

Dynamic Deposit - Higher profit opportunities, guaranteed principal amount

- **What is a dynamic deposit?** A dynamic deposit is an investment which gives you the opportunity to invest free funds for a specific period of time with opportunity to get profit from global financial markets and guaranteed deposit amount at the end of the investment period. Contrary to a term deposit, the upside potential is unlimited and depends on the return of the underlying asset in the financial markets.
- **Bigger profit opportunities.** The interest earned potentially can be much higher than interest on a term deposit. However, under unfavorable market conditions, the deposit does not bring any interest.
- **Guarantee and safety.** The amount of your deposit is absolutely safe – the bank guarantees that it will return 100% of the invested deposit amount at deposit maturity even if the value of the financial assets to which deposit is linked at the maturity date will be below the initial value; in addition the deposit is governed by Deposit Guarantee Law. In case of early termination of the agreement the termination fee can be applied.
- There is **no fee** for concluding Dynamic deposit agreement.

February offer – „US brand companies“

- Deposit selling period – **7 February 2012 to 19 March 2012.**
- Deposit period – **2 years.**
- Minimum amounts – **200 LVL, 300 EUR.**

There are two alternatives:

- **Deposit in LVL, barrier 110%,**
conditional interest at maturity: **7.2 – 9.2%**
(3.6% - 4.6% annual interest);
- **Deposit in EUR, barrier 110%,**
conditional interest at maturity: **6.5 – 8.5%**
(3.25% - 4.25% annual interest);

Conditional coupon is set as an interval given that its precise size will be determined on the deposit opening date and will be announced on Bank's website www.swedbank.lv on 27 March 2012.

Investment deposit is linked to a basket of 7 large US companies active in consumer goods and services sector. The sectors these companies are representing: information technology (Intel Corporation), pharmacy and health care (Procter & Gamble, Pfizer, Merck & Co.), food and drink market (McDonalds, Kraft Food) and tobacco industry (Philip Morris). These companies have strong brands and are well known around the world.

This investment deposit pays fixed conditional interest if the final value of the basket (at deposit maturity) is at or above the predetermined barrier. To receive the conditional interest at maturity, final basket value has to increase by 10% or more from its initial value.

If the basket value at the end of deposit period is below the predetermined barrier 110%, deposit **does not bring any interest.**

Example: Let's assume the following final conditional interest were approved for the investment deposits: for deposit in LVL – 8.5% and EUR – 8.2%. The table below shows the return of the investment deposits for whole 2 years deposit period (shown as a percentage of the invested amount; in brackets – annual interest rate) under various performances of the basket:

Investment deposit type	Basket performance at deposit maturity				
	-10%	0%	5%	10%	15%
Deposit with barrier 110% in LVL	0%	0%	0%	8.5% (4.25%)	8.5% (4.25%)
Deposit with barrier 110% in EUR	0%	0%	0%	8.2% (4.1%)	8.2% (4.1%)

Advantages

- US economic data has been rather strong at the end of the year 2011 and the beginning of the 2012 and is better than was expected. Job creation is picking up, and businesses are willing to invest in new equipment to expand production. Improving labor market creates greater scope for consumption of households, whose consumption make up a large part of economy. World Bank projection is that US economy will grow further by around 2.2% in 2012 and 2.4% in 2013. US manufacturing, consumer spending and continued growth from emerging market economies would be the drivers of economic activity.
- During the financial crisis and the subsequent recession US private sector companies were forced to go through a painful optimization process. The result today is that America's private sector companies are more productive and efficient today - with

record high profits and healthy balance sheets. Companies that are chosen for this investment deposit also have stable financial position which means that they can finance themselves more easily and with better conditions from financial institutions and spend more money for business improvement.

- Companies involved in present offer are big multinational businesses that work around the world and receive part of their revenues from abroad, including emerging markets. Thus higher growth, increasing wages and consumption in emerging countries are also beneficial for these companies as their results are improving from foreign activities.

Risks

- US job growth is still too slow to make a meaningful drop in overall unemployment rate and increase labor income. Real income growth is flat, so it could negatively influence domestic consumer spending in the future, which may affect the financial results of companies through decrease in consumption.
- Slower growth in many advanced economies will mean lower demand for US exports and it could result in lower companies' incomes.

- The outcome of the US presidential election could be the reason for investors, consumers and companies to be too cautious and limiting their spending. If there are too many involved in saving and there is no money turnover, it could be one more reason for economical slowdown.

Performance of the basket:

Date	2007	2008	2009	2010	2011	2012*
Performance (in %)	+15.20	-24.28	+8.73	+10.64	+20.34	+0.49

Source: Bloomberg

* from 2011.12.31 till 2012.01.18

The stock of Philip Morris International was listed starting from March 2008. Until then the performance of the basket is calculated without Philip Morris International stock.

Equity values may rise or fall over time. Their historical performance does not guarantee similar performance in the future.

Should you have any questions, call us at 6744444 or visit www.swedbank.lv