

## SUPPLEMENTARY OFFERING CIRCULAR DATED 12 FEBRUARY 2018



# Stadshypotek

– a Svenska Handelsbanken company

**STADSHYPOTEK AB (publ)**

*(incorporated with limited liability in The Kingdom of Sweden)*

**€20,000,000,000**

### **Euro Medium Term Covered Note Programme for the issue of Notes with a minimum maturity of one year and one day**

This Supplementary Offering Circular (the **Supplement**) to the Offering Circular dated 28 November 2017 (the **Offering Circular**), comprises a base prospectus and is prepared in connection with the Euro Medium Term Covered Note Programme (the **Programme**) established by Stadshypotek AB (publ) (the **Issuer**). This Supplement constitutes a supplementary offering circular for the purposes of Article 16 of Directive 2003/71/EC as amended (the **Prospectus Directive**) as implemented in Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005 and is prepared in order to update the Offering Circular. Terms defined in the Offering Circular have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Offering Circular and any other supplements to the Offering Circular issued by the Issuer.

This Supplement has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### **Purpose of this Supplement**

The purpose of this Supplement is (a) to incorporate by reference pages 2 to 22 (inclusive) of a document entitled "Highlights of Stadshypotek's Annual Report January – December 2017" (the **Highlights of the Annual Report**) which contains the unaudited unconsolidated interim financial statements of the Issuer for the twelve-month period ended 31 December 2017, (b) to include a new "Significant or Material Change" statement, and (c) to add certain items relating to Directive 2014/65/EU (as amended, **MiFID II**) into the Offering Circular, including in the form of Final Terms and form of Pricing Supplement.

#### **Highlights of the Annual Report**

On 7 February 2018, the Issuer published the Highlights of the Annual Report. A copy of the Highlights of the Annual Report has been filed with the Central Bank of Ireland and, by virtue of this Supplement, pages 2 to 22 (inclusive) of the Highlights of the Annual Report are incorporated in, and form part of, this Supplement which supplements the Offering Circular. The Highlights of the Annual Report contains unaudited unconsolidated interim financial statements of the Issuer for the twelve-month period ended 31 December 2017. The Issuer's annual report, which will contain the audited unconsolidated financial statements of the Issuer for the financial year ended 31 December 2017 together with the audit report in respect of these financial statements, is expected to be published in the week commencing 26 February 2018.

The Highlights of the Annual Report is available on the Issuer's website at:

[https://www.handelsbanken.com/shb/inet/icentsv.nsf/vlookuppics/investor\\_relations\\_en\\_stadshypotek\\_highlights\\_of\\_annual\\_report\\_2017/\\$file/stadshypotek\\_highlights\\_of\\_annual\\_report\\_2017.pdf](https://www.handelsbanken.com/shb/inet/icentsv.nsf/vlookuppics/investor_relations_en_stadshypotek_highlights_of_annual_report_2017/$file/stadshypotek_highlights_of_annual_report_2017.pdf)

Copies of any or all of the documents which are incorporated by reference in the Offering Circular can be obtained from the registered office of the Issuer in Stockholm.

Any information contained in the Highlights of the Annual Report which is not expressly incorporated by reference in this Supplement does not form part of this Supplement and is either not relevant to investors or is covered elsewhere in the Offering Circular.

### **Significant or Material Change**

The paragraph under the heading "Significant or Material Change" on page 103 of the Offering Circular shall be deemed deleted and replaced with the following:

"There has been no significant change in the financial or trading position of the Issuer or the Issuer and its wholly owned subsidiary (the **Issuer's Group**) since 31 December 2017 and there has been no material adverse change in the financial position or prospects of the Issuer or the Issuer's Group since 31 December 2016."

### **MiFID II Product Governance and Target Market**

The following wording shall be deemed to be inserted before the paragraph entitled "IMPORTANT – EEA RETAIL INVESTORS" on page 4 of the Offering Circular:

**"MIFID II PRODUCT GOVERNANCE / TARGET MARKET** – The Final Terms in respect of any Notes, or in the case of Exempt Notes, the Pricing Supplement, will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II (as defined below) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules."

### **Form of Final Terms**

The form of Final Terms which will be completed for each Tranche of Notes other than Exempt Notes issued under the Programme, and which are set out on page 31 onwards of the Offering Circular, shall be amended as follows:

The following wording shall be deemed to be inserted before the paragraph entitled "PROHIBITION OF SALES TO EEA RETAIL INVESTORS" on page 31 of the Offering Circular:

**"[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES (ECPS) ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [The target market assessment indicates that Notes are incompatible with the needs, characteristic and objectives of clients which are [fully risk averse/have no risk tolerance or are seeking on-demand full

repayment of the amounts invested]]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**OR**

**[MIFID II PRODUCT GOVERNANCE / RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES (ECPS) TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended **MiFID II**); EITHER<sup>1</sup> [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] OR<sup>2</sup> [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate – investment advice[,/and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. [The target market assessment indicates that Notes are incompatible with the needs, characteristic and objectives of clients which are [fully risk averse/have no risk tolerance or are seeking on-demand full repayment of the amounts invested]]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable ].]"

### **Form of Pricing Supplement**

The form of Pricing Supplement which will be completed for each Tranche of Exempt Notes issued under the Programme and which are set out on page 44 onwards of the Offering Circular shall be amended as follows:

The following wording shall be deemed to be inserted before the paragraph entitled 'PROHIBITION OF SALES TO EEA RETAIL INVESTORS' on page 44 of the Offering Circular:

**"MiFID II PRODUCT GOVERNANCE / [PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES (ECPS) ONLY] TARGET MARKET** – [Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [The target market assessment indicates that Notes are incompatible with the needs, characteristic and objectives of clients which are [fully risk averse/have no risk tolerance or are seeking on-demand full repayment of the amounts invested]]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]/[*appropriate target market legend to be included.*]

**OR**

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<sup>1</sup> Include for bonds that are not ESMA complex.

<sup>2</sup> Include for certain ESMA complex bonds. This list may need to be amended, for example, if advised sales are deemed necessary. If there are advised sales, a determination of suitability will be necessary. In addition, if the Notes constitute "complex" products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II.

**[MIFID II PRODUCT GOVERNANCE / RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES (ECPS) TARGET MARKET** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended **MiFID II**); EITHER<sup>3</sup> [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] OR<sup>4</sup> [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate – investment advice[,/and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable]]. [The target market assessment indicates that Notes are incompatible with the needs, characteristic and objectives of clients which are [fully risk averse/have no risk tolerance or are seeking on-demand full repayment of the amounts invested]]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels[, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable ].]"

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into this Supplement and the Offering Circular and (b) any other statement in, or incorporated by reference into, the Offering Circular, the statements in (a) above will prevail.

Save as disclosed in this Supplement and any supplement to the Offering Circular previously issued, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Offering Circular since the publication of the Offering Circular.

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<sup>3</sup> Include for bonds that are not ESMA complex.

<sup>4</sup> Include for certain ESMA complex bonds. This list may need to be amended, for example, if advised sales are deemed necessary. If there are advised sales, a determination of suitability will be necessary. In addition, if the Notes constitute "complex" products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II.