting is broken down into the following operating segments: Customers & Solutions, Power Generation, Wind, Heat, and Distribution. In addition, the Staff Functions including treasury activities, and Shared Service Centres are reported under the heading "Other". All operating segments are followed up according to underlying operating profit (i.e. operating profit ("EBIT") excluding items affecting comparability). All segments apply International Financial Reporting Standards ("IFRS"). For services between segments, cost price generally applies, although in certain cases market prices are applied.

The information presented in this section "*Financial overview and analysis for the Group*" is derived from the audited annual and sustainability report 2020.

Net sales and financial performance

For the financial year ended 31 December 2020 ("FY2020"), net sales decreased by SEK 7.5 billion to SEK 158.8 billion (compared to SEK 166.4 billion in 2019). The decrease is mainly attributable to lower electricity prices and lower sales volume in the Nordic countries, the Netherlands and Germany, and lower revenue from the heat operations.

The underlying operating profit for FY2020 increased to SEK 25.8 billion (compared to SEK 25.1 billion in 2019). The increase in the underlying operating profit for FY2020 is mainly attributable to the following:

- Higher earnings contribution from the Customers & Solutions operating segment (SEK 0.8 billion), mainly owing to lower depreciation in the Netherlands.
- Higher earnings contribution from the Heat operating segment (SEK 0.4 billion), owing to lower maintenance costs and lower depreciation.

- Higher earnings contribution from the Distribution operating segment (SEK 0.3 billion), owing to lower costs that were elevated in 2019 due to Storm Alfrida.
- Lower earnings contribution from the Power Generation operating segment (SEK -0.8 billion), owing to lower achieved prices in the Nordic countries and lower nuclear power generation, which was partly compensated by higher realised earnings from the trading operations and higher hydro power generation.

Items affecting comparability in FY2020 amounted to SEK -10.5 billion of which most pertain to impairment losses in the Heat (SEK -11.3 billion) and Wind (SEK -1.6 billion) operating segments. Provisions, mainly related to nuclear power, also had a negative effect. This was partly countered by unrealised changes in market value for energy derivatives and inventories (SEK 5.2 billion) and the sale of nuclear power production rights in Germany (SEK 2.8 billion).

Items affecting comparability in the financial year ended 31 December 2019 totalled SEK -3.0 billion. Capital gains on the divestment of the district heating operations in Hamburg (SEK 3.1 billion) and the sale of nuclear power production rights in Germany (SEK 1.5 billion) were countered by unrealised changes in market value for energy derivatives and inventories (SEK -2.2 billion) and higher provisions for nuclear power (SEK -3.4 billion), partly owing to changed discount rates for Germany and Sweden.

In 2020, EBIT was SEK 15.3 billion (compared to SEK 22.1 billion in 2019).

Investment activities

The total investments for FY2020 amounted to SEK 21.3 billion (compared to SEK 26.8 billion in 2019). Divestments for FY2020 amounted to SEK 1.2 billion (compared to SEK 7.5 billion in 2019).

Cash flow

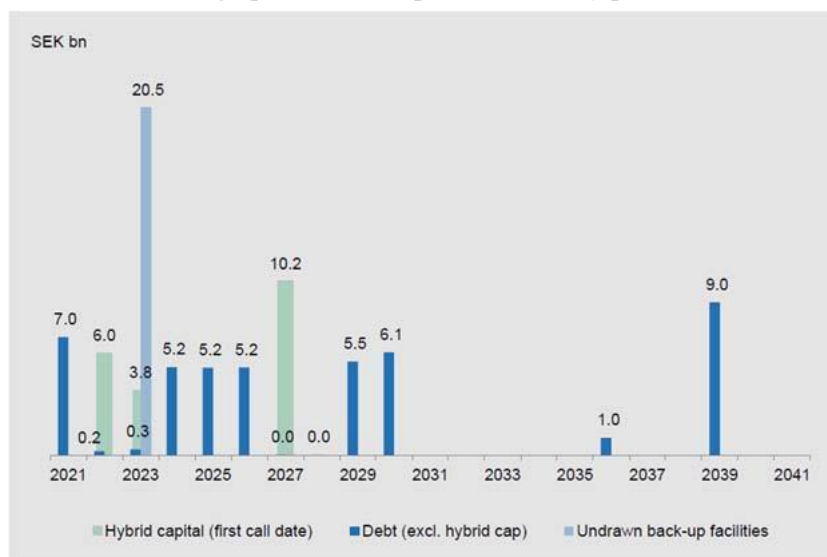
Funds from operations amounted to SEK 35.0 billion in 2020 (compared to SEK 34.9 billion in 2019). Cash flow from operating activities amounted to SEK 41.7 billion in 2020 (compared to SEK 16.7 billion in 2019).

Liabilities

As at 31 December 2020, the Group's total interest-bearing liabilities were SEK 104.8 billion. Interest-bearing liabilities included SEK 19.3 billion in hybrid capital (compared to SEK 20.2 billion as at 31 December 2019). Further interest-bearing liabilities included SEK 0.7 billion in loans from the Group's minority-owned companies (compared to SEK 0.7 billion as at 31 December 2019), and SEK 10.9 billion in loans from owners of non-controlling interests (compared to SEK 10.6 billion as at 31 December 2019).

The Group's reported net debt decreased by SEK 16.1 billion to SEK 48.2 billion as at 31 December 2020 (compared to SEK 64.3 billion as at 31 December 2019). Interest rate risk in the Group's debt portfolio is measured in terms of duration, for which the norm is to have a duration of between three and seven years. The duration of the Group's debt portfolio at 31 December 2020 was 3.8 years including hybrid capital (compared to 4.7 years at 31 December 2019). To adjust the duration of borrowing, the Group uses, among other instruments, interest rate derivatives.

Set out below is a graph of the Group’s debt maturity profile as at 31 March 2021.



The average interest rate and the average time to maturity of the Group’s debt portfolio at 31 March 2021 was 2.8 per cent. and 6.5 years, respectively (compared to 3.4 per cent. and 5.1 years, respectively, as at 31 December 2020). As at 31 March 2021, the Group had unutilised committed credit facilities amounting to SEK 20.5 million (compared to SEK 23.1 million as at 31 December 2020).

Accounting Policies

The consolidated accounts for 2019 and 2020 have been prepared in accordance with IFRS issued by the International Accounting Standards Board (“IASB”) as well as the interpretations issued by the IFRS Interpretations Committee (“IFRSIC”) as endorsed by the European Commission for application within the EU. In addition, recommendation RFR 1 (Supplementary Accounting Policies for Groups), issued by the Swedish Financial Reporting Board, has been applied. RFR 1 specifies the mandatory additions to the IFRS disclosure requirements in accordance with the Swedish Annual Accounts Act. For a full description of the Group’s Accounting Principles, please refer to the notes to the Issuer’s consolidated accounts, incorporated by reference herein.

Risk Management

The Board has the overall responsibility for risk management within the Group and decides on the risk appetite and risk tolerance, including the risk mandates, among other things, and exercises oversight of the risk management framework. It is also responsible for obtaining knowledge of the risks inherent in the operations of the Group. The main purpose of risk management in the Group is to identify, manage and control risks to which the Group is exposed, as well as ensuring that the risk exposure is aligned with strategic and financial targets. This provides transparency to the decision makers and the owner. Risk management is emphasised through the Three Lines model, which establishes the three different roles – risk ownership, control and assurance. Line management, as the risk owner, provides the first line, the second line is provided by the Risk Management organisation and the third line is provided by the internal auditor. The VRC, as mentioned above, is an internal body set up for governance of the Group and is chaired by the CEO. It serves both as a decision-making body (decisions are made by the CEO) and a preparatory body for the Board.

The Group’s Chief Risk Officer (“CRO”) is responsible for organising risk management within the Group. The CRO is responsible for this organisation at the Group level and is also accountable for the risk management framework within the Group. The CRO reports to the CFO, as well as provides information on

risk issues to the Board or, if the Board so decides, to a Board committee. The CRO is entitled to access any information regarding risk within any entity of the Group. The CRO's responsibilities are to:

- secure risk governance in the Group;
- co-ordinate and ensure risk control and transparency of the Group's risk positions; and
- support the decision-making of the business and top management.

The CRO's responsibilities include monitoring whether the organisation is implementing these practices at all appropriate levels.

The Enterprise Risk Management process in the Group

The Group's strategy serves as the basis for setting objectives for the respective business units in the business planning process. When setting these objectives, risks that could hinder their achievement are identified. In the Group's risk management process, risks are quantified and analysed with respect to both financial and non-financial consequences (e.g. concerning the environment, including climate change, as well as reputation). These risks are assessed against the Group's risk tolerance, and a decision is made on suitable risk measures. The business areas' most important risks and measures are followed up as part of the financial monitoring. After aggregating the risks, a composite overview of the Group's risk situation is achieved. The potential financial impact is linked to financial key data that is used for the steering of the Group. Information is provided on a regular basis to the Executive Group Management and the Board of Directors.

Board of Directors and Executive Group Management of the Issuer

Board of Directors

Name	Details of Directors	Principal activities outside the Issuer
Lars G Nordström	Chairman of the Board since June 2011	Chairman of the Finnish-Swedish Chamber of Commerce. Board member of Viking Line Abp and the Swedish-American Chamber of Commerce. Member of the Royal Swedish Academy of Engineering Sciences ("IVA"). Honorary Consul for Finland in Sweden.
Åsa Söderström Winberg	Board Member since 2013	Chairman of Scanmast AB. Board member of Skanska AB, OEM International AB, Delete Oy and Fibo AS. Fellow to the Royal Swedish Academy of Engineering Sciences (IVA).
Jenny Lahrin	Board Member since 2013	Investment Director and Head of Group, Department for State-Owned Enterprises, Ministry of Enterprise. Board member of AB Göta kanalbolag and V.S. VisitSweden AB.
Håkan Erixon	Board Member since 2011	Chairman of Hemnet Group AB and Transfer Galaxy AB. Board member of Alfvén & Didrikson Invest AB.
Mats Granryd	Board Member since 2020	Chairman of COOR and Director General

Name	Details of Directors	Principal activities outside the Issuer
		of GSMA. Member of the UN Broadband Commission.
Tomas Kåberger	Board Member since 2015	Industrial Growth Executive InnoEnergy. Executive Board Chairman of Renewable Energy Institute, Tokyo. Chairman of Johannebergs Science Park AB. Board member of Persson Invest AB, Tanke och Möda AB and The Research Council of Norway. Senior Advisor GEIDCO, Beijing. Affiliate professor at Chalmers University of Technology. Member of the Royal Swedish Academy of Engineering Sciences (IVA).
Viktoria Bergman	Board Member since 2015	Chairman of Galber AB. Board member of Trianon AB and deputy chairman of WaterAid Sweden.
Fredrik Rystedt	Board Member since 2017	Executive Vice President and CFO, Essity Aktiebolag (publ). Board member Vinda International Holdings Limited.
Ann Carlsson	Board Member since 2019	CEO Apoteket AB. Board member Martin & Servera, The Swedish Pharmacy Association, The Confederation of Swedish Enterprise, The Swedish Trade Federation, SNS and Ruter Dam.
Robert Lönnqvist	Board Member since 2017 (employee representative)	
Rolf Ohlsson	Board Member since 2017 (employee representative)	
Jeanette Regin	Board Member since 2011 (employee representative)	
Deputy Members		
Lennart Bengtsson	Board Member since 2018 (employee representative)	
Anders Bohlin	Board Member since 2019 (employee representative)	
Christer Gustafsson	Board Member, since 2013 (employee representative)	

There are no potential conflicts of interest between any duties to the Issuer of the above board members and their interests and/or other duties.

The business address of the above board members and deputy members is SE-169 92 Stockholm, Sweden.

Executive Group Management

Name	Position	Principal activities outside the Issuer
Anna Borg	President and CEO	
Kerstin Ahlfont	Senior Vice President, Chief Financial Officer	
Ulrika Jardfelt	Senior Vice President, Business Area Heat	Member of the board at Sweden Green Building Council.
Anne Gynnerstedt	Senior Vice President, General Counsel and Secretary to the Board of Directors	Board member Swedish Space Corporation
Torbjörn Wahlborg	Senior Vice President, Business Area Generation	Board member of the Confederation of Swedish Enterprise. Chairman of EnergiFöretagens Arbetsgivareförening (EFA) AB
Christian Barthélémy	Senior Vice President, Human Resources	Managing Director Vattenfall Europe Business Services GmbH, VSG GmbH and other subsidiaries
Robert Zurawski ⁽¹⁾	Senior Vice President, Business Area Wind	
Martijn Hagens	Senior Vice President, Business Area Customers & Solutions	Managing Director of Vattenfall N.V. Netherlands
Andreas Regnell	Senior Vice President, Strategic Development	Board member of Svevia AB and chairman of HYBRIT Development AB and also member of RISE Research Council
Oskar Ahnfelt ⁽²⁾	Senior Vice President, Group Communications	
Anna-Karin Stenberg	Senior Vice President, Business Area Markets	Board member RISE AB

Notes:

- (1) Acting Head of Business Area Wind. A new Head of Business Area Wind has been appointed, Helene Biström, and will take up the position on 1 September 2021 at latest.
- (2) Acting Head of Communications.

There are no potential conflicts of interest between any duties to the Issuer of any member of the Executive Group Management and their interests and/or other duties.

The business address of the executive group management is SE-169 92 Stockholm, Sweden.

TAXATION

Swedish Taxation

The following overview outlines certain Swedish tax consequences of the acquisition, ownership and disposal of Capital Securities. The overview is based on the laws of the Kingdom of Sweden as currently in effect and is intended to provide general information only. The overview is not exhaustive and does thus not address all potential aspects of Swedish taxation that may be relevant for a potential investor in the Capital Securities and is neither intended to be nor should be construed as legal or tax advice. In particular, the overview does not address situations where Capital Securities are held in an investment savings account (investeringssparkonto) or the rules regarding reporting obligations for, among others, payers of interest. Specific tax consequences, which are not described below, may be applicable to certain categories of corporations, e.g. investment companies and life insurance companies. Investors should consult their professional tax advisers regarding the Swedish and foreign tax consequences (including the applicability and effect of double taxation treaties) of acquiring, owning and disposing of Capital Securities in their particular circumstances.

Non-resident holders of Capital Securities

As used herein, a non-resident holder means a holder of Capital Securities 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 Capital Securities, 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 Capital Securities should not be subject to Swedish income tax provided that such holder does not have a permanent establishment in Sweden to which the Capital Securities are effectively connected. Under Swedish tax law, no withholding tax is imposed on payments of principal, premium or interest (including Arrears of Interest) to a non-resident holder of any Capital Securities.

Private 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.

Resident holders of Capital Securities

As used herein, a resident holder means a holder of Capital Securities 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 private individuals (and estates of deceased individuals) that are resident holders of any Capital Securities, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Capital Securities) will be taxable.

Specific tax consequences may be applicable if, and to the extent that, a holder of Capital Securities realises a capital loss on the Capital Securities and to any currency exchange gains or losses.

If the Capital Securities are held by a Swedish resident nominee, including a Swedish branch, in accordance with the Swedish Financial Instruments Accounts Act (SFS 1998:1479), Swedish preliminary taxes are withheld by the nominee on payments of amounts that are considered to be interest for Swedish tax purposes to a private individual (or an estate of a deceased individual) that is a resident holder of any Capital Securities.

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited, Danske Bank A/S, Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (pub) (together, the “**Joint Bookrunners**”) have, pursuant to a Subscription Agreement dated 24 May 2021 between the Issuer and the Joint Bookrunners, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the NC7 Fixed Rate Reset Capital Securities at an issue price equal to 99.873 per cent. of their principal amount and the NC7 Floating Rate Capital Securities at an issue price equal to 100 per cent. of their principal amount, less fees. In addition, the Issuer will pay certain costs incurred by it and the Joint Bookrunners in connection with the issue of the Capital Securities. The Joint Bookrunners are entitled to terminate the Subscription Agreement in certain limited circumstances prior to the issue of the Capital Securities.

United States

The Capital Securities 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.

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

Each Joint Bookrunner has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Capital Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Capital Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Capital Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Capital Securities, an offer or sale of Capital Securities within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Capital Securities to any retail investor in the EEA.

For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

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

Prohibition of Sales to UK Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Capital Securities to any retail investor in the United Kingdom.

For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

United Kingdom

Each Joint Bookrunner has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Capital Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Capital Securities in, from or otherwise involving the United Kingdom.

General

Neither the Issuer nor any Joint Bookrunner has made any representation that any action will be taken in any jurisdiction by the Joint Bookrunners or the Issuer that would permit a public offering of the Capital Securities, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Capital Securities (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Bookrunner has agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Capital Securities or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer or any other Joint Bookrunner in any such jurisdiction as a result of any of the foregoing actions.

GENERAL INFORMATION

Authorisation and Responsibility

The Issuer has obtained all necessary resolutions, authorisations and approvals required in conjunction with the Capital Securities and the performance of its obligations relating thereto. The creation and issue of the Capital Securities has been duly authorised by a resolution of the Board of Directors of the Issuer dated 28 April 2021.

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import. The Board of Directors of the Issuer is, to the extent provided by law, responsible for the information contained in this Prospectus and declares that, to the best of their knowledge, the information contained in this Prospectus, including the information incorporated by reference in it, is in accordance with the facts and that this Prospectus makes no omission likely to affect its import.

Neither the Joint Bookrunners, the Fiscal Agent, the Paying Agents and the Calculation Agent (together the “**Agents**” and each an “**Agent**”) 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 or any responsibility for any acts or omissions of the Issuer or any other person (other than the relevant Joint Bookrunner, or the relevant Agent, itself) in connection with the issue and offering of the Capital Securities.

None of the Joint Bookrunners accepts any responsibility for any environmental or sustainability assessment of the Capital Securities or makes any representation or warranty or assurance whether such Capital Securities will meet any investor expectations or requirements regarding "green" or similar labels. None of the Joint Bookrunners is responsible for the use of proceeds of the Capital Securities, nor the impact or monitoring of such use of proceeds.

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Joint Bookrunners or the Agents. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Capital Securities is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

No person is or has been authorised 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 Capital Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Joint Bookrunners or the Agents.

To the fullest extent permitted by law, the Agents and the Joint Bookrunners accept no responsibility whatsoever for the contents of this Prospectus or for any other statement made or purported to be made by the Joint Bookrunners or an Agent or on any of their behalf in connection with the Issuer or the issue and offering of the Capital Securities. Each Joint Bookrunner and each Agent accordingly disclaims all and any liability

whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

Approval of the Prospectus and Admission to Trading of the Capital Securities

This Prospectus has been approved by the Swedish Financial Supervisory Authority (*Finansinspektionen*) (the “**SFSA**”) as competent authority under Regulation (EU) 2017/1129. The SFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. The SFSA’s approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus, nor should it be considered as an endorsement of the quality of the Capital Securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Capital Securities.

Application will be made for the NC7 Fixed Rate Reset Capital Securities and the NC7 Floating Rate Capital Securities to be admitted to trading on Nasdaq Stockholm. Such admission to trading is expected to occur on or about 27 May 2021 subject only to the issue of the NC7 Fixed Rate Reset Temporary Global Security and the NC7 Floating Rate Temporary Global Security, respectively. The Issuer estimates that the total expenses related to the admission to trading of the NC7 Fixed Rate Reset Capital Securities will be SEK150,000 and of NC7 Floating Rate Capital Securities will be SEK150,000.

Stabilisation

In connection with the issue of the Capital Securities, Citigroup Global Markets Limited (the “**Stabilising Manager**”) (or any person acting on behalf of the Stabilising Manager) may over-allot Capital Securities or effect transactions with a view to supporting the market price of the Capital Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any person 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 Capital Securities 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 Capital Securities and 60 days after the date of the allotment of the Capital Securities. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and regulations.

Clearing Systems

The Capital Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records).

The International Securities Identification Number (ISIN) for the NC7 Fixed Rate Reset Capital Securities is XS2342250730 and the Common Code is 234225073.

The International Securities Identification Number (ISIN) for the NC7 Floating Rate Capital Securities is XS2342252603 and the Common Code is 234225260.

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

Issuer’s Legal Entity Identifier Code

The Legal Entity Identifier (“**LEI**”) code of the Issuer is 549300T5RZ1HA5HZ3109.

Issuer's Website

The website of the Issuer is <https://group.vattenfall.com/>. The information on <https://group.vattenfall.com/> does not form part of this Prospectus, except where that information has been incorporated by reference into this Prospectus.

Documents Available

For so long as the Capital Securities remain outstanding, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and (other than the Fiscal Agency Agreements) on the Issuer's website (<https://group.vattenfall.com/>):

- (i) the certificate of registration and the articles of association (with an English translation thereof) of the Issuer;
- (ii) the documents incorporated by reference in this Prospectus;
- (iii) the Fiscal Agency Agreements (which contains the forms of the Temporary and Permanent Global Securities, the Definitive Securities, the Coupons and the Talons); and
- (iv) a copy of this Prospectus.

Any documents which have been translated from Swedish to English are accurate translations.

Yield

The yield in respect of the NC7 Fixed Rate Reset Capital Securities up to (but excluding) the NC7 Fixed Rate Reset First Reset Date is 2.420 per cent. per annum and is calculated at the Issue Date on the basis of the issue price of the NC7 Fixed Rate Reset Capital Securities and the Initial Interest Rate applicable to the NC7 Fixed Rate Reset Capital Securities. It is not an indication of future yield.

Capital Securities – Bearer Form

Each Capital Security, Talon and Coupon will bear the following legend *“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”*

Significant or Material Change

There has been no material adverse change in the prospects of the Issuer since 31 December 2020 (being the end of the last financial period for which audited financial information of the Issuer was published).

There has been no significant change in the financial position or financial performance of the Group (taken as a whole) since 31 March 2021 (being the end of the last financial period for which audited financial information or interim financial information has been published).

Litigation

There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or any of the Issuer's Subsidiaries are aware) which may have or have had during the 12 months prior to the date hereof, a significant effect on the financial position or profitability of the Issuer or the Issuer and its Subsidiaries taken as a whole.

Auditors

Ernst & Young AB (Box 7850, SE-103 99 Stockholm, Sweden) (the individual auditor in charge being Staffan Landén, Certified Public Accountant and a member of FAR, the professional institute for accountants in Sweden) were the Issuer's auditors during the financial years 2020 and 2019 and have audited the Issuer's accounts prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 issued by the Swedish Financial Reporting Board and the Group's accounts prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU for the financial years ended 31 December 2020 and 31 December 2019, without qualification.

On 28 April 2021, the Annual General Meeting of the Issuer resolved to appoint PricewaterhouseCoopers AB (Torsgatan 21, SE-113 97 Stockholm) to serve as the Issuer's auditors for the time until the conclusion of the next Annual General Meeting. Eva Carlsvi is auditor in charge.

The auditors of the Issuer and the Group have no material interest in the Issuer and the Group, as the case may be.

Certain Material Interests

Certain of the Joint Bookrunners and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. Certain of the Joint Bookrunners and their affiliates may have positions, deal or make markets in the Capital Securities, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Joint Bookrunners and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Joint Bookrunners or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Bookrunners and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Capital Securities. Any such short positions could adversely affect future trading prices of the Capital Securities. The Joint Bookrunners and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Material Agreements

The Issuer has not concluded any material agreements not entered into in the ordinary course of its business which could result in a member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to the holders of Capital Securities.

Alternative Performance Measures

The Issuer presents certain non-IFRS financial information in this Prospectus. These non-IFRS financial measures are not recognised as measures under IFRS. The Issuer, however, uses this financial information

because it believes that it is of use to investors. According to the European Securities and Markets Authority (“ESMA”) guidelines on Alternative Performance Measures (“APM”), the Issuer considers the following information presented in this Prospectus as APMs: EBIT (earnings before interest and tax), EBITDA (operating profit before depreciation, amortisation and impairment losses), items affecting comparability (capital gains and capital losses from shares and other non-current assets, impairment losses and reversed impairment losses and other material items that are of an infrequent nature), underlying operating profit (operating profit (EBIT) excluding items affecting comparability), funds from operations, free cash flow (cash flow from operating activities less maintenance investments), interest bearing liabilities, net debt, adjusted net debt and capital employed (total assets less financial assets, non-interest bearing liabilities and certain other interest-bearing provisions not included in adjusted net debt). All alternative performance measures used by the Issuer relate to its respective or the Group’s past performance. The Issuer believes that these measures are useful in evaluating the Group’s operative performance, the net value of the Group’s portfolio, and the level of indebtedness and of cashflows generated by the Group’s business. For a reconciliation of certain of the APMs referred to above, their components as well as their basis of calculation see pages 91–94, 99–100 and 178 of the annual and sustainability report of the Issuer for the financial year ended 31 December 2019 and page 93–96, 101– 102 and 182 of the annual and sustainability report of the Issuer for the financial year ended 31 December 2020.

Credit Ratings

The Issuer has been rated A3 (Senior Unsecured) and Baa2 (Subordinated) by Moody’s and BBB+ (Senior Unsecured) and BB+ (Subordinated) by S&P.

The Capital Securities are expected to be rated “Baa2” by Moody’s and “BB+” by S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to reduction, suspension or withdrawal at any time by the assigning rating agency.

As per the rating services of Moody’s, obligations rated “A” are judged to be upper-medium grade and subject to low credit risk. The modifier “3” indicates a ranking in the lower end of that rating category. Obligations rated “Baa” are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. The modifier “2” indicates a mid-range ranking in that rating category.

As per the rating services of S&P, obligations rated “BBB” exhibit adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the Issuer’s capacity to meet its financial commitments on the obligations. Obligations rated “BB” are regarded as having significant speculative characteristics, with “BB” indicating the least degree of speculation in a scale consisting of “BB”, “B”, “CCC”, “CC” and “C”. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions. The plus (+) sign shows relative standing within the rating categories.

Each of S&P Global Ratings Europe Limited and Moody’s France SAS is established in the European Union and is registered under Regulation (EC) No 1060/2009 as amended (the “CRA Regulation”) and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation. Each of Moody’s France SAS and S&P Global Ratings Europe Limited is not established in the United Kingdom and has not applied for registration in accordance with Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”) (the “UK CRA Regulation”). Ratings issued by Moody’s France SAS and S&P Global Ratings Europe Limited have been endorsed by Moody’s Investors Service Limited and S&P Global Ratings UK Limited, respectively, in accordance with the UK CRA Regulation and have not been withdrawn. As such, the ratings

issued by Moody's France SAS and S&P Global Ratings Europe Limited may be used for regulatory purposes in the United Kingdom in accordance with the UK CRA Regulation.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, 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 third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country non-EEA 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, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by 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.

Investors regulated in the UK are subject to similar restrictions under Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the EUWA ("**UK CRA Regulation**"). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

Benchmarks

Interest payable under NC7 Floating Rate Capital Securities will be calculated by reference to the Stockholm Inter-Bank Offered Rate (STIBOR). As at the date of this Prospectus, the Swedish Financial Benchmark Facility AB, which is the administrator of STIBOR, is not included in the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the administrator of STIBOR is not currently required to obtain authorisation or registration.

Legal Investment Considerations

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Capital Securities are legal investments for it, (2) Capital Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Capital Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Capital Securities under any applicable risk-based capital or similar rules.

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