OFFERING CIRCULAR

SBAB BANK AB (publ)

(Incorporated with limited liability in the Kingdom of Sweden)

€13,000,000,000
Euro Medium Term Note Programme

On 6th November, 1992, SBAB Bank AB (publ) (the "Issuer" or "SBAB") established a Euro Medium Term Note Programme as subsequently amended. This offering circular (the "Offering Circular") supersedes all previous offering circulars relating to the Programme (as defined below). Any Notes to be issued after the date hereof under the Programme are issued subject to the provisions set out herein. This does not affect any Notes issued prior to the date hereof.

Under the €13,000,000,000 Euro Medium Term Note Programme (the *"Programme"*) described in this Offering Circular, the Issuer may from time to time issue Euro medium term notes (the *"Notes"*) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The Notes will be issued (i) in bearer form (*"Bearer Notes"*), (ii) in registered form (*"Registered Notes"*) or (iii) in uncertificated and dematerialised book entry form registered in the Norwegian Central Securities Depository, *Verdipapirsentralen ASA* or VPS (*"VPS Notes"* and the *"VPS"*, respectively). Notes may also be issued on an unsubordinated basis (*"Unsubordinated Notes"*) or on a subordinated basis (*"Subordinated Notes"*), as specified in the applicable Final Terms or, in the case of Exempt Notes (as defined below), the applicable Pricing Supplement.

The Notes may be issued on a continuing basis to the Initial Dealer specified under *"Overview of the Programme and Terms and Conditions of the Notes"* and any additional dealer(s) appointed under the Programme from time to time by the Issuer (each a *"Dealer"* and together the *"Dealers"*), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the *"relevant Dealer(s)"* shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

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

Application has been made to the United Kingdom Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the *"UK Listing Authority"* and the *"FSMA"*, respectively) for Notes issued under the Programme (other than Exempt Notes) during the period of 12 months from the date of this Offering Circular to be admitted to the official list maintained by the UK Listing Authority (the *"Official List"*) and to the London Stock Exchange plc (the *"London Stock Exchange"*) for such Notes to be admitted to trading on the London Stock Exchange's regulated market. References in this Offering Circular to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the London Stock Exchange's regulated market. The London Stock Exchange's regulated market is a regulated market for the purposes of Directives 2004/39/EC on markets in financial instruments (the *"Markets in Financial Instruments Directive"* or *"MiFID"*).

The requirement to publish a prospectus under the Prospectus Directive (as defined below) only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the *"EEA"*) and/or offered to the public in the EEA in circumstances where no exemption is available under Article 3.2 of the Prospectus Directive. References in this Offering Circular to *"Exempt Notes"* are to Notes for which no prospectus is required to be published under the Prospectus Directive. The UK Listing Authority has neither approved nor reviewed any information contained in this Offering Circular in connection with Exempt Notes.

In respect of any Tranche (as defined under *"Terms and Conditions of the Notes"*) of Notes issued under the Programme, notice of the aggregate nominal amount of such Notes, interest (if any) payable in respect of such Notes, the issue price of such Notes and certain other information which is applicable to such Tranche will (other than in the case of Exempt Notes, as defined above) be set out in a final terms document (the *"Final Terms"*) which will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of the Notes of such Tranche. Final Terms relating to Notes to be listed on the London Stock Exchange will also be published on the website of the London Stock Exchange through a regulatory information service and will be available from the registered office of the Issuer and from the specified offices of each of the Paying Agents (as defined below). In respect of any Tranche of Exempt Notes, notice of the terms which shall apply to such Tranche will be set out in a pricing supplement document (the *"Pricing Supplement"*). Copies of Pricing Supplements in relation to Exempt Notes will only be obtainable by a holder of such Notes and such holder must produce evidence satisfactory to the Issuer or, as the case may be, the relevant Paying Agent as to its holding of such Notes and identity.

The Programme provides that Exempt Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets (provided that such exchange or market is not a regulated market for the purposes of MiFID) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Exempt Notes and/or Exempt Notes which are not listed or admitted to trading on any stock exchange or market.

The long-term/short-term funding ratings of SBAB are A1/P-1 from Moody's Investors Service Limited (*"Moody's"*) and A/A-1 from Standard & Poor's Credit Market Services Europe Limited (*"Standard & Poor's"*). Covered bonds issued by AB Sveriges Säkerställda Obligationer (publ) (The Swedish Covered Bond Corporation), a wholly-owned subsidiary of SBAB, are rated Aaa by Moody's. Each of Moody's and Standard & Poor's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the *"CRA Regulation"*). The Programme has the following ratings from Moody's: A1 (Unsubordinated Notes with a maturity of one year or more); P-1 (Unsubordinated Notes with a maturity of less than one year); and Baa2 (Subordinated Notes). The Programme has the following ratings from Standard & Poor's: A (Unsubordinated Notes with a maturity of one year or more); A-1 (Unsubordinated Notes with a maturity of less than one year); and BBB (Subordinated Notes). Notes issued under the Programme may be rated or unrated by either of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) and may not necessarily be the same as the rating applicable to the Issuer or the Programme generally by the relevant rating agency. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Arranger and Initial Dealer

BofA Merrill Lynch

The date of this Offering Circular is 1st November, 2017.

IMPORTANT INFORMATION

This Offering Circular comprises a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive. When used in this Offering Circular, *"Prospectus Directive"* means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the EEA.

The Issuer accepts responsibility for the information contained in this Offering Circular and the Final Terms or Pricing Supplement, as the case may be, for each Tranche of Notes issued under the Programme. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €13,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement (as defined under *"Subscription and Sale and Transfer and Selling Restrictions"*)), subject to increase as described therein.

Save for the Issuer, no other party has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger or any of the Dealers as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the Programme or any Notes. Neither the Arranger nor any Dealer accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Programme or any Notes.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Dealers.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document

containing the same. The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published financial statements of the Issuer incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the *"Securities Act"*), and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. See *"Form of the Notes"* for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see *"Subscription and Sale and Transfer and Selling Restrictions"*.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Arranger and the Dealers do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or the Dealers which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Arranger and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the EEA (including the Kingdom of Sweden, the Kingdom of Norway, the United Kingdom and France) and Japan. See *"Subscription and Sale and Transfer and Selling Restrictions"*.

This Offering Circular has been prepared on a basis that would permit an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of Notes in any Member State of the EEA which has implemented the Prospectus Directive (each, a *"Relevant Member State"*) must be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer, the Arranger or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer, the Arranger nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer, the Arranger or any Dealer to publish or supplement a prospectus for such offer.

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

(i) **has sufficient knowledge and experience to make an informed assessment of (i) the Terms and Conditions and Final Terms (or, in the case of Exempt Notes, Pricing Supplement) for the relevant Notes and (ii) the benefits and risks of investing in the relevant Notes, based upon the information contained or incorporated by reference in this Offering Circular or any applicable supplement;**

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

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

(iv) **thoroughly understands the Terms and Conditions and the Final Terms (or, in the case of Exempt Notes, Pricing Supplement) of the relevant Notes and is familiar with the behaviour of the financial markets (in particular with the Swedish financial market); and**

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

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

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is unlawful.

None of the Arranger, the Dealers and the Issuer makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

U.S. INFORMATION

This Offering Circular is being submitted on a confidential basis in the United States to a limited number of QIBs (as defined under *"Form of the Notes"*) for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Notes in bearer form 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 United States persons, except in

certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act (*"Rule 144A"*).

Each purchaser or holder of Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together the *"Legended Notes"*) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in *"Subscription and Sale and Transfer and Selling Restrictions".* Terms used in this paragraph have the meanings given to them in *"Form of the Notes".*

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer has undertaken in a deed poll dated 6th October, 2004 (the *"Deed Poll"*) to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the *"Exchange Act"*) nor exempt from reporting pursuant to Rule 12g-2(b) thereunder.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a corporation under the laws of the Kingdom of Sweden. All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the Issuer and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside the Kingdom of Sweden upon the Issuer or such persons, or to enforce judgments against them obtained in courts outside the Kingdom of Sweden predicated upon civil liabilities of the Issuer or such directors and officers under laws other than Swedish law, including any judgment predicated upon United States federal securities laws.

IMPORTANT – EEA RETAIL INVESTORS

If the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended, from 1st January, 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the 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 Directive 2014/65/EU on markets in financial instruments (*"MiFID II"*); (ii) a customer within the meaning of Directive 2002/92/EC on insurance mediation (the *"IMD"*), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No. 1286/2014 on key information documents for packaged retail and insurance-based investment products (the *"PRIIPs Regulation"*) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PRESENTATION OF FINANCIAL INFORMATION

All references in this Offering Circular to *"SEK"* refer to Swedish krona; to *"U.S. dollars"*, *"U.S.$"*, *"USD"* and *"$"* refer to United States dollars; to *"Japanese Yen"*, *"JPY"* and *"Yen"* refer to Japanese Yen; to *"€"*, *"EUR"* and *"euro"* 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 (the *"Treaty"*); to *"Sterling"*, *"GBP"* and *"£"* refer to pounds sterling; to *"NOK"* refer to Norwegian kroner; to *"DKK"* refer to Danish kroner; to *"CHF"* refer to Swiss Francs; to *"AUD"* refer to Australian dollars; to *"CAD"* refer to Canadian dollars, and to *"ZAR"* refer to South African Rand.

USE OF WEBSITES

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

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In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and regulations.

OVERVIEW OF THE PROGRAMME AND TERMS AND CONDITIONS OF THE NOTES

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

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

Words and expressions defined elsewhere in this Offering Circular shall have the same meanings in this Overview.

Description:	Euro Medium Term Note Programme
Issuer:	SBAB Bank AB (publ)
Arranger:	Merrill Lynch International
Initial Dealer:	Merrill Lynch International
Dealers:	The Initial Dealer and any other Dealers appointed in accordance with the Programme Agreement. Notes may also be issued to third parties other than Dealers on the basis of enquiries made by such third parties to the Issuer.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time including the following restriction applicable at the date of this Offering Circular. **Notes having a maturity of less than one year** Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent.
Principal Paying Agent:	The Bank of New York Mellon, London Branch
Registrar:	The Bank of New York Mellon, New York Branch
VPS Trustee:	Nordic Trustee AS or any other VPS Trustee as specified in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement).

Programme Size:	Up to €13,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Euro, Sterling, U.S. dollars, Yen, SEK, NOK, DKK, CHF, ZAR, AUD, CAD and any other currency agreed between the Issuer and the relevant Dealer, subject to any applicable legal or regulatory restrictions.
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued either (i) in bearer form, (ii) in registered form, or (iii) in the case of VPS Notes, in uncertificated and dematerialised book entry form registered in the VPS. Bearer Notes may be issued initially in temporary global form or permanent global form depending on TEFRA designation. Registered Notes will not be exchangeable for Bearer Notes and *vice versa*. Bearer Notes may be issued in New Global Note (*"NGN"*) form or Classic Global Note (*"CGN"*) form. VPS Notes will not be evidenced by any physical note or document of title. Entitlements to VPS Notes will be evidenced by the crediting of VPS Notes to accounts with the VPS.
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or a combination thereof and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Reset Notes:

Reset Notes will, in respect of an initial period, bear interest at the initial fixed rate of interest specified in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement). Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement) by reference to a mid-market swap rate for the relevant Specified Currency, and for a period equal to the reset period, as adjusted for any applicable margin, in each case as may be specified in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement). Such interest will be payable in arrear on the Interest Payment Date(s) specified in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement) or determined pursuant to the Terms and Conditions.

Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined:

(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or

(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service,

as indicated in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement).

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Exempt Notes:

The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement, which will replace, modify and/or supplement those Terms and Conditions.

Redemption:

The applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement) will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

In respect of Unsubordinated Notes, if Change of Control Put is specified as applying in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement) the Notes may be redeemed at the option of the Noteholders before their stated maturity following a change of control of the Issuer as described in Condition 6(d)(i).

In addition, Subordinated Notes may be redeemed prior to their stated maturity upon the occurrence of a Capital Event (as defined in Condition 6(j)) and, if so specified in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement), upon the occurrence of a Tax Event (as defined in Condition 6(b)(ii)). No such early redemption or purchase of Subordinated Notes may be made without the prior consent of the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the *"Swedish FSA"*).

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution. See section *"Notes having a maturity of less than one year"* under *"Certain Restrictions"* above.

Denomination of Notes:

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of each Note (other than an Exempt Note) will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the time of issue).

Taxation:

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within the Kingdom of Sweden, subject as provided in Condition 7 of the Terms and Conditions of the Notes. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7 of the Terms and Conditions of the Notes (including, in the case of Subordinated Notes and if "Additional Amounts - Interest Only" is specified to be applicable in the Final Terms, with respect to deductions on payments of principal only), be required to pay additional

	amounts to cover the amounts so deducted.
Cross-default:	The terms of Unsubordinated Notes will contain a cross-default provision as further described in Condition 9 of the Terms and Conditions of the Notes.
Status of Unsubordinated Notes:	Unsubordinated Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* (save for certain obligations required to be preferred by law) with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Status and Subordination of Subordinated Notes:	Subordinated Notes will constitute unsecured and subordinated obligations of the Issuer. In the event of the voluntary or involuntary liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer, the rights of the holders of any Subordinated Notes to payments on or in respect of such Notes will rank in accordance with the provisions of Condition 3(b). See Condition 3(b).
Subordinated Notes - Substitution or Variation:	If at any time a Capital Event or (if Tax Event is specified as being applicable in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement)) a Tax Event occurs or the Issuer is required to pay additional amounts in accordance with Condition 6(b)(ii)(A), then the Issuer may, subject to the prior consent of the Swedish FSA, substitute or vary the terms of Subordinated Notes (if the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement) specify that Condition 6(k) applies) so that they remain, or become, Qualifying Securities, as provided in Condition 6(k).
Subordinated Notes - Events of Default:	If any of the limited events described in Condition 9(b) occurs (namely non-payment or certain events relating to the insolvency or liquidation of the Issuer), the holders of Subordinated Notes shall only be entitled to institute proceedings for the Issuer to be declared bankrupt or its winding-up or liquidation and prove or claim in the bankruptcy or liquidation of the Issuer. Holders may claim payment in respect of Subordinated Notes only in the bankruptcy or voluntary or involuntary liquidation of the Issuer.
Rating:	Notes issued under the Programme are expected on issue to be assigned a credit rating of A1 (Unsubordinated Notes with a maturity of one year or more); P-1 (Unsubordinated Notes with a maturity of less than one year); and Baa2 (Subordinated Notes) from Moody's, and A (Unsubordinated Notes with a maturity of one year or more); A-1 (Unsubordinated Notes with a maturity of less than one year); and BBB (Subordinated Notes) from Standard & Poor's. Details of the rating of any Tranche of Notes to be issued under the Programme will (if applicable) be specified in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the

	assigning rating organisation.
Listing and Admission to Trading:	Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. Exempt Notes may also be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer in relation to each Series (provided that such exchange or market is not a regulated market for the purposes of MiFID). Exempt Notes which are neither listed nor admitted to trading on any stock exchange or market may also be issued. The applicable Final Terms relating to each Tranche of listed Notes will state when the relevant Notes are to be listed and admitted to trading. The applicable Pricing Supplement relating to each Tranche of Exempt Notes will state whether or not the relevant Notes are to be admitted to trading and, if so, on which stock exchanges and/or markets.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes shall be governed by, and construed in accordance with, English law save for (i) Condition 3(b) of the Terms and Conditions of the Notes which will be governed by, and construed in accordance with, Swedish law and (ii) the registration of VPS Notes in the VPS as well as the recording and transfer of ownership to, and other interests in, VPS Notes and Condition 14(b) which will be governed by, and construed in accordance with, Norwegian law. The VPS Trustee Agreement and VPS Agency Agreement will be governed by, and construed in accordance with, Norwegian law. VPS Notes must comply with the relevant regulations of the VPS and the holders of VPS Notes will be entitled to the rights and are subject to the obligations and liabilities which arise under the relevant Norwegian regulations and legislation.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including the Kingdom of Sweden, the Kingdom of Norway, the United Kingdom and France) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes.
United States Selling Restrictions:	Regulation S, Category 2. TEFRA C/TEFRA D/TEFRA not applicable, as specified in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement).

RISK FACTORS

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

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

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

RISKS RELATING TO THE ISSUER

Economic and Business Risks

Risks relating to the Kingdom of Sweden

Financial instruments issued by the Kingdom of Sweden are rated Aaa (long-term) and P-1 (short-term) by Moody's and AAA (long-term) and A-1+ (short-term) by S&P as at the date of this Offering Circular. Strong public finances and a competitive export sector, combined with a well-educated labour force and a high standard of living, are circumstances that support the creditworthiness of Sweden. High tax rates and rigidities in labour and housing markets are factors that may negatively influence the creditworthiness of Sweden. Further, Sweden may also be negatively affected by disruptions in the global economy and financial markets. Although Sweden has an ageing population, already implemented pension system reforms are considered to help insulate costs related thereto from the rest of the state finances. Public finances may be dampened due to extraordinary expenses related to the increased flow of foreign migrants into Sweden. As the Issuer conducts all of its business activities in Sweden, the Issuer's financial performance is significantly influenced by the general economic conditions of Sweden. Any sustained decline in the general economic conditions of Sweden may have an adverse effect on the Issuer's business, financial condition and/or results of operations.

Risks relating to the Swedish mortgage market

The Swedish mortgage market is dominated by a few institutions, consisting of banks, such as SBAB, and bank-owned mortgage companies. Low interest rates, rising house prices and strong increases in disposable household income have led to continued strong growth in demand for loans, especially in the residential mortgage market. One of the main risks related to the Swedish residential mortgage market is the credit risk associated with borrowers' creditworthiness, and their ability to pay under the mortgage loan, and with the value of the mortgaged properties. The relatively low risk profile among Swedish mortgage institutions reflects a high degree of lending to single-family homes, moderate loan-to-value ratios, high lending standards and a relatively strong repayment incentive among borrowers. However, it should be noted that the debt to income ratio of borrowers continues to increase. The housing market has been strong for many years driven by low interest rates, strong household finances, low supply of new homes in growth regions and population growth. In relation to new homes, there has recently been a substantial increase of newly built multi-family dwellings why that particular market segment could be subject to less demand in the foreseeable future which could have a negative impact on the housing market. House prices may be negatively affected by, for example, changes in regulations affecting the mortgage market directly or

indirectly or by a quick rise in interest rates or unemployment levels. The Swedish FSA has implemented a regulation imposing more stringent amortisation requirements on residential mortgages. In addition to this regulation, the Swedish FSA on 22nd June, 2017 proposed to impose stricter amortisation requirements that should be applicable from 1st March, 2018, although it remains uncertain whether such proposal will enter into force in its current form or at all. Such requirements may have an adverse effect on house prices, in particular in urban areas where the market value is higher, and has contributed to a reduction in lending growth.

Risks relating to disruptions in the global credit markets and economy

Financial markets are subject to periods of volatility, which may impact the Issuer's ability to raise debt in a similar manner, and at a similar cost, to the funding raised in the past. Challenging market conditions may result in greater volatility and reduced liquidity, widening of credit spreads and lack of price transparency in credit markets, which may affect the Issuer. These conditions and changes in financial markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, may affect the financial performance of the Issuer. In addition, the financial performance of the Issuer could be adversely affected by a worsening of general economic conditions or political climate in the markets and regions in which it operates. The possibility of an extended period of political uncertainty and financial market volatility as a result of the UK serving notice of its intention to leave the EU under Article 50 of the Treaty on European Union in March 2017 may also adversely affect the financial performance of the Issuer and its ability to raise debt in the international capital markets. With the details of the UK's exit from the EU still unclear, and uncertainty over trade arrangements, market access and legislative and regulatory frameworks, it is not possible to evaluate the impact the UK's exit may have on European economies and financial markets.

Risks relating to the Issuer's Business

As a result of its business activities, the Issuer is exposed to a variety of risks, the most significant of which are credit risk, market risk, operational risk and liquidity risk. Failure to control these risks can result in material adverse effects on the Issuer's financial performance and reputation.

Further, the Issuer's business could also be affected by competition and other factors such as general economic and business conditions, including changes in the economic climate, both nationally and internationally, changes regarding taxation, interest rate developments, inflation, political changes, regulatory changes and changes in the financial markets.

Systemic risk

Due to the high level of interdependence between financial institutions, the Issuer is subject to the risk of deterioration of the actual or perceived commercial and financial soundness of other financial institutions and a default or financial difficulties of one financial institution may have negative consequences for other financial institutions and may lead to liquidity problems, losses, defaults or worsening of general economic climate in the markets in which the Issuer operates.

Credit risk

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in the business of the Issuer. Adverse changes in the credit quality of the Issuer's borrowers and counterparties due to, for example, a general deterioration in the Swedish, European or global economic conditions, or arising from systemic risks in the financial systems, could affect the recoverability and value of its assets and require an increase in the Issuer's provision for bad and doubtful debts and other provisions.

Market risk

The most significant market risks the Issuer faces are interest rate, foreign exchange and bond price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. Changes in currency rates affect the value of assets and liabilities denominated in foreign currencies and may affect income from foreign exchange. Certain currency risks can arise due to a mismatch in interest rate flows. Against this background, a liquid derivative market enabling the Issuer to swap foreign currencies is essential. Further, the performance of financial markets may cause changes in the value of the Issuer's liquidity portfolio.

It is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Issuer's financial performance and business operations.

Operational risk

The Issuer's business is dependent on the ability to process a very large number of transactions efficiently and accurately. Operational risk and losses can result from fraud or other external or internal crime, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, equipment failures, natural disasters or the failure of internal or external systems, for example, those of the Issuer's suppliers or counterparties.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with securities admitted to the Official List or as a supervised firm regulated by the Swedish FSA.

Liquidity risk

The inability of a financial institution, including the Issuer, to anticipate and provide for unforeseen decreases or changes in funding sources could have consequences on such an institution's ability to meet its payment obligations when they fall due and could result in an investor not being paid in a timely manner. As part of its funding, the Issuer accepts deposits from the general public, the majority of which are repayable on demand and which may have an impact on the liquidity of the Issuer. Furthermore, if the Issuer's inability to meet its payment obligations when they fall due is not temporary it could mean that the Issuer might be considered insolvent.

The Issuer is subject to liquidity requirements in its capacity as a credit institution supervised by the Swedish FSA, including a statutory requirement to maintain sufficient liquidity to enable it to discharge its obligations as they fall due. Liquidity requirement regulations include the European Parliament and Council Regulation (Regulation (EU) No. 575/2013) establishing the prudential requirements for credit institutions and investment firms (known as the Capital Requirements Regulation or *"CRR"*) and the Commission Delegated Regulation (EU) 2015/61 with regard to liquidity coverage requirements for credit institutions. The Swedish FSA has also issued regulations on liquidity including the Swedish FSA's Regulatory Codes 2010:7, 2011:37, 2012:6, 2014:12, 2014:21 and 2014:27 (Sw. *FFFS 2010:7*, *FFFS 2011:37*, *FFFS 2012:6*, *FFFS 2014:12*, *FFFS 2014:21* and *FFFS 2014:27*). Serious or systematic deviations from such regulations may lead to the Swedish FSA determining that the Issuer's business does not satisfy the statutory soundness requirement for credit institutions and could result in the Swedish FSA imposing sanctions against the Issuer.

Limited access to equity capital markets

Since the Issuer's shares are not listed, it does not have direct access to the equity capital markets, and as a consequence, the Issuer is partly dependent upon its owner (the Kingdom of Sweden) as a source of equity capital. If the owner does not provide the Issuer with equity capital to the extent the Issuer needs, this

could have a negative impact on the Issuer's business. The Issuer does, however, have access to the debt capital markets.

The Issuer's guidelines and policies for risk management may prove to be inadequate with respect to unidentified and unforeseen risks

The management of business, regulatory and legal risks requires, among other things, guidelines and policies for the accurate registration and control of a large number of transactions and events. Such guidelines and policies may not always be adequate. Some methods used by the Issuer to estimate, measure and manage risk are based on perceived historic market behaviour and may therefore prove to be inadequate for predicting future risk exposure. Other methods for risk management are based on the evaluation of information regarding markets, customers or other information that is publicly known or otherwise available to the Issuer. Such information has not always been and may not always be accurate or correctly evaluated or a reliable indicator of default and may therefore be inadequate for the purpose of risk management, which may in turn have a material adverse effect on the Issuer's financial condition and results of operations.

The Issuer is subject to the risk of failure or interruption to its IT and other systems

The Issuer's business is dependent on the ability to keep a large amount of customer information and to process a large number of transactions as well as on internal and external systems for its loan distribution. Disruptions in the Issuer's IT or other systems may have a material adverse effect on the Issuer's ability to conduct its business and furthermore its financial condition and results of operations. Disruptions may, for example, be caused by internal factors such as larger projects for replacing or upgrading existing IT platforms and/or systems or by external factors such as the availability of experts vital for technical support or completion of embarked projects.

Furthermore, any breach in security of the Issuer's IT systems, for example, from increasingly sophisticated attacks by cybercrime groups, could disrupt its business, result in the disclosure of confidential information and/or create significant financial and/or legal exposure and the possibility of damage to the Issuer's reputation and/or brand.

Subordinated funding to SCBC

As a part of the Issuer's activities, the Issuer sells mortgage loans to its subsidiary AB Sveriges Säkerställda Obligationer (publ) (with the parallel trade name The Swedish Covered Bond Corporation) (*"SCBC"*). The Issuer's claims for the purchase price of the mortgage loans acquired by SCBC are (fully or partially) repaid concurrently with the issue of covered bonds by SCBC. The Issuer's claims in relation to such sales, as well as other claims (unless arising under any derivative agreement entered into pursuant to the Swedish Act on Issuance of Covered Bonds (Sw. *Lag (2003:1223) om utgivning av säkerställda obligationer*)) such as claims under a revolving credit facility agreement between the Issuer as lender and SCBC as borrower, are subordinated to all unsubordinated claims against SCBC in SCBC's bankruptcy or liquidation. Thus, if SCBC becomes bankrupt or is liquidated or if SCBC is unable to issue covered bonds, the Issuer may have outstanding subordinated claims against SCBC and may not get fully repaid or repaid in a timely manner. See *"Information Relating to the Issuer – The Swedish Covered Bond Corporation"* for more information relating to SCBC.

The loss of key personnel may adversely affect the Issuer's performance

The Issuer's performance is dependent on the talent, experience and commitments of highly skilled individuals. The Issuer's ability to compete effectively in its businesses is dependent on its ability to retain and motivate its existing employees and, where necessary, recruit skilled employees. Competition from within the financial services industry and from businesses outside the financial services industry for qualified employees is intense and an inability to keep and if necessary recruit skilled personnel might have adverse effect on the financial performance of the Issuer.

The Issuer's funding costs and its access to the debt capital markets depend significantly on its credit ratings

Any downgrade of the Issuer's credit ratings, or the credit ratings of its significant subsidiaries such as SCBC, could increase its borrowing costs, adversely affect the liquidity position of the Issuer, limit its access to the capital markets, undermine confidence in (and the competitive position of) the Issuer, trigger obligations under certain bilateral terms in some of its trading and collateralised financing contracts (including requiring the provision of additional collateral or the replacement of the Issuer with another counterparty) and/or limit the range of counterparties willing to enter into transactions with the Issuer. Any of the events above could have a material adverse effect on the Issuer's business and results of operations.

Legal and regulatory risks relating to the SBAB Group

Impact of legal and regulatory changes

The Issuer's business is subject to regulation and regulatory supervision pursuant to directives, laws, regulations and policies issued by, *inter alia*, the European Union (EU) and the Kingdom of Sweden. Any significant legal or regulatory developments could have an effect on how the Issuer conducts its business and on the Issuer's results of operations. This supervision and regulation, in particular in the EU and the Kingdom of Sweden, if changed, could materially affect the Issuer's business, the products and services it offers or the value of its assets. In the aftermath of the global economic crisis, many initiatives for regulatory changes have been taken and the impact of such initiatives is still difficult to predict in full.

The implementation of the new general data protection regulation 2016/679/EU (*"GDPR"*), applicable as of 25th May, 2018, which, *inter alia*, introduces stricter requirements for the processing of personal data and more severe sanctions for violations, will require substantial amendments to the SBAB Group's procedures and policies. Increased operational and compliance costs as well as any administrative and monetary sanctions or reputational damage due to incorrect implementation or breach of the new provisions could adversely impact the SBAB Group's business and the Issuer's financial condition and prospects.

Changes in tax legislation

The Issuer's business and transactions are conducted in accordance with its interpretation of applicable laws, tax treaties, regulations, case law and requirements of the tax authorities. However, there can be no assurance that their interpretation of applicable laws, tax treaties, regulations, case law or other rules or administrative practice is correct, or that such rules or practice will not change, possibly with retroactive effect.

Increased capital requirements and standards

The implementation of the CRR (as defined above in the risk factor *"Liquidity risk"*) and a European Council Directive (Directive 2013/36/EU) governing access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (known as *"CRD IV"*) has resulted in higher capital requirements. Also, CRR and CRD IV are both to be supported by a set of binding technical standards currently being developed by the European Banking Authority (the *"EBA"*). The regulatory framework will continue to evolve and any resulting changes could have a material impact on SBAB's business.

The changes to the capital adequacy framework include, *inter alia*, stricter minimum capital requirements for the components in the capital base with the highest quality: common equity tier 1 (*"CET1"*) capital must be at least 4.5 per cent. of risk weighted assets at all times and tier 1 capital 6.0 per cent. The minimum total capital (or "own funds") requirement (tier 1 capital plus tier 2 capital) is 8.0 per cent. of the total risk exposure amount. In addition to the minimum capital requirements, CRD IV introduces further

capital buffer requirements that are required to be satisfied with CET1 capital. Certain buffers may be applicable to SBAB as determined by the Swedish FSA. A breach of the combined buffer requirements will result in restrictions on certain discretionary capital distributions from the bank, for example, dividend and coupon payments on CET1 and tier 1 capital instruments. However, the Issuer is currently not considered as a systemically important institution and is thus not subject to the buffer requirement for systemically important institutions. In addition, the Issuer is not subject to the systemic risk buffer requirements. There can, however, be no assurance that the Issuer will not be designated a systemically important institution or subject to systemic risk buffer requirements in the future.

The countercyclical buffer rate is a capital requirement which varies over time and is to be used to support credit supply in adverse market conditions. The countercyclical capital buffer for Sweden is currently 2 per cent., having been increased from 1.5 per cent. with effect from 19th March, 2017. Such measures and any other changes in the risk weighting of assets may cause reductions in the capital adequacy ratios and solvency levels of SBAB and/or cause the applicable minimum capital requirements to increase.

On 11th May, 2015, the Swedish FSA published a memorandum describing the methods it plans to use to evaluate the capital requirements as regards the three most important risk types within other Pillar 2 requirements for all major Swedish banks, namely credit-related concentration risk, interest rate risk in the banking book and pension risk. The Swedish FSA has applied these methods in the Supervisory Review and Evaluation Process (SREP) 2015. The results of the SREP are made public quarterly by the Swedish FSA. There can be no assurance that these methods will not change over time. The Swedish FSA may also introduce additional methods for assessment of Pillar 2 risks. On 24th May, 2016, the Swedish FSA established new standards for assessing models applied for calculating the capital requirement for credit risk, primarily for corporate exposures. These methods may increase SBAB's capital requirements for credit risk, primarily for the corporate exposures. On 24th May, 2016 the Swedish FSA also established new Pillar 2 requirements for banks applying the advanced internal ratings-based approach (A-IRB) for calculating credit risk. The SBAB Group currently applies the foundation internal ratings-based approach (F-IRB) when calculating credit risk for corporate exposures, and is thus not subject to additional Pillar 2 requirements due to the new method.

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

Bank Recovery and Resolution Directive

To supplement the CRR and CRD IV legislative package, EU credit institutions are subject to a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (known as the Bank Recovery and Resolution Directive (*BRRD*)).

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

financial position. The BRRD has been implemented into Swedish law by the Resolution Act (Sw. *Lag (2015:1016) om resolution*) and the Precautionary Support Act (Sw. *Lag (2015:1017) om förebyggande statligt stöd till kreditinstitut*). The National Debt Office (Sw. *Riksgäldskontoret*) has been appointed as resolution authority and has been given certain powers which can be categorised into preventive powers, early intervention powers and resolution powers. Ultimately, the authority may take control of a failing institution and, for example, transfer the institution to a private purchaser or to a publicly controlled entity pending a private sector arrangement. All these actions can be taken without any prior shareholder approval.

The BRRD contains a number of resolution tools and powers which may be applied by the resolution authority upon certain conditions for resolution being fulfilled. These tools and powers may be used alone or in combination and include, *inter alia*, a general power to write-down all or a portion of the principal amount of, or interest on, certain other eligible liabilities, whether subordinated or unsubordinated, of the institution in resolution and/or to convert certain unsecured debt claims including senior notes and subordinated notes into another security, including CET1 instruments of the surviving entity, which equity could also be subject to any further application of the general bail-in tool. This means that most of such failing institution's debt (including, in the case of the Issuer, Notes issued under the Programme) could be subject to bail-in, except for certain classes of debt, such as deposits and secured liabilities.

One of the key principles in the BRRD is that the shareholders of a failing institution must bear the first losses in case of a failure. Prior to taking any resolution action that would result in losses for the creditors of the failing institution, the authorities must therefore impose losses on the shareholders by cancelling or severely diluting their shares. In general, shareholders' claims should be exhausted before those of subordinated creditors and only when those claims are exhausted can resolution authorities impose losses on senior claims.

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

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

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

The powers set out in the BRRD will impact how institutions are managed as well as, in certain circumstances, the rights of creditors. Holders of eligible liabilities may be subject to write-down or conversion into equity on any application of the general bail-in tool and, in the case of subordinated liabilities (such as Subordinated Notes), non-viability loss absorption. The general bail-in tool can be used to recapitalise an institution that is failing or about to fail, allowing authorities to restructure it through the resolution process and restore its viability after reorganisation and restructuring. The write-down and conversion power can be used either together with, or also, independently of, a resolution action. Other powers provided to resolution authorities under the BRRD in respect of debt instruments (such as the Notes) include replacing or substituting the institution as obligor in respect of such debt instruments; modifying the

terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), and/or discontinuing the listing and admission to trading of debt instruments.

Going forward, the BRRD has an impact on how large a capital buffer an institution will need, in addition to those set out in the CRR and CRD IV. To ensure that institutions always have sufficient loss-absorbing capacity, the BRRD requires institutions to maintain at all times a sufficient aggregate amount of "own funds" (as defined in Article 4(1)(118) of the CRR) and "eligible liabilities" (namely, liabilities and other instruments that do not qualify as Tier 1 or Tier 2 capital and that may be bailed-in using the bail-in tool) (*"MREL"*). See *"EBA draft regulatory technical standards (RTS) on criteria for determining the minimum requirement for own funds and eligible liabilities under the BRRD"* below for further information regarding the determination of an institution's MREL under the BRRD. Eligible liabilities may be senior or subordinated, provided they have a remaining maturity of at least one year and, if governed by a non-EU law, they must be able to be written down or converted under that law or through contractual provisions.

In November 2016, the European Commission proposed changes to the BRRD with a focus on the implementation of the Financial Stability Board's standard for total loss absorbing capacity (TLAC) into EU legislation and the alignment of the TLAC requirement with MREL rules to avoid duplication. While the TLAC requirement is proposed to be applicable only to global systemically important banks (known as G-SIBs) (and hence not to the Issuer), the Issuer expects that the MREL implementation by the National Debt Office will need to be amended in line with the final outcome of the proposed changes to the BRRD.

On 23rd February, 2017, the National Debt Office presented the finalised model for the calculation of MREL, stating that systemically important institutions need to replace a portion of their existing bond issuance with subordinated bonds. Institutions which are not deemed as systemically important will not be affected by the framework presented by the National Debt Office; in a crisis, such institutions will be declared bankrupt or placed in liquidation rather than resolution. The model presented for the calculation of MREL will take effect from 1st January, 2018 onwards and institutions must progressively build up the volume of subordinated liabilities required to meet the minimum requirement by 2022. Since it has not yet been determined whether the Issuer will be treated as a systemically important institution or not for these purposes, as at the date of this Offering Circular it is not possible to say how the Issuer will be affected by the new framework.

It is not possible to predict exactly how the powers and tools of the National Debt Office provided in the BRRD and the Resolution Act will affect the Issuer and the SBAB Group. Accordingly, it is not possible to assess the full impact of the BRRD and the Resolution Act on the Issuer and the SBAB Group. The powers and tools given to the National Debt Office are numerous and the exercise of any of those powers or any suggestion of such exercise could, therefore, materially adversely affect the rights of Noteholders, the price or value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

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

The holders of Subordinated Notes are subject to the risk that such Notes may be required to absorb losses as a result of statutory powers conferred on resolution and competent authorities in Sweden (the National Debt Office and the Swedish FSA). As noted above, the powers provided to resolution and competent authorities in the BRRD include write-down/conversion powers to ensure that relevant capital instruments (such as Subordinated Notes) fully absorb losses at the point of non-viability of the issuing institution in order to allow it to continue as a going concern subject to appropriate restructuring. As a result, the BRRD contemplates that resolution authorities may require the permanent write-down of such capital instruments (which write-down may be in full) or the conversion of them into CET1 instruments at the point of non-viability (which CET1 instruments may also be subject to any application of the general bail-in tool described above) and before any other bail-in or resolution tool can be used. Measures ultimately adopted in this area may apply to any debt currently in issue, including Subordinated Notes.

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

The application of any non-viability loss absorption measure may result in a holder of Subordinated Notes losing some or all of their investment. Any such conversion to equity or write-off of all or part of an investor's principal (including accrued but unpaid interest) shall not constitute an event of default and any affected holder of Subordinated Notes will have no further claims in respect of any amount so converted or written off. The exercise of any such power may be inherently unpredictable and may depend on a number of factors which may be outside the Issuer's control. Any such exercise, or any suggestion that the Subordinated Notes could become subject to such exercise, could, therefore, materially adversely affect the value of Subordinated Notes.

EBA draft regulatory technical standards (RTS) on criteria for determining the minimum requirement for own funds and eligible liabilities under the BRRD

In order to ensure the effectiveness of bail-in and other resolution tools introduced by the BRRD, the BRRD requires that all in-scope institutions have sufficient own funds and eligible liabilities available to absorb losses and contribute to recapitalisation if the bail-in tool were to be applied. Each institution must meet an individual MREL requirement, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities (the National Debt Office for Sweden) on a case by case basis. The MREL requirement applies to all EU credit institutions (and certain investment firms), not just to those identified as being of a particular size or of systemic importance.

In determining an institution's MREL, the resolution authority must have regard to certain criteria specified in the BRRD and the MREL requirement for that institution will be comprised of a number of key elements, including the required loss absorbing capacity of the institution (which will, as a minimum, equate to the institution's capital requirements under CRD IV, including applicable buffers), and the level of recapitalisation needed to implement the preferred resolution strategy identified during the resolution planning process.

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

The BRRD's provisions relating to MREL are set out in Article 45 of the BRRD. These provisions will be supplemented by regulatory technical standards (*"RTS"*) drafted by the EBA with a view to be adopted by the European Commission. The key RTS relates to the assessment criteria for determining an institution's MREL under the BRRD are set out in Commission Delegated Regulation (EU) 2016/1450, which entered into force on 23rd September, 2016.

It should be noted that the Resolution Act, in line with BRRD, requires that all in-scope institutions have sufficient own funds and eligible liabilities available to absorb losses and contribute to recapitalisation if the bail-in tool were to be applied (see Chapter 4 of the Resolution Act).

As stated above, on 23rd February, 2017, the National Debt Office presented the finalised model for the calculation of MREL, stating that systemically important institutions need to replace a portion of their existing bond issuance with subordinated bonds. However, it remains uncertain when the decision as to which institutions that are to be deemed as systemically important (and consequently what the MREL requirements for each institution will be) can be expected. The National Debt Office has stated that it intends to communicate such decision during 2017. Until then, broadly, the MREL will be set at a level equal to the institution's applicable capital requirements. It can be noted that not all institutions will be deemed systemically important for the purposes of the resolution regime. For institutions which are not so deemed, the MREL requirements will remain at the level of the institution's applicable capital requirements.

The extent and nature of the MREL requirements are currently being developed and so it is not possible to determine the exact impact that they will have on the Issuer or the SBAB Group once implemented. The proposals may require the Issuer or other members of the SBAB Group to issue a significant amount of additional eligible liabilities in order to meet the new MREL requirements within the required timeframes. If the SBAB Group was to experience difficulties in raising eligible liabilities, it may have to reduce its lending or investments in other operations.

On 27th February, 2017, the Swedish government presented the first proposal for an increased annual fee to the resolution reserve. The government proposes that the fee be increased from 9 bps of the calculation amount (broadly, the sum of the institution's liabilities, other than deposits covered by the state deposit insurance scheme and liabilities forming part of its regulatory capital) to 12.5 bps for 2018 (although it will drop back in 2019 and will be eliminated in 2025 when the reserve is expected to reach its target level). The increase in the resolution fee is proposed to be effective from 1st January, 2018. Should the proposal be implemented, it is likely to have a negative impact on the Issuer's results of operations in 2018.

Risks relating to changes in accounting standards

From time to time, the International Accounting Standards Board (the *"IASB"*), the EU and other regulatory bodies change the financial accounting and reporting standards that govern the preparation of the SBAB Group's and the Issuer's financial statements. These changes can be difficult to predict and can materially impact how the SBAB Group and the Issuer record and report their results of operations and financial condition.

In July 2014, the IASB issued a new accounting standard, International Financial Reporting Standard 9 (*Financial Instruments*) (*"IFRS 9"*), which will replace IAS 39 and IAS 32 and will become effective from 1 January 2018. IFRS 9 provides principles for classification of financial instruments, provisioning for expected credit losses and the new general hedge accounting model. While the impact of IFRS 9 on the financial reporting of the SBAB Group and the Issuer is still being evaluated, it is expected that the new rules will have most impact in terms of the recognition of expected credit losses and impairment provisions may increase, with a corresponding reduction in CET 1 capital. In addition, the new credit loss model is expected to involve a high degree of judgment and a number of assumptions that could be volatile from period to period, which could create volatility in CET 1 capital. It is currently not possible to determine the extent of the impact of the implementation of IFRS 9 on CET 1 capital as the new rules for the transition to IFRS 9 and its impact on capital ratios, expected to be issued by the Basel Committee on Banking Supervision, are not yet final. However, as a consequence of the impact of IFRS 9 and the uncertainty regarding its implementation, the SBAB Group and/or the Issuer may need to obtain additional capital in the future, and may not be able to obtain new equity capital or debt financing qualifying as regulatory capital on attractive terms, or at all.

Risks relating to the Issuer's collateral

Given that a considerable part of the Issuer's loans are secured by mortgage certificates (Sw. *pantbrev*) in properties located in Sweden or pledges of tenant-owners' rights (Sw. *bostadsrätt*) in Sweden as collateral, the credit risk is partly related to the performance of the real estate and housing market in Sweden.

There can be no guarantees regarding the future development of the value of the collateral. When collateral is enforced, a court order may be needed to establish the borrower's obligation to pay and to enable a sale by execution measures. The Issuer's ability to enforce the collateral without the consent of the borrower is thus dependent on the above-mentioned decisions from a court and the execution measures and on other relevant circumstances in the mortgage market and in the demand for the relevant real property. Should the prices of real property and the housing market substantially decline, this would affect the Issuer. There are many circumstances that affect the level of credit loss, early repayments, withdrawals and final payments of interest and principal amounts, such as changes in the economic climate, both nationally and internationally, changes regarding taxation, interest rate developments, inflation and political changes.

Withdrawal of income tax deductibility for interest payments on certain capital instruments and subordinated debt

On 1st January, 2017, new legislation came into force in Sweden, abolishing the income tax deductibility for interest payments on capital instruments and subordinated loans qualifying as Additional Tier 1 capital and Tier 2 capital under the CRR. Since the legislation came into effect only recently, it is currently not possible to predict the extent of the impact on the Issuer's business. However, it is likely that the rules will increase the overall tax burden for the Issuer which could adversely affect its business, financial condition and results of operations. The rules may also affect the overall financial stability of the Issuer and other institutions affected by the rules.

RISKS RELATING TO THE NOTES

Noteholders are subject to credit risk on the Issuer

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

The Notes are obligations of the Issuer only

The Notes are solely obligations of the Issuer and are not obligations of, or guaranteed by, any other entities. In particular, the Notes are not obligations of, and are not guaranteed by, the Kingdom of Sweden, SCBC or any other entity in the SBAB Group. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the Kingdom of Sweden, SCBC or any other entity in the SBAB Group.

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain of those features:

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

The Issuer may issue Notes which entitle the Issuer to redeem such Notes prior to their maturity date at its option and at a price which may be less than the current market price of those Notes. An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

In the event that the Issuer would be obliged to pay additional amounts in respect of any Notes due to any deduction for or on account of withholding taxes imposed within the Kingdom of Sweden pursuant to Condition 7, the Issuer may redeem all outstanding Notes in accordance with Condition 6(b). In addition, in relation to Subordinated Notes, the Issuer may be entitled to redeem such Notes if the tax treatment for the Issuer in respect of Subordinated Notes is negatively altered after the issue date (as set forth in Condition 6(b)(ii) and subject to "Tax Event" being specified as applicable in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement)) or if a Capital Event (as defined in Condition 6(j)) occurs, subject to the prior consent of the Swedish FSA and compliance with certain regulatory conditions (see "*Redemption of Subordinated Notes is subject to the prior consent of the Swedish FSA and the Issuer may elect not to call Subordinated Notes: holders have no right to request the redemption of Subordinated Notes*" below). In relation to any issue of Unsubordinated Notes or Subordinated Notes, if Issuer Call is specified as applying in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement), the Issuer shall be entitled to redeem the Notes on any Optional Redemption Date(s) and at the Optional Redemption Amount specified therein.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. In the case of any early redemption, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

See also "*Redemption of Subordinated Notes is subject to the prior consent of the Swedish FSA and the Issuer may elect not to call Subordinated Notes: holders have no right to request the redemption of Subordinated Notes*" below.

If the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

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

The interest rate on Reset Notes will reset on each Reset Date, which can be expected to affect the interest payment on an investment in Reset Notes and could affect the market value of Reset Notes

Reset Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the relevant First Margin or relevant Subsequent Margin (as applicable), as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a *"Subsequent Reset Rate"*). The Subsequent Reset Rate for any Reset Period could be less than the Initial Rate of Interest or the Subsequent Reset Rate for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

Risks related to Notes which are linked to "benchmarks"

The London Interbank Offered Rate (*"LIBOR"*), the Euro Interbank Offered Rate (*"EURIBOR"*), the Stockholm Interbank Offered Rate (*"STIBOR"*) and other interest rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform. The

implementation of the anticipated reforms may result in changes to a benchmark's administration, causing it to perform differently than in the past, or to be eliminated entirely, or resulting in other consequences which cannot be predicted. Any such consequence could have an adverse effect on any Notes linked to such a "benchmark" (including, for example, Floating Rate Notes whose interest rate is linked to LIBOR, EURIBOR or STIBOR).

Regulation (EU) 2016/1011 (the *"Benchmark Regulation"*) will apply from 1st January, 2018 (save that certain provisions, including those relating to "critical benchmarks", took effect as at 30th June, 2016). The Benchmark Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. When fully applicable, it will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based and providing benchmarks which are intended for use in the EU, to be subject to an equivalent regime or otherwise recognised or to have such benchmarks endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Issuer) of benchmarks administered by administrators that are not authorised or registered (or, if non-EU based, that are not subject to an equivalent regime or recognised and have not had such benchmarks endorsed).

The Benchmark Regulation could have a material impact on any Notes linked to a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the Benchmark Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or lead to the disappearance of certain benchmarks. Uncertainty about the future of benchmarks, any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, could have an adverse effect on the value of, and return on, any Notes linked to a benchmark and the trading market for such Notes.

In a speech in July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority (the *"FCA"*) committed the FCA to begin planning a transition away from LIBOR to alternative reference rates that are based on actual transactions, such as SONIA (the Sterling Over Night Index Average). The speech envisaged the current LIBOR arrangements continuing until at least the end of 2021. The announcement indicates that the continuation of LIBOR in its current form is not guaranteed after 2021. It is not possible to predict the effect of the FCA announcement, any changes in the methods pursuant to which LIBOR rates are determined and any other reforms to LIBOR, including to the rules promulgated by the FCA in relation thereto, that will be enacted in the UK and elsewhere, which may adversely affect the trading market for LIBOR-based securities, including Floating Rate Notes, or result in the phasing out of LIBOR as a reference rate for securities. In addition, any changes announced by the FCA (including the FCA announcement), ICE Benchmark Administration Limited as independent administrator of LIBOR or any other successor governance or oversight body, or future changes adopted by such body, in the method pursuant to which the LIBOR rates are determined may result in a sudden or prolonged increase or decrease in the reported LIBOR rates. If that were to occur, the level of interest payments and the value of any relevant Floating Rate Notes may be affected. Further, uncertainty as to the extent and manner in which the UK government's recommendations following its review of LIBOR in September 2012 will continue to be adopted and the timing of such changes may adversely affect the current trading market for LIBOR based securities and the value of Floating Rate Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates

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

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

As provided under Condition 3(b) of the Terms and Conditions of the Notes, the Issuer's obligations under Subordinated Notes are unsecured and subordinated. In the event of the voluntary or involuntary liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer and the Issuer being wound up, it will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors but excluding any obligations in respect of subordinated debt) in full before it can make any payments on the relevant Subordinated Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under the relevant Subordinated Notes.

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

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

There is no restriction on the amount of debt that the Issuer may issue that ranks senior to the Subordinated Notes or on the amount of securities that it may issue that rank *pari passu* with the Subordinated Notes. The issue of any such debt or securities may reduce the amount recoverable by holders of Subordinated Notes in the event of the liquidation or bankruptcy of the Issuer.

Redemption of Subordinated Notes is subject to the prior consent of the Swedish FSA and the Issuer may elect not to call Subordinated Notes: holders have no right to request the redemption of Subordinated Notes

In addition to the call rights described above in the risk factor *"If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return"*, Subordinated Notes may contain provisions allowing the Issuer to call them after a minimum period of, for example, five years. To exercise any such call option, the Issuer must obtain the prior consent of the Swedish FSA.

Holders of such Notes have no rights to call for the redemption of such Notes and should not invest in such Notes in the expectation that such a call will be exercised by the Issuer. In order for such Notes to be redeemed, the Swedish FSA must first, in its discretion, agree to permit such a call, taking into account the regulatory capital position of the Issuer at the relevant time and certain regulatory conditions. These regulatory conditions include the requirement under CRD IV that, if the Notes are to be redeemed during the first five years after their issuance, the Issuer must demonstrate to the satisfaction of the Swedish FSA that the event triggering such redemption was not reasonably foreseeable at the time of the issue of the Notes and, in the case of a call relating to the tax treatment of the Notes, that the adverse treatment is material and, in the case of a call relating to a Capital Event, that such change is sufficiently certain. These conditions, as well as a number of other technical rules and standards relating to regulatory capital requirements applicable

to the Issuer, should be taken into account by the Swedish FSA in its assessment of whether or not to permit any redemption or repurchase of Subordinated Notes during the first five years after issuance. Even after the initial five years have expired, the Swedish FSA should still take into account such other technical rules and standards before consenting to any early redemption or repurchase. It is uncertain how the Swedish FSA will apply these criteria in practice and such rules and standards may change during the life of the Notes. It is therefore difficult to predict whether at any time, and on what terms, the Swedish FSA will permit any early redemption or repurchase of the Notes.

Even if the Issuer is given prior consent by the Swedish FSA, any decision by the Issuer as to whether it will exercise calls in respect of such Notes will be taken at the absolute discretion of the Issuer with regard to factors such as the economic impact of exercising such calls, the regulatory capital requirements of the Issuer and/or the SBAB Group, prevailing market conditions and regulatory developments. Holders of such Notes should be aware that they may be required to bear the financial risks of an investment in such Notes for a period of time in excess of the minimum period.

Events of Default in relation to Subordinated Notes

The only Events of Default in relation to Subordinated Notes are those set out in Condition 9(b). If any of the events described in Condition 9(b) occurs (namely non-payment or certain events relating to the insolvency or liquidation of the Issuer), the holders of Subordinated Notes shall only be entitled to institute proceedings for the Issuer to be declared bankrupt or its winding-up or liquidation and prove or claim in the bankruptcy or liquidation of the Issuer. Holders may claim payment in respect of Subordinated Notes only in the bankruptcy liquidation of the Issuer.

The holders of Subordinated Notes are subject to the risk that such Notes may be required to absorb losses at the point of non-viability of the Issuer

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

Noteholders may be subject to write-down or conversion into equity on any application of the general bail-in tool under the BRRD

With regard to the risks applying to holders of Notes in the context of the application of the general bail-in tool under the BRRD and, in particular, the risk that Notes may be written-down or converted into equity in the event of the failure or likely failure of the Issuer, please see *"Bank Recovery and Resolution Directive"* above.

Substitution or Variation of Subordinated Notes

Where the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement) specify that Condition 6(k) applies, if at any time a Capital Event or (if Tax Event is specified as being applicable in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement)) a Tax Event occurs or the Issuer is required to pay additional amounts in accordance with Condition 6(b)(ii)(A), then the Issuer may, subject to the prior consent of the Swedish FSA and without any requirement for the consent or approval of the Noteholders, substitute or vary the terms of Subordinated Notes so that they remain, or become, Qualifying Securities, as provided in Condition 6(k).

Any such substitution or variation may have adverse consequences for Noteholders, dependent on a number of factors, including the nature and terms and conditions of the relevant Qualifying Securities and the tax laws to which a particular Noteholder is subject. While the Issuer cannot make changes to the terms of Subordinated Notes that, acting reasonably, are materially less favourable to the holders of the relevant

Subordinated Notes as a class, no assurance can be given as to whether any of these changes will negatively affect any particular holder.

In respect of any Notes issued with a specific use of proceeds, such as a "green bond", there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor

The applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement) relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply the relevant proceeds towards projects and activities that promote sustainability and other environmental purposes. Prospective investors should have regard to the information in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement) regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes, together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer or the Dealers that the use of such proceeds for the stated purposes will 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. Furthermore, 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" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as such.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may or may not be made available in connection with the issue of any Notes in order to fulfil any environmental, sustainability, social and/or other criteria. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. In addition, the withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on may have a material adverse effect on the value of such Notes 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 Notes generally

Meetings of Noteholders: the Terms and Conditions of the Notes permit defined majorities to bind all Noteholders of the relevant Series

The Terms and Conditions of the Notes and the Agency Agreement (or, in respect of VPS Notes, the VPS Trustee Agreement) contain provisions for calling meetings of Noteholders of a Series to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders of the relevant Series including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Reliance on DTC, Euroclear and Clearstream, Luxembourg and VPS procedures

Notes issued under the Programme (other than VPS Notes) will be represented on issue by one or more Global Notes that may be deposited with a custodian for DTC or a common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

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

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

Similarly, VPS Notes will be issued in uncertificated and dematerialised book-entry form registered in the VPS. The VPS will maintain records of the ownership of the VPS Notes. VPS Notes will not be evidenced by any physical note or document of title other than statements of account made by the VPS. Ownership of VPS Notes will be recorded and transfer effected only through the book-entry system and register maintained by the VPS.

The Issuer will discharge its payment obligations under VPS Notes by making payments through the VPS and holders of VPS Notes must therefore rely on the procedures of the VPS to receive payments under VPS Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in VPS Notes. Investors with accounts in Euroclear and Clearstream, Luxembourg may hold VPS Notes in their accounts with such clearing systems and the relevant clearing system will be shown in the records of the VPS as the holder of the relevant amount of VPS Notes.

Modifications

In the case of Notes other than VPS Notes, the Principal Paying Agent and the Issuer may agree, without the prior consent or sanction of any of the Noteholders or Couponholders, to:

(a) any modification (except as described in Condition 14(a)) of the Agency Agreement which is not prejudicial to the interests of the Noteholders; or

(b) any modification of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification will be binding on the Noteholders and the Couponholders.

In the case of VPS Notes, the VPS Trustee Agreement provides that:

(i) the VPS Trustee may in certain circumstances, without providing prior written notice to, or consultation with, the holders of the VPS Notes, make decisions binding on all holders relating to the Terms and Conditions of the relevant VPS Notes, the VPS Trustee Agreement or the relevant VPS Agency Agreement, including amendments which are not, in the VPS Trustee's opinion, materially prejudicial to the interests of the holders of the VPS Notes; and

(ii) having given holders of the VPS Notes the opportunity to protest against the proposal, the VPS Trustee may reach other decisions binding for all holders of VPS Notes.

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

The Terms and Conditions of the Notes are governed by English law and (i) in respect of Condition 3(b), Swedish law and (ii) in respect of the registration of VPS Notes in the VPS as well as the recording and transfer of ownership to, and other interests in, VPS Notes and Condition 14(b), Norwegian law, in each

case, in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English, Swedish or Norwegian law or administrative practice after the date of issue of the relevant Notes and any such change could materially adversely impact the value of any Notes affected by it.

Judgments entered against Swedish entities in the courts of a state which is not subject to the Brussels Regulations or the Lugano Convention may not be recognised or enforceable in Sweden

A judgment entered against a company incorporated in Sweden in the courts of a state which is not, under the terms of (i) Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12th December, 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the *"2012 Brussels Regulation"*), (ii) Council Regulation (EC) No. 44/2001 of 22nd December, 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the *"2000 Brussels Regulation"*), or (iii) the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters made at Lugano on 30th October, 2007 (the *"Lugano Convention"*), a Member State (as defined in the 2012 Brussels Regulation and the 2000 Brussels Regulation) or a Contracting State (as defined in the Lugano Convention), would not be recognised or enforceable in Sweden as a matter of law without a retrial on its merits (but will be of persuasive authority as a matter of evidence before the courts of law, administrative tribunals or executive or other public authorities of Sweden). As a result, if the UK leaves the EU, an English court judgment entered against the Issuer in relation to the Notes may not be recognised or enforceable in Sweden (absent any replacement arrangements being put in place).

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of such Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time may not receive a definitive Bearer Note in respect of such holding (should definitive Bearer Notes be printed or issued) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

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

Risks related to the market generally

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

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

The Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be liquid or may become illiquid at a later stage. Therefore,

investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case where the Issuer is in financial distress, which may result in a sale of the Notes at a substantial discount to their principal amount, or where the Notes are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

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

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

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

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

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating agency may change its rating methodology in respect of a particular class of instruments, making it more difficult to maintain a certain credit rating. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. Any such revision, suspension or withdrawal could adversely affect the market value of the relevant Notes. For the avoidance of doubt, the Issuer does not commit to ensure that any specific rating of the Notes or the Programme will be upheld nor that any credit rating agency rating the Notes will remain the same.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement

action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (*"ESMA"*) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the Issuer's ratings, the ratings of the Programme and the credit rating agencies which have assigned such ratings is set out on the front page of this Offering Circular. Where a Tranche of Notes is rated, such rating will be specified in the relevant Final Terms (or, in the case of Exempt Notes, Pricing Supplement) and may not necessarily be the same as the rating assigned to the Issuer or the Programme generally.

European Monetary Union (EMU)

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

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published and have been filed with the UK Listing Authority, shall be incorporated in, and form part of, this Offering Circular:

(a) the audited consolidated and non-consolidated financial statements of the Issuer for the financial year ended 31st December, 2016 (on pages 72-126 inclusive of SBAB's Integrated Annual Report 2016 (the *"Integrated Annual Report 2016"*)), including the audit report thereon on pages 134-136;

(b) the audited consolidated and non-consolidated financial statements of the Issuer for the financial year ended 31st December, 2015 (on pages 72-125 inclusive of SBAB's Integrated Annual Report 2015 (the *"Integrated Annual Report 2015"*)), including the audit report thereon on page 135;

(c) the unaudited consolidated and non-consolidated Interim Report of the Issuer for the period ended 30th September, 2017 (the *"2017 Third Quarter Interim Report"*); and

(d) the section *"Terms and Conditions of the Notes"* from the following Offering Circulars relating to the Programme: (i) the Offering Circular dated 8th November, 2006 (pages 37-70 inclusive); (ii) the Offering Circular dated 8th November, 2007 (pages 51-85 inclusive); (iii) the Offering Circular dated 7th November, 2008 (pages 51-85 inclusive); (iv) the Offering Circular dated 6th November, 2009 (pages 63-108 inclusive); (v) the Offering Circular dated 4th November, 2010 (pages 65-105 inclusive); (vi) the Offering Circular dated 3rd November, 2011 (pages 68-108 inclusive); (vii) the Offering Circular dated 6th November, 2012 (pages 44-84 inclusive); (viii) the Offering Circular dated 5th November, 2013 (pages 58-103 inclusive), (ix) the Offering Circular dated 5th November, 2014 (pages 56-95 inclusive), (x) the Offering Circular dated 26th October, 2015 (pages 59-98 inclusive), and (xi) the Offering Circular dated 1st November, 2016 (pages 62-102 inclusive).

References in the audit reports referred to above to "annual accounts" and in the financial statements referred to above to the financial statements of the "parent company" refer, in each case, to the non-consolidated financial statements of the Issuer.

The Issuer confirms that each of the documents referred to in (a) to (c) above is a direct and accurate translation from the Swedish original.

Following the publication of this Offering Circular a supplement may be prepared by the Issuer and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

The parts of the above-mentioned documents which are not incorporated by reference in this Offering Circular are either not relevant for investors or are covered elsewhere in this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg and are available for viewing on the Issuer's website at https://www.sbab.se/1/in_english/investor_relations.html.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new offering circular for use in connection with any subsequent issue of Notes. The Issuer has undertaken to the Dealers in the Programme Agreement (as defined in *"Subscription and Sale and Transfer and Selling Restrictions"*) that it will comply with section 87G of the FSMA.

FORM OF THE NOTES

Any reference in this section to "applicable Final Terms" shall be deemed to include a reference to "applicable Pricing Supplement" where relevant.

The Notes of each Series will be either (i) in bearer form, with or without interest coupons (*"Coupons"*) attached, or (ii) in registered form, without Coupons attached or (iii) in the case of VPS Notes, in uncertificated and dematerialised book entry form registered in the VPS. Bearer Notes and VPS Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (*"Regulation S"*) and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A.

Bearer Notes

Each Tranche of Bearer Notes will initially be issued in the form of either a temporary bearer global note (a *"Temporary Bearer Global Note"*) or a permanent bearer global note (a *"Permanent Bearer Global Note"* and, together with a Temporary Bearer Global Note, a *"Bearer Global Note"*) as indicated in the applicable Final Terms, which, in either case, will:

(i) if the Bearer Global Notes are intended to be issued in New Global Note (*"NGN"*) form, as specified in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the *"Common Safekeeper"*) for Euroclear Bank SA/NV (*"Euroclear"*) and Clearstream Banking S.A. (*"Clearstream, Luxembourg"* and, together with Euroclear, the *"ICSDs"*); or

(ii) if the Bearer Global Notes are not intended to be issued in NGN form but are intended to be issued in Classic Global Note (*"CGN"*) form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the *"Common Depositary"*) for, Euroclear and Clearstream, Luxembourg.

Where the Bearer Global Notes issued in respect of any Tranche are in NGN form, the ICSDs will be notified whether or not such Bearer Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Bearer Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note if the Temporary Bearer Global Note is issued in CGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the *"Exchange Date"*) which, in respect of each Tranche in respect of which a Temporary Bearer Global Note is issued, is 40 days after the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, interest coupons and talons attached (as

indicated in the applicable Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note if the Permanent Bearer Global Note is issued in CGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or (b) only upon the occurrence of an Exchange Event.

For these purposes, *"Exchange Event"* means that (i) an Event of Default (as defined in Condition 9 of the Terms and Conditions of the Notes) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no alternative clearing system is available or (iii) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 7 of the Terms and Conditions of the Notes which would not be required were the Notes represented by the Permanent Bearer Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 of the Terms and Conditions of the Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The exchange upon not less than 60 days' written notice option, as described in paragraph (a) above, should not be expressed to be applicable if the Notes are issued in denominations comprising a minimum Specified Denomination (such as €100,000 (or its equivalent in another currency)) plus one or more higher integral multiples of another smaller amount (such as €1,000 (or its equivalent in another currency)). Furthermore, such denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for definitive Bearer Notes.

The following legend will appear on all Bearer Notes which have an original maturity of more than one year and on all interest coupons relating to such Notes:

"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."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form, without Coupons, (a *"Regulation S Global Note"*) which will be deposited with a common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg and, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper. Prior to expiry of the Distribution Compliance Period (being the later of 40 days after (i) the Temporary Bearer Global Note is issued and (ii) completion of the distribution of the relevant Tranche) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 of the Terms and Conditions of the Notes, and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The ICSDs will be notified whether or not such Registered Global Notes are intended to be held in a manner which would allow Eurosystem eligibility and therefore whether such Registered Global Notes are intended to be held under the New Safekeeping Structure (the *"NSS"*). Any indication that the Registered Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. Notes intended to be held under the NSS will be deposited with, and registered in the name of a nominee of, one of the ICSDs acting as Common Safekeeper. The Common Safekeeper for Notes held under the NSS will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions to "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act (*"QIBs"*). The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form, without Coupons, (a *"Rule 144A Global Note"* and, together with Regulation S Global Note, the *"Registered Global Notes"*) which will be deposited with a custodian for, and registered in the name of a nominee of, DTC.

Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent and the Registrar will have any responsibility or liability for an aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 5(d) of the Terms and Conditions of the Notes) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, *"Exchange Event"* means that (i) an Event of Default, as defined in Condition 9 of the Terms and Conditions of the Notes has occurred and is continuing, (ii) in the case of Notes represented by a Rule 144A Global Note only, DTC has notified the Issuer that it is unwilling or unable to continue to act as depositary for the Notes and no alternative clearing system is available, (iii) in the case of Notes represented by a Rule 144A Global Note only, DTC has ceased to constitute a clearing agency registered under the Exchange Act or, in the case of Notes represented by a Regulation S Global Note only, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no alternative clearing system is available or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 of the Terms and Conditions of the Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see *"Subscription and Sale and Transfer and Selling Restrictions"*.**

VPS Notes

Each Tranche of VPS Notes will be issued in uncertificated and dematerialised book entry form registered in the VPS. Legal title to the VPS Notes will be evidenced by book entries in the records of the VPS. Issues of VPS Notes will be issued with the benefit of the VPS Trustee Agreement and a VPS Agency Agreement. On the issue of such VPS Notes, the Issuer will send a copy of the applicable Final Terms to the Principal Paying Agent, with a copy sent to the VPS Agent. On delivery of the applicable Final Terms by the VPS Agent to the VPS and notification to the VPS of the subscribers and their VPS account details by the relevant Dealer, the VPS Agent acting on behalf of the Issuer will credit each subscribing account holder with the VPS with a nominal amount of VPS Notes equal to the nominal amount thereof for which it has subscribed and paid.

Settlement of sale and purchase transactions in respect of VPS Notes in the VPS will take place in accordance with market practice at the time of the transaction. Transfers of interests in the relevant VPS Notes will take place in accordance with the Norwegian Securities Registry Act of 5th July, 2002 (No. *verdipapirregisterloven*) (the *"VPS Act"*) and the rules and procedures for the time being of the VPS.

Title to VPS Notes will pass by registration in the registers between the direct accountholders at the VPS in accordance with the rules and procedures of the VPS. The holder of a VPS Note will be the person evidenced as such by a book entry in the records of the VPS. The person evidenced (including any nominee) as a holder of the VPS Notes shall be treated as the holder of such VPS Notes for the purposes of payment of principal or interest on such VPS Notes. The expressions *"Noteholders"* and *"holder of Notes"* and related expressions shall, in each case, be construed accordingly.

General

Pursuant to the Agency Agreement (as defined under *"Terms and Conditions of the Notes"*), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS number assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Bearer Global Note or a Regulation S Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Regulation S Global Note shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions *"Noteholders"* and *"holder of Notes"* and related expressions shall be construed accordingly.

So long as DTC or its nominee is the registered owner or holder of a Rule 144A Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Rule 144A Global Note for all purposes under the Agency Agreement and such Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or the VPS shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

Where any Note is represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes or the Maturity Date has occurred and, in either case, payment in full of the amount due has not been made in accordance with the provisions of the Global Note then, unless within the period of seven days commencing on the relevant due date payment in full of the amount due in respect of the Global Note is received by the bearer or the registered holder, as the case may be, in accordance with the provisions of the Global Note, holders of an interest in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and DTC on and subject to the terms of a deed of covenant (the *"Deed of Covenant"*) dated 5th November, 2013 and executed by the Issuer. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

In respect of Notes represented by a Bearer Global Note issued in NGN form and Notes represented by a Regulation S Global Note which are intended to be held under the NSS, the nominal amount of such Notes shall be the aggregate amount from time to time entered in the records of both Euroclear and Clearstream, Luxembourg. The records of Euroclear and Clearstream, Luxembourg shall be conclusive evidence of the nominal amount of such Notes and a statement issued by Euroclear and/or Clearstream, Luxembourg shall be conclusive evidence of the records of such parties at that time.

The Issuer has entered into an agreement with the ICSDs in respect of any Notes issued in NGN form or intended to be held under the NSS that the Issuer may request be made eligible for settlement with the ICSDs (the *"Issuer-ICSDs Agreement"*). The Issuer-ICSDs Agreement sets out that the ICSDs will, in respect of any such Notes, *inter alia*, maintain records of their respective portion of the issue outstanding amount and will, upon the Issuer's request, produce a statement for the Issuer's use showing the total nominal amount of its customer holding of such Notes as of a specified date.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme which are not Exempt Notes.

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended, from 1st January, 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the 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 Directive 2014/65/EU on markets in financial instruments (*"MiFID II"*); (ii) a customer within the meaning of Directive 2002/92/EC on insurance mediation (the *"IMD"*), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive (as defined below). Consequently no key information document required by Regulation (EU) No. 1286/2014 on key information documents for packaged retail and insurance-based investment products (the *"PRIIPs Regulation"*) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[*Date*]

SBAB BANK AB (publ)
(Incorporated with limited liability in the Kingdom of Sweden)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €13,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Offering Circular dated [*date*] (the *"Offering Circular"*) [as supplemented by the supplement[s] to it dated [*date*] [and [*date*]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. For the purposes of these Final Terms, *"Prospectus Directive"* means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the EEA. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular [as so supplemented]. Full information on SBAB Bank AB (publ) (the *"Issuer"*) and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular [as so supplemented]. The Offering Circular [and the supplement[s]] [has] [have] been published on the website of [the Issuer at *www.sbab.se*] [and] [the London Stock Exchange at *www.londonstockexchange.com/exchange/news/market-news/market-news-home.html*] and copies may be obtained during normal business hours from the registered office of the Issuer at Svetsarvägen 24, P.O. Box 4209, SE-171 04 Solna, Sweden and from the specified offices of the Paying Agents for the time being in London and Luxembourg.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the *"Conditions"*) set forth in the Offering Circular dated [*original date*] which are incorporated by reference in the Offering Circular dated [*current date*] (the *"Offering Circular"*). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular [as supplemented by the supplement[s] to it dated [*date*] [and [*date*]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. For the purposes of these Final Terms, *"Prospectus Directive"* means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing

measure in a relevant Member State of the EEA. Full information on SBAB Bank AB (publ) (the *"Issuer"*) and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular [as so supplemented]. The Offering Circular [and the supplement[s]] [has] [have] been published on the website of [the Issuer at *www.sbab.se*] [and] [the London Stock Exchange at *www.londonstockexchange.com/exchange/news/market-news/market-news-home.html*] and copies may be obtained during normal business hours from the registered office of the Issuer at Svetsarvägen 24, P.O. Box 4209, SE-171 04 Solna, Sweden and from the specified offices of the Paying Agents for the time being in London and Luxembourg.]

1.	(i)	Series Number:	[ ]
	(ii)	Tranche Number:	[ ]
	(iii)	Date on which the Notes will be consolidated and form a single Series:	[The Notes will be consolidated and form a single Series with [ ] on [the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to in paragraph 23 below, which is expected to occur on or about [ ]]] [Not Applicable]
2.	Specified Currency:		[ ]
3.	Aggregate Nominal Amount:		
	–	Tranche:	[ ]
	–	Series:	[ ]
4.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ]]
5.	(i)	Specified Denomination(s):	[ ] [[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].]
	(ii)	Calculation Amount:	[ ]
6.	(i)	Issue Date:	[ ]
	(ii)	Interest Commencement Date:	[Issue Date]/[ ]/[Not Applicable]
7.	Maturity Date:		[[ ]/Interest Payment Date falling in or nearest to [ ]]
8.	Interest Basis:		[In respect of the period from (and including) [ ] to (but excluding) [ ]:] [[ ] per cent. Fixed Rate] [Reset Notes] [[*Reference Rate*] +/- [ ] per cent. Floating Rate] [Zero Coupon] (See paragraph [13]/[14]/[15]/[16] below)

		[In respect of the period from (and including) [ ] to (but excluding) [ ]: [[ ] per cent. Fixed Rate] [Reset Notes] [[*Reference Rate*] +/- [ ] per cent. Floating Rate] [Zero Coupon] (See paragraph [13]/[14]/[15]/[16] below)]
9.	Redemption/Payment Basis:	Redemption at par
10.	Change of Interest Basis:	[ ]/[Not Applicable]
11.	Put/Call Options:	[Change of Control Put] [Investor Put] [Issuer Call] [(See paragraph [17]/[18]/[19])] [Not Applicable]
12.	Status of the Notes:	[Unsubordinated Notes/Subordinated Notes]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	**Fixed Rate Note Provisions**		[Applicable [from (and including) the [Issue Date]/[ ] to (but excluding) [ ]]/Not Applicable]
	(i)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(ii)	Interest Payment Date(s):	[ ] [and [ ]] in each year, commencing on [ ], up to and including the Maturity Date [There will be a [long/short] [first/last] coupon in respect of the period from and including [ ] to but excluding [ ]]
	(iii)	Fixed Coupon Amount(s):	[ ] per Calculation Amount
	(iv)	Broken Amount(s):	[[ ] per Calculation Amount will be payable on the Interest Payment Date falling [in/on] [ ] in respect of the period from and including [ ] to but excluding [ ]]/[Not Applicable]
	(v)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)] [Actual/Actual] [Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]

	(vi)	Determination Date(s):	[[ ] in each year] [Not Applicable]
14.	**Reset Note Provisions**		[Applicable [from (and including) the [Issue Date]/[ ] to (but excluding) [ ]]/Not Applicable]
	(i)	Initial Rate of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(ii)	First Margin:	[+/-] [ ] per cent. per annum
	(iii)	Subsequent Margin:	[[+/-] [ ] per cent. per annum] [Not Applicable]
	(iv)	Interest Payment Date(s):	[ ] [and [ ]] in each year, commencing on [ ], up to and including the Maturity Date [There will be a [long/short] [first/last] coupon in respect of the period from and including [ ] to but excluding [ ]]
	(v)	First Reset Date:	[ ]
	(vi)	Second Reset Date:	[ ]/[Not Applicable]
	(vii)	Subsequent Reset Date(s):	[ ] [and [ ]]/[Not Applicable]
	(viii)	Relevant Screen Page:	[ ]
	(ix)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate]
	(x)	Initial Mid-Swap Rate:	[ ] per cent.
	(xi)	Mid-Swap Floating Leg Benchmark Rate:	[EURIBOR] [LIBOR] [STIBOR]
	(xii)	Mid-Swap Maturity:	[ ]
	(xiii)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)] [Actual/Actual] [Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]
	(xiv)	Determination Dates:	[[ ]in each year]/[Not Applicable]
	(xv)	Additional Business Centre(s):	[ ]/[Not Applicable]
	(xvi)	Calculation Agent:	[ ]

15.	**Floating Rate Note Provisions**		[Applicable [from (and including) the [Issue Date]/[ ] to (but excluding) [ ]]/Not Applicable]
	(i)	Specified Period(s)/Specified Interest Payment Dates:	[ ] / [[ ] [and [ ]] in each year, commencing on [ ], up to and including [ ], subject [in each case] to adjustment in accordance with the Business Day Convention specified in paragraph 15(ii) below]
	(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
	(iii)	Additional Business Centre(s):	[ ]/[Not Applicable]
	(iv)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(v)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[ ]/[Not Applicable]
	(vi)	Screen Rate Determination:	[Applicable/Not Applicable]
		– Reference Rate, Relevant Time and Relevant Financial Centre:	Reference Rate: [ ] month [LIBOR/EURIBOR/ STIBOR/NIBOR/CIBOR/TIBOR/TRYIBOR/ JIBAR/CAD-BA-CDOR/BBSW] Relevant Time: [ ] Relevant Financial Centre: [London/Brussels/ Stockholm/Oslo/Copenhagen/Tokyo/Istanbul/ Johannesburg/Toronto/Sydney]
		– Interest Determination Date(s):	[The first day of each Interest Period] [The second London business day prior to the start of each Interest Period] [The second day on which the TARGET2 System is open prior to the start of each Interest Period] [The second Stockholm business day prior to the start of each Interest Period] [The second Oslo business day prior to the start of each Interest Period] [The second Copenhagen business day prior to the start of each Interest Period]

		[The second Tokyo business day prior to the start of each Interest Period] [The second Istanbul business day prior to the start of each Interest Period]
	– Relevant Screen Page:	[ ]
(vii)	ISDA Determination:	[Applicable/Not Applicable]
	– Floating Rate Option:	[ ]
	– Designated Maturity:	[ ]
	– Reset Date:	[ ]
(viii)	Linear Interpolation:	[Not Applicable]/[Applicable – the Rate of Interest for the [long]/[short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(ix)	Margin(s):	[+/-] [ ] per cent. per annum
(x)	Minimum Rate of Interest:	[[ ] per cent. per annum]/[Not Applicable]
(xi)	Maximum Rate of Interest:	[[ ] per cent. per annum]/[Not Applicable]
(xii)	Day Count Fraction:	[Actual/Actual] [Actual/Actual - ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]
16.	**Zero Coupon Note Provisions**	[Applicable [from (and including) the [Issue Date]/[ ] to (but excluding) [ ]]/Not Applicable]
(i)	Accrual Yield:	[ ] per cent. per annum
(ii)	Reference Price:	[ ]
(iii)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

17.	**Change of Control Put**	[Applicable/Not Applicable]
18.	**Issuer Call**	[Applicable/Not Applicable]
(i)	Optional Redemption Date(s):	[ ]/[Any date from and including [ ] to but excluding [ ]]

	(ii)	Optional Redemption Amount:	[ ] per Calculation Amount
	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[ ]/[Not Applicable]
		(b) Maximum Redemption Amount:	[ ]/[Not Applicable]
19.	**Investor Put**		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[ ]
	(ii)	Optional Redemption Amount:	[ ] per Calculation Amount
20.	**Optional Redemption for Subordinated Notes:**		[Applicable/Not Applicable]
	(i)	Special Event Redemption:	
		– Tax Event:	[Applicable - Early Redemption Amount (Tax Event): [ ] per Calculation Amount]/[Not Applicable]
		– Capital Event:	Early Redemption Amount (Capital Event): [ ] per Calculation Amount
	(ii)	Variation or Substitution instead of Redemption:	[Applicable – Condition 6(k) applies/Not Applicable]
21.	**Final Redemption Amount**		[ ] per Calculation Amount
22.	Early Redemption Amount payable on redemption for taxation reasons [(other than due to the occurrence of a Tax Event)] [, redemption for a Change of Control Put] or on event of default:		[ ] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23.	Form of Notes:		
	(i)	Form:	[Bearer Notes: [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event].] [Temporary Bearer Global Note exchangeable for definitive Bearer Notes on and after the Exchange Date.]

		[Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event].]] [Registered Notes: [Regulation S Global Note (U.S.$ [ ] nominal amount) registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] [Rule 144A Global Note (U.S.$ [ ] nominal amount)]] [VPS Notes: VPS Notes issued in uncertificated and dematerialised book entry form. See further item [7] of Part B below]
	(ii) New Global Note:	[Yes]/[No]
24.	Additional Financial Centre(s):	[ ]/[Not Applicable]
25.	Talons for future Coupons to be attached to Definitive Bearer Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
26.	Subordinated Notes	
	Additional Amounts - Interest Only:	[Applicable - Condition 7(ii) applies/Not Applicable]

Signed on behalf of the Issuer:

By: ..... By: .....

Duly authorised signatory *Duly authorised signatory*

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Listing and admission to trading:	Application [is expected to be]/[has been] made by the Issuer (or on its behalf) for the Notes to be admitted to the Official List of the UK Listing Authority and to trading on the regulated market of the London Stock Exchange with effect from [on or about the Issue Date] / [ ].
(ii)	Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

[[The Notes [have been]/[are expected to be] assigned the following ratings] [The following ratings reflect the ratings assigned to Notes of this type issued under the Programme generally]:

[ ] by Moody's Investors Service Limited
[ ] by Standard & Poor's Credit Market Services Europe Limited]

[Not Applicable]

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

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

4. [USE OF PROCEEDS

Reasons for the offer:	[ ]]

5. YIELD

Indication of yield:	[ ]

6. TEFRA RULES

Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	[TEFRA D/TEFRA C/TEFRA not applicable]

7. OPERATIONAL INFORMATION

(i)	ISIN:	[ ]
(ii)	Common Code:	[ ]
(iii)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. (together with the address of each such	[ ]/[Not Applicable]

	clearing system) and the relevant identification number(s):	
(iv)	Names and addresses of additional Paying Agent(s) (if any) or, in the case of VPS Notes, the VPS Agent and the VPS Trustee:	[ ]/[Not Applicable]

8. THIRD PARTY INFORMATION

[[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

9. PROHIBITION OF SALES TO EEA RETAIL INVESTORS

[Not Applicable] (*If the offer of the Notes is concluded prior to 1st January, 2018, or on and after that date the Notes being offered do not constitute "packaged" products, "Not Applicable" should be specified*)

[Applicable] (*If the offer of the Notes will be concluded on or after 1st January, 2018 and the Notes may constitute "packaged" products, "Applicable" should be specified unless the Issuer has drawn up a key information document in accordance with the PRIIPs Regulation*)

FORM OF PRICING SUPPLEMENT

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

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC (AS AMENDED, INCLUDING BY DIRECTIVE 2010/73/EU) FOR THE ISSUE OF NOTES DESCRIBED BELOW. THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THIS PRICING SUPPLEMENT.

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended, from 1st January, 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the 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 Directive 2014/65/EU on markets in financial instruments (*"MiFID II"*); (ii) a customer within the meaning of Directive 2002/92/EC on insurance mediation (the *"IMD"*), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive (as defined below). Consequently no key information document required by Regulation (EU) No. 1286/2014 on key information documents for packaged retail and insurance-based investment products (the *"PRIIPs Regulation"*) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][1]

[*Date*]

SBAB BANK AB (publ)
(Incorporated with limited liability in the Kingdom of Sweden)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €13,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Offering Circular dated [*date*] (the *"Offering Circular"*) [as supplemented by the supplement[s] to it dated [*date*] [and [*date*]]]. Full information on SBAB Bank AB (publ) (the *"Issuer"*) and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular [as so supplemented]. The Offering Circular [and the supplement[s]] [has] [have] been published on the website of [the Issuer at *www.sbab.se*] [and] [the London Stock Exchange at *www.londonstockexchange.com/exchange/news/market-news/market-news-home.html*] and copies may be obtained during normal business hours from the registered office of the Issuer at Svetsarvägen 24, P.O. Box 4209, SE-171 04 Solna, Sweden and from the specified offices of the Paying Agents for the time being in London and Luxembourg.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the *"Conditions"*) set forth in the Offering Circular [dated [*original date*] which are incorporated by reference in

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[1] Delete legend if the offer of the Notes is concluded prior to 1st January, 2018, or on and after that date the Notes do not constitute "packaged" products for the purposes of the PRIIPs Regulation, in which case, insert "Not Applicable" in paragraph 7 of Part B below. Include legend if the offer of the Notes will be concluded on or after 1st January, 2018, the Notes may constitute "packaged" products and the Issuer intends to prohibit the Notes being offered, sold or otherwise made available to EEA retail investors. In this case, insert "Applicable" in paragraph 7 of Part B below.

the Offering Circular][2].

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

1.	(i)	Series Number:	[ ]
	(ii)	Tranche Number:	[ ]
	(iii)	Date on which the Notes will be consolidated and form a single Series:	[The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to in paragraph 23 below, which is expected to occur on or about [*date*]]] [Not Applicable]
2.	Specified Currency:		[ ]
3.	Aggregate Nominal Amount:		
	–	Tranche:	[ ]
	–	Series:	[ ]
4.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
5.	(i)	Specified Denomination(s):	[ ] (*N.B. In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.*) (*N.B. Where Bearer Notes with multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000."*)
	(ii)	Calculation Amount:	[ ] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations*)

[2] Only include this language where it is a fungible issue and the original Tranche was issued under an Offering Circular with a different date.

6.	(i)	Issue Date:	[ ]
	(ii)	Interest Commencement Date:	[Issue Date]/[*specify*]/[Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes*)
7.		Maturity Date:	[*Fixed rate - specify date / Floating rate* - Interest Payment Date falling in or nearest to [*specify month and year*]]
8.		Interest Basis:	[In respect of the period from (and including) [ ] to (but excluding) [ ]:] [[ ] per cent. Fixed Rate] [Reset Notes] [[*Reference Rate*] +/- [ ] per cent. Floating Rate] [Zero Coupon] [*specify other*] [(further particulars specified below)] [In respect of the period from (and including) [ ] to (but excluding) [ ]: [[ ] per cent. Fixed Rate] [Reset Notes] [[*Reference Rate*] +/- [ ] per cent. Floating Rate] [Zero Coupon] [*specify other*] (further particulars specified below)]
9.		Redemption/Payment Basis:	[Redemption at par]/[*specify other*]
10.		Change of Interest Basis or Redemption/Payment Basis:	[*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*] [Not Applicable]
11.		Put/Call Options:	[Change of Control Put] [Investor Put] [Issuer Call] [(further particulars specified below)] [Not Applicable]
12.		Status of the Notes:	[Unsubordinated Notes/Subordinated Notes]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	**Fixed Rate Note Provisions**	[Applicable [from (and including) the [Issue Date]/[ ] to (but excluding) [ ]]/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(i)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
(ii)	Interest Payment Date(s):	[ ] [and [ ]] in each year, commencing on [ ], up to and including the Maturity Date (*Amend appropriately in the case of irregular coupons*)
(iii)	Fixed Coupon Amount(s): (*Applicable to Notes in definitive form*)	[[ ] per Calculation Amount/Not Applicable]
(iv)	Broken Amount(s): (*Applicable to Notes in definitive form*)	[[ ] per Calculation Amount will be payable on the Interest Payment Date falling [in/on] [ ] in respect of the period from and including [ ] to but excluding [ ]]/[Not Applicable]
(v)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)] [Actual/Actual] [Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [*specify other*]
(vi)	Determination Date(s):	[[ ] in each year] [Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*)
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/*give details*]
14.	**Reset Note Provisions**	[Applicable [from (and including) the [Issue Date]/[ ] to (but excluding) [ ]]/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Initial Rate of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
(ii)	First Margin:	[+/-] [ ] per cent. per annum
(iii)	Subsequent Margin:	[[+/-] [ ] per cent. per annum] [Not Applicable]

(iv)	Interest Payment Date(s):	[ ] [and [ ]] in each year, commencing on [ ], up to and including the Maturity Date (*Amend appropriately in the case of irregular coupons*)
(v)	First Reset Date:	[ ]
(vi)	Second Reset Date:	[ ]/[Not Applicable]
(vii)	Subsequent Reset Date(s):	[ ] [and [ ]]/[Not Applicable]
(viii)	Relevant Screen Page:	[ ]
(ix)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate]
(x)	Initial Mid-Swap Rate:	[ ] per cent.
(xi)	Mid-Swap Floating Leg Benchmark Rate:	[EURIBOR] [LIBOR] [STIBOR] [*specify other*]
(xii)	Mid-Swap Maturity:	[ ]
(xiii)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)] [Actual/Actual] [Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [*specify other*]
(xiv)	Determination Dates:	[[ ]in each year]/[Not Applicable]
(xv)	Additional Business Centre(s):	[ ]/[Not Applicable]
(xvi)	Calculation Agent:	[ ]
(xvii)	Other terms relating to the method of calculating interest for Reset Notes:	[None/*give details*]

15.	**Floating Rate Note Provisions**	[Applicable [from (and including) the [Issue Date]/[ ] to (but excluding) [ ]]/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Specified Period(s)/Specified Interest Payment Dates:	[ ] / [[ ] [and [ ]] in each year, commencing on [ ], up to and including [ ], subject [in each case] to adjustment in accordance

		with the Business Day Convention specified in paragraph 15(ii) below]
(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/*specify other*]
(iii)	Additional Business Centre(s):	[ ]
(iv)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/*specify other*]
(v)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[ ]
(vi)	Screen Rate Determination:	[Applicable/Not Applicable]
	− Reference Rate, Relevant Time and Relevant Financial Centre:	Reference Rate: [ ] month [LIBOR/EURIBOR/ STIBOR/NIBOR/CIBOR/TIBOR/TRYIBOR/ JIBAR/CAD-BA-CDOR/BBSW/*specify other Reference Rate*] Relevant Time: [ ] Relevant Financial Centre: [London/Brussels/ Stockholm/Oslo/Copenhagen/Tokyo/Istanbul/ Johannesburg/Toronto/Sydney/*specify other Relevant Financial Centre*]
	− Interest Determination Date(s):	[*If Sterling LIBOR insert:* The first day of each Interest Period] [*If LIBOR (other than Sterling or euro LIBOR) insert:* The second London business day prior to the start of each Interest Period] [*If EURIBOR or euro LIBOR insert:* The second day on which the TARGET2 System is open prior to the start of each Interest Period] [*If STIBOR insert:* The second Stockholm business day prior to the start of each Interest Period] [*If NIBOR insert:* The second Oslo business day prior to the start of each Interest Period] [*If CIBOR insert:* The second Copenhagen business day prior to the start of each Interest Period] [*If TIBOR insert:* The second Tokyo business day prior to the start of each Interest Period]

		[*If TRYIBOR insert:* The second Istanbul business day prior to the start of each Interest Period] [*If JIBAR insert:* The first day of each Interest Period] [*If CAD-BA-CDOR insert:* The first day of each Interest Period] [*If BBSW:* The first day of each Interest Period] [ ]
	– Relevant Screen Page:	[ ] (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
(vii)	ISDA Determination:	[Applicable/Not Applicable]
	– Floating Rate Option:	[ ]
	– Designated Maturity:	[ ]
	– Reset Date:	[ ] (*In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period*)
(viii)	Linear Interpolation:	[Not Applicable]/[Applicable – the Rate of Interest for the [long]/[short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
(ix)	Margin(s):	[+/-] [ ] per cent. per annum
(x)	Minimum Rate of Interest:	[ ] per cent. per annum
(xi)	Maximum Rate of Interest:	[ ] per cent. per annum
(xii)	Day Count Fraction:	[Actual/Actual] [Actual/Actual - ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [*specify other*]
(xiii)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if	[None/*give details*]

different from those set out in the Conditions:

16.	**Zero Coupon Note Provisions**		[Applicable [from (and including) the [Issue Date]/[ ] to (but excluding) [ ]]/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Accrual Yield:	[ ] per cent. per annum
	(ii)	Reference Price:	[ ]
	(iii)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365] [*specify other*]
	(iv)	Any other formula/basis of determining amount payable for Zero Coupon Notes:	[None/*give details*]

PROVISIONS RELATING TO REDEMPTION

17.	**Change of Control Put**		[Applicable/Not Applicable]
18.	**Issuer Call**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[ ]
	(ii)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount/*specify other*/see Appendix]
	(iii)	If redeemable in part:	
		(c) Minimum Redemption Amount:	[ ]/[Not Applicable]
		(d) Maximum Redemption Amount:	[ ]/[Not Applicable]
	(iv)	Notice period (if other than as set out in the Conditions):	[ ] (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems* (*which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent*)

19.	**Investor Put**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[ ]
	(ii)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount/*specify other*/see Appendix]
	(iii)	Notice period (if other than as set out in the Conditions):	[ ] (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems* (*which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent*)
20.	**Optional Redemption for Subordinated Notes:**		[Applicable/Not Applicable]
	(i)	Special Event Redemption:	
		– Tax Event:	[Applicable - Early Redemption Amount (Tax Event): [ ] per Calculation Amount]/[Not Applicable]
		– Capital Event:	Early Redemption Amount (Capital Event): [ ] per Calculation Amount
	(ii)	Variation or Substitution instead of Redemption:	[Applicable – Condition 6(k) applies/Not Applicable]
21.	**Final Redemption Amount**		[[ ] per Calculation Amount/*specify other*/see Appendix]
22.	Early Redemption Amount payable on redemption for taxation reasons [(other than due to the occurrence of a Tax Event)] [, redemption for a Change of Control Put] or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6(e)):		[[ ] per Calculation Amount/*specify other*/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23.	Form of Notes:		
	(i)	Form:	[Bearer Notes: [Temporary Bearer Global Note exchangeable for a

		Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event].] [Temporary Bearer Global Note exchangeable for definitive Bearer Notes on and after the Exchange Date.] [Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event].]] [Registered Notes: [Regulation S Global Note (U.S.$ [ ] nominal amount) registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] [Rule 144A Global Note (U.S.$ [ ] nominal amount)]] [VPS Notes: VPS Notes issued in uncertificated and dematerialised book entry form. See further item [6] of Part B below]
	(ii) New Global Note:	[Yes]/[No] (*For VPS Notes, insert "No"*)
24.	Additional Financial Centre(s):	[ ]/[Not Applicable] (*Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraph 15(iii) relates*)
25.	Talons for future Coupons to be attached to Definitive Bearer Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
26.	Subordinated Notes	
	Additional Amounts - Interest Only:	[Applicable - Condition 7(ii) applies/Not Applicable] (*Insert Not Applicable if the Notes are Unsubordinated Notes*)
27.	Other final terms:	[None/*give details*]

Signed on behalf of the Issuer:

By: ..... By: .....

Duly authorised signatory *Duly authorised signatory*

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Listing and admission to trading:	[Application [is expected to be]/[has been] made by the Issuer (or on its behalf) for the Notes to be [admitted to/listed on] [ ] [and for the Notes to be admitted to trading on [ ]] with effect from [ ]]/[Not Applicable] (*N.B. Any market or exchange on which any Exempt Notes are listed or admitted to trading should not be a regulated market for the purposes of MiFID*)

2. RATINGS

[[The Notes [have been]/[are expected to be] assigned the following ratings] [The following ratings reflect the ratings assigned to Notes of this type issued under the Programme generally]:

[ ] by [Moody's Investors Service Limited]
[ ] by [Standard & Poor's Credit Market Services Europe Limited]]

[Not Applicable]

(*The above disclosure is only required if the ratings of the Notes is different to those stated in the Offering Circular*)

3. TEFRA RULES

Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	[TEFRA D/TEFRA C/TEFRA not applicable]

4. [USE OF PROCEEDS

Reasons for the offer:	[ ]]

5. OPERATIONAL INFORMATION

(i)	ISIN:	[ ]
(ii)	Common Code:	[ ]
(iii)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. (together with the address of each such clearing system) and the relevant identification number(s):	[*give name(s), address(es) and number(s)*]/[Not Applicable]
(iv)	Delivery:	Delivery [against/free of] payment

(v)	Names and addresses of additional Paying Agent(s) (if any) or, in the case of VPS Notes, the VPS Agent and the VPS Trustee:	[ ]/[Not Applicable]

6. DISTRIBUTION

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(iii)	Date of Subscription Agreement:	[*insert date*]/[Not Applicable]
(iv)	Stabilising Manager(s):	[Not Applicable/*give name(s)*]
(v)	If non-syndicated, name of Dealer:	[Not Applicable/*give name*]
(vi)	Additional selling restrictions:	[None/*give details*]

7. PROHIBITION OF SALES TO EEA RETAIL INVESTORS

[Not Applicable] (*If the offer of the Notes is concluded prior to 1st January, 2018, or on and after that date the Notes being offered do not constitute "packaged" products, "Not Applicable" should be specified*)

[Applicable] (*If the offer of the Notes will be concluded on or after 1st January, 2018 and the Notes may constitute "packaged" products, "Applicable" should be specified unless the Issuer has drawn up a key information document in accordance with the PRIIPs Regulation*)

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or listing authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The following are also the Terms and Conditions of the Notes which will be applicable to each VPS Note. VPS Notes will not be evidenced by any physical note or document of title other than statements of account made by the VPS. Ownership of VPS Notes will be recorded and transfer effected only through the book entry system and register maintained by the VPS. The applicable Final Terms in relation to any Tranche of Notes (other than Exempt Notes) will complete the Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement in relation to any Tranche of Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace and/or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms or Pricing Supplement, as the case may be, (or the relevant provisions thereof) will be (i) in the case of Notes other than VPS Notes, endorsed upon, or attached to, each Global Note and definitive Note or (ii) in the case of VPS Notes, deemed to apply to any such Notes.

This Note is one of a Series (as defined below) of Notes issued by SBAB Bank AB (publ) (the *"Issuer"*). The Notes (other than VPS Notes (as defined below)) will be issued pursuant to the Agency Agreement (as defined below). VPS Notes will be issued in accordance with and subject to a trust agreement (such trust agreement as amended and/or supplemented and/or restated from time to time, the *"VPS Trustee Agreement"*) dated 1st November, 2017 made between the Issuer and Nordic Trustee AS (the *"VPS Trustee"*, which expression shall include any successor as VPS Trustee). The VPS Trustee acts for the benefit of the holders for the time being of the VPS Notes, in accordance with the provisions of the VPS Trustee Agreement and these Terms and Conditions.

Notes may be in bearer form (*"Bearer Notes"*) or in registered form (*"Registered Notes"*).

References herein to the *"Notes"* shall be references to the Notes of this Series only and shall mean:

(i) in relation to any Notes represented by a global Note (a *"Global Note"*), units of the lowest Specified Denomination in the Specified Currency;

(ii) any Global Note;

(iii) any definitive Notes issued in exchange for a Global Note; and

(iv) uncertificated and dematerialised Notes in book entry form registered in the Norwegian Central Securities Depository, *Verdipapirsentralen ASA* (*"VPS Notes"* and the *"VPS"*, respectively).

The Notes (other than the VPS Notes, save to the extent provided therein) and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the *"Agency Agreement"*) dated 1st November, 2017, and made between the Issuer, The Bank of New York Mellon, London Branch as issuing and principal paying agent and agent bank (the *"Principal Paying Agent"*, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the *"Paying Agents"*, which expression shall include any additional or successor paying agents), The Bank of New York Mellon, New York Branch as exchange agent (the *"Exchange Agent"*, which expression shall include any successor exchange agent) and as registrar (the *"Registrar"*, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the *"Transfer Agents"*, which expression shall include any additional or successor transfer agents).

Each issue of VPS Notes will have the benefit of a VPS Agency Agreement (such VPS Agency Agreement as amended and/or supplemented and/or restated from time to time, the *"VPS Agency Agreement"*) between the Issuer and an agent (the *"VPS Agent"*) who will act as agent of the Issuer in respect of all dealings with the VPS in respect of VPS Notes as provided in the relevant VPS Agency Agreement. References herein to the VPS Agency Agreement shall be to the relevant VPS Agency Agreement entered into in respect of each issue of VPS Notes.

References herein to *"Exempt Notes"* are to Notes which are neither admitted to trading on a regulated market in the European Economic Area (the *"EEA"*) nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive. For the purposes of these Terms and Conditions, *"Prospectus Directive"* means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the EEA.

The final terms for this Note (or the relevant provisions thereof) are set out in (i) in the case of Notes other than Exempt Notes, Part A of a final terms document (the *"Final Terms"*) which completes these Terms and Conditions (the *"Conditions"*) for the purposes of such Notes or (ii) in the case of Exempt Notes, Part A of a pricing supplement (the *"Pricing Supplement"*) which completes, amends, modifies and/or replaces these Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, amend, modify and/or replace the Conditions for the purposes of such Exempt Notes. Except in the case of a VPS Note, the Final Terms or Pricing Supplement, as the case may be, for this Note shall be attached to, or endorsed on, this Note. References herein to the *"applicable Final Terms"* are, except in the case of a VPS Note, to Part A of the Final Terms (or the relevant provisions thereof) attached to, or endorsed on, this Note. If this Note is an Exempt Note, any reference in the Conditions to *"applicable Final Terms"* shall be deemed to be a reference to *"applicable Pricing Supplement"* where relevant. In the case of a VPS Note, references herein to the *"applicable Final Terms"* are to Part A of the Final Terms or Pricing Supplement, as the case may be, provided to the VPS Agent, the VPS Trustee and the VPS in connection with such VPS Notes.

Interest bearing definitive Bearer Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (*"Coupons"*) and, if indicated in the applicable Final Terms, talons for further Coupons (*"Talons"*) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

Any reference to *"Noteholders"* or *"holders"* in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the person in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note and in relation to any VPS Notes, be construed as provided below. Any reference herein to *"Couponholders"* shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, *"Tranche"* means Notes which are identical in all respects (including as to listing) and *"Series"* means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders (other than holders of VPS Notes) and the Couponholders are entitled to the benefit of the Deed of Covenant (the *"Deed of Covenant"*) dated 5th November, 2013 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below) or, as the case may be, the common service provider.

Copies of the Agency Agreement, a deed poll (the *"Deed Poll"*) dated 6th October, 2004 and made by the Issuer and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent, the Registrar and the other Paying Agents and

Transfer Agents (together referred to as the *"Agents"*). Copies of the VPS Agency Agreement and the VPS Trustee Agreement will be available for inspection during normal business hours at the specified office of the VPS Agent and at the registered office for the time being of the VPS Trustee. Copies of the applicable Final Terms are available from the registered office of the Issuer and the specified office of each of the Agents (save that, if this Note is an Exempt Note, the applicable Pricing Supplement will only be available for inspection by a holder of such Notes and such holder must produce evidence satisfactory to the Issuer and/or the relevant Agent as to its holding of Notes and identity). In addition, copies of each Final Terms relating to Notes which are admitted to trading on the London Stock Exchange's regulated market will be published on the website of the London Stock Exchange through a regulatory information service. Copies of each Final Terms relating to Notes which are admitted to trading on any other regulated market in the EEA or offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive will be published in accordance with Article 14 of the Prospectus Directive and the rules and regulations of the relevant regulated market. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant, the VPS Agency Agreement, the VPS Trustee Agreement and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement and, in the case of VPS Notes, the VPS Agency Agreement and the VPS Trustee Agreement.

Words and expressions defined in the Agency Agreement, the VPS Agency Agreement or the VPS Trustee Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement, the VPS Agency Agreement or the VPS Trustee Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are (i) in bearer form, (ii) in registered form or (iii) in the case VPS Notes, in uncertificated and dematerialised book entry form, in each case as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the currency (the *"Specified Currency"*) and the denomination(s) (the *"Specified Denomination(s)"*) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa.* Notes (other than VPS Notes) may not be exchanged for VPS Notes and *vice versa*.

This Note is an Unsubordinated Note or a Subordinated Note, as indicated in the applicable Final Terms.

Unless this Note is an Exempt Note, this Note is a Fixed Rate Note, a Reset Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note in bearer form (a *"Bearer Global Note"*) or a Regulation S Global Note (as defined below) held on behalf of Euroclear Bank SA/NV (*"Euroclear"*) and/or Clearstream Banking S.A. (*"Clearstream, Luxembourg"*), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Regulation S Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions *"Noteholder"* and *"holder of Notes"* and related expressions shall be construed accordingly.

For so long as the Depository Trust Company (*"DTC"*) or its nominee is the registered owner or holder of a Rule 144A Global Note (as defined below), DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Rule 144A Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

Title to VPS Notes will pass by registration in the registers between the direct or indirect accountholders at the VPS in accordance with the Norwegian Securities Registry Act of 5th July, 2002 (No. *verdipapirregisterloven*) (the *"VPS Act"*) and the rules and procedures of the VPS. The holder of a VPS Note will be the person evidenced as such by a book entry in the records of the VPS. The person evidenced (including any nominee) as a holder of the VPS Notes shall be treated as the holder of such VPS Notes for the purposes of payment of principal or interest on such Notes and for all other purposes. The expressions *"Noteholders"* and *"holder of Notes"* and related expressions shall, in each case, be construed accordingly. Any references in these Terms and Conditions to Coupons, Talons, Couponholders, Global Notes and Notes in definitive form (or, in each case, similar expressions) shall not apply to VPS Notes.

2. TRANSFERS OF REGISTERED NOTES

(a) *Transfers of interests in Registered Global Notes*

Transfers of beneficial interests in Global Notes in registered form (each a *"Registered Global Note"*) will be effected by DTC, 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 beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Registered Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Rule 144A Global Note shall be limited to transfers of such Rule 144A Global Note, in whole but not in part, to a nominee of DTC or to a successor of DTC or such successor's nominee.

(b) *Transfers of Registered Notes in definitive form*

Subject as provided in paragraphs (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 9 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(c) *Registration of transfer upon partial redemption*

In the event of a partial redemption of Notes under Condition 6, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) *Costs of registration*

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by ordinary uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(e) *Transfers of interests in Regulation S Global Notes*

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

(i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a *"Transfer Certificate"*), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonable believes is a QIB in a transaction meeting the requirements of Rule 144A; or

(ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (i) above, such transferee may take delivery through a Legended Note in global or definitive form.

(f) *Transfers of interest in Legended Notes*

Transfers of Legended Notes or beneficial interests therein may be made:

(i) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S; or

(ii) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove such Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(g) *Exchanges and transfers of Registered Notes generally*

Holders of Registered Notes in definitive form may exchange such Notes for interests in a Registered Global Note of the same type at any time.

(h) *Definitions*

In these Terms and Conditions, the following expressions shall have the following meanings:

"Distribution Compliance Period" means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

"Legended Note" means Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

"QIB" means a "qualified institutional buyer" within the meaning of Rule 144A;

"Regulation S" means Regulation S under the Securities Act;

"Regulation S Global Note" means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

"Rule 144A" means Rule 144A under the Securities Act;

"Rule 144A Global Note" means a Registered Global Note representing Notes sold in the United States or to QIBs; and

"Securities Act" means the United States Securities Act of 1933, as amended.

3. STATUS OF THE NOTES

(a) *Status – Unsubordinated Notes*

This Condition 3(a) is applicable in relation to Notes specified in the applicable Final Terms as Unsubordinated Notes and references to *"Notes"* and *"Coupons"* in this Condition shall be construed accordingly.

The Notes and any relative Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* (save for certain obligations required to be preferred by law) with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

(b) *Status – Subordinated Notes*

This Condition 3(b) is applicable in relation to Notes specified in the applicable Final Terms as Subordinated Notes and references to *"Notes"* and *"Coupons"* in this Condition shall be construed accordingly.

The Notes and the Coupons relating to them constitute and will constitute unsecured and subordinated obligations of the Issuer. In the event of the voluntary or involuntary liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer, the rights of the holders of any Notes to payments on or in respect of such Notes shall rank:

(i) *pari passu* without any preference among the Notes;

(ii) at least *pari passu* with the rights of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital of the Issuer;

(iii) senior to any subordinated obligation of the Issuer which constitutes an Additional Tier 1 Instrument;

(iv) in priority to payments to holders of all classes of share capital (including preference shares (if any)) of the Issuer in their capacity as such holders; and

(v) junior in right of payment to the payment of any present or future claims of (x) depositors of the Issuer, (y) other unsubordinated creditors of the Issuer, and (z) subordinated creditors of the Issuer whose rights are expressed to rank in priority to the holders of the Notes.

Holders of Notes who shall, in the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer, be indebted to the Issuer shall not be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of such Notes.

For the purposes of these Terms and Conditions:

"Additional Tier 1 Capital" means additional tier 1 capital (Sw. *primärkapital*) as defined in Part 2 Chapter 3 of the CRR or in any other Applicable Banking Regulations, in each case as amended or replaced.

"Additional Tier 1 Instrument" means (i) any instruments of the Issuer that at the time of issuance comply with the then current requirements under Applicable Banking Regulations in relation to Additional Tier 1 Capital and (ii) any instrument, security or other obligation of the Issuer which ranks, or is expressed to rank, on a voluntary or involuntary liquidation or bankruptcy of the Issuer, *pari passu* with Additional Tier 1 Instruments.

"Applicable Banking Regulations" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Sweden including, without limitation to the generality of the foregoing, CRD IV, and those regulations, requirements, guidelines and policies relating to capital adequacy adopted by the Swedish FSA from time to time, and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or to the Issuer and its subsidiaries (the *"SBAB Group"*)).

"CRD IV" means, as the context requires, any or any combination of the CRD IV Directive, the CRR and any CRD IV Implementing Measures.

"CRD IV Directive" means Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms dated 26th June, 2013 and published in the Official Journal of the European Union on 27th June, 2013, as amended or replaced from time to time.

"CRD IV Implementing Measures" means any rules, regulations or other requirements (which prescribe, alone or in conjunction with any other rules or regulations, the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer on a non-consolidated or consolidated basis) implementing (or promulgated in the context of) the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts or regulations (including technical standards) adopted by the European Commission, national laws and regulations, regulations adopted by the Swedish FSA and guidelines issued by the Swedish FSA, the European Banking Authority or any other relevant authority, which are applicable to the Issuer or the SBAB Group.

"CRR" means Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms dated 26th June, 2013 and published in the Official Journal of the European Union on 27th June, 2013, as amended or replaced from time to time.

"Swedish FSA" means the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) and shall include any successor or replacement thereto, or another authority which has the primary responsibility for the prudential oversight and supervision of the Issuer.

"Tier 2 Capital" means Tier 2 capital (Sw. *supplementärkapital*) as defined in Part 2 Chapter 4 of the CRR or in any other Applicable Banking Regulations, in each case as amended or replaced.

For the purposes of this Condition 3(b), Tier 2 Capital shall be construed to mean any instrument or security of the Issuer which is recognised as Tier 2 Capital of the Issuer, at the time of its issue, by the Swedish FSA.

4. INTEREST

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Terms and Conditions, *"Fixed Interest Period"* means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or

(ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount; or

(iii) in the case of Fixed Rate Notes which are VPS Notes, the aggregate outstanding nominal amount of the Fixed Rate Notes,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

(i) if *"Actual/Actual (ICMA)"* is specified in the applicable Final Terms:

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the *"Accrual Period"*) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; or

(ii) if *"30/360"* is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with twelve 30-day months) divided by 360; or

(iii) if any of *"Actual/Actual"*, *"Actual/Actual – ISDA"*, *"Actual/365 (Fixed)"*, *"Actual/365 (Sterling)"*, *"Actual/360"*, *"360/360"*, *"Bond Basis"*, *"30E/360"*, *"Eurobond Basis"* or *"30E/360 (ISDA)"* is specified in the applicable Final Terms, such terms shall have the meanings specified in Condition 4(c)(iv) below save that references therein to an "Interest Period" shall be construed as references to a "Fixed Interest Period".

"Determination Period" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

"sub-unit" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) *Interest on Reset Notes*

(i) *Rates of Interest and Interest Payment Dates*

Each Reset Note bears interest:

(A) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date at the rate(s) per annum equal to the Initial Rate(s) of Interest;

(B) from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and

(C) for each Subsequent Reset Period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on the date(s) so specified in the applicable Final Terms on which interest is payable in each year (each an *"Interest Payment Date"*) and on the Maturity Date if that does not fall on an Interest Payment Date.

The Calculation Agent will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant period, and will calculate the amount of interest (the *"Interest Amount"*) payable on the Reset Notes for the relevant period by applying the Rate of Interest to:

(aa) in the case of Reset Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Reset Notes represented by such Global Note; or

(bb) in the case of Reset Notes in definitive form, the Calculation Amount; or

(cc) in the case of Reset Notes which are VPS Notes, the aggregate outstanding nominal amount of the VPS Notes,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Reset Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Reset Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In this Condition 4(b):

"Business Day" has the meaning given in Condition 4(c)(i);

"Day Count Fraction" and related definitions have the meanings given in Conditions 4(a) and 4(c)(iv);

"First Margin" means the margin specified as such in the applicable Final Terms;

"First Reset Date" means the date specified in the applicable Final Terms;

"First Reset Period" means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date;

"First Reset Rate of Interest" means, in respect of the First Reset Period and subject to Condition 4(b)(ii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the First Margin;

"Initial Mid-Swap Rate" has the meaning specified in the applicable Final Terms;

"Initial Rate of Interest" has the meaning specified in the applicable Final Terms;

"Mid-Market Swap Rate" means for any Reset Period the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the applicable Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

"Mid-Market Swap Rate Quotation" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

"Mid-Swap Floating Leg Benchmark Rate" has the meaning specified in the applicable Final Terms;

"Mid-Swap Rate" means, in relation to a Reset Determination Date and subject to Condition 4(b)(ii), either:

(i) if Single Mid-Swap Rate is specified in the applicable Final Terms, the rate for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Reset Date,

which appears on the Relevant Screen Page; or

(ii) if Mean Mid-Swap Rate is specified in the applicable Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

"Rate of Interest" means the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

"Relevant Screen Page" has the meaning specified in the applicable Final Terms;

"Reset Date" means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

"Reset Determination Date" means the second Business Day prior to the relevant Reset Date;

"Reset Period" means the First Reset Period or a Subsequent Reset Period, as the case may be;

"Second Reset Date" means the date specified in the applicable Final Terms;

"Subsequent Margin" means the margin(s) specified as such in the applicable Final Terms;

"Subsequent Reset Date" means the date or dates specified in the applicable Final Terms;

"Subsequent Reset Period" means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and

including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date or the Maturity Date, as the case may be; and

"Subsequent Reset Rate of Interest" means, in respect of any Subsequent Reset Period and subject to Condition 4(b)(ii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Subsequent Margin.

(ii) *Fallbacks*

If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or relevant Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 4(b)(ii), the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Rate of Interest as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the sum of the Initial Mid-Swap Rate and the First Margin.

For the purposes of this Condition 4(b)(ii), *"Reference Banks"* means the principal office in the principal financial centre of the Specified Currency of five major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute.

(iii) *Notification of First Reset Rate of Interest, Subsequent Reset Rate of Interest and Interest Amounts*

The Calculation Agent will cause the First Reset Rate of Interest, any Subsequent Reset Rate of Interest and, in respect of a Reset Period, the Interest Amount payable on each Interest Payment Date falling in such Reset Period to be notified to the Issuer, the Principal Paying Agent and any stock exchange on which the relevant Reset Notes are for the time being listed and, in the case of VPS Notes, the VPS, the VPS Trustee and the VPS Agent (by no later than the first day of each Reset Period) and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. For the purposes of this paragraph (iii), the expression *"London Business Day"* means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London. The notification of any rate or amount, if applicable, shall be made to the VPS in accordance with and subject to the rules and regulations of the VPS for the time being in effect.

(iv) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b) 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 Principal Paying Agent, the other Paying Agents, the VPS Agent, the VPS Trustee and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Calculation Agent, the Principal Paying Agent, the VPS Agent or the VPS Trustee, as the case may be, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Floating Rate Notes*

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an *"Interest Payment Date"*) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each *"Interest Period"* (which expression shall mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(1) in any case where Specified Periods are specified in accordance with Condition 4(c)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall

into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition, *"Business Day"* means a day which is:

(A) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the *"TARGET2 System"*) is open;

(B) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre (other than the TARGET2 System) specified in the applicable Final Terms (if any); and

(C) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the TARGET2 System is open.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), *"ISDA Rate"* for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as amended and updated as at the Issue Date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the *"ISDA Definitions"*) under which:

(1) the Floating Rate Option is as specified in the applicable Final Terms;

(2) the Designated Maturity is a period specified in the applicable Final Terms; and

(3) the relevant Reset Date is the day specified in the applicable Final Terms.

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

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

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

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or, in the case of VPS Notes, the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or the Calculation Agent, as the case may be, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

For the purposes of these Conditions:

"Interest Determination Date" shall mean the date specified as such in the Final Terms or if none is so specified:

(i) if the Reference Rate is the London interbank offered rate (*"LIBOR"*) (other than Sterling or Euro LIBOR), the second London business day prior to the start of each Interest Period;

(ii) if the Reference Rate is Sterling LIBOR, the first day of each Interest Period;

(iii) if the Reference Rate is Euro LIBOR or the Euro-zone interbank offered rate (*"EURIBOR"*), the second day on which the TARGET2 System is open prior to the start of each Interest Period;

(iv) if the Reference Rate is the Stockholm interbank offered rate (*"STIBOR"*), the second Stockholm business day prior to the start of each Interest Period;

(v) if the Reference Rate is the Norwegian interbank offered rate (*"NIBOR"*), the second Oslo business day prior to the start of each Interest Period;

(vi) if the Reference Rate is the Copenhagen interbank offered rate (*"CIBOR"*), the second Copenhagen business day prior to the start of each Interest Period;

(vii) if the Reference Rate is the Tokyo interbank offered rate (*"TIBOR"*), the second Tokyo business day prior to the start of each Interest Period;

(viii) if the Reference Rate is the Istanbul interbank offered rate (*"TRYIBOR"*), the second Istanbul business day prior to the start of each Interest Period;

(ix) if the Reference Rate is the Johannesburg interbank agreed rate (*"JIBAR"*), the first day of each Interest Period; or

(x) if the Reference Rate is CAD-BA-CDOR, the first day of each Interest Period; or

(xi) if the Reference Rate is the Australian Bank Bill Swap Rate (*"BBSW"*), the first day of each Interest Period.

"Reference Rate" shall mean (i) LIBOR, (ii) EURIBOR, (iii) STIBOR, (iv) NIBOR, (v) CIBOR, (vi) TIBOR, (vii) TRYIBOR, (viii) JIBAR, (ix) CAD-BA-CDOR, or (x) BBSW, in each case for the relevant period, as specified in the applicable Final Terms.

"Relevant Financial Centre" shall mean (i) London, in the case of a determination of LIBOR, (ii) Brussels, in the case of a determination of EURIBOR, (iii) Stockholm, in the case of a determination of STIBOR, (iv) Oslo, in the case of a determination of NIBOR, (v) Copenhagen, in the case of a determination of CIBOR, (vi) Tokyo, in the case of a determination of TIBOR, (vii) Istanbul, in the case of a determination of TRYIBOR, (viii) Johannesburg, in the case of a determination of JIBAR, (ix) Toronto, in the case of a determination of CAD-BA-CDOR, or (x) Sydney, in the case of a determination of BBSW, as specified in the applicable Final Terms.

"Relevant Time" shall mean (i) in the case of LIBOR, 11.00 a.m., (ii) in the case of EURIBOR, 11.00 a.m., (iii) in the case of STIBOR, 11.00 a.m., (iv) in the case of NIBOR, 12.00 noon, (v) in the case of CIBOR, 11.00 a.m., (vi) in the case of TIBOR, 11.00 a.m., (vii) in the case of TRYIBOR, 11.15 a.m., (viii) in the case of JIBAR, 11.00 a.m., (ix) in the case of CAD-BA-CDOR, 10.00 a.m., or (x) in the case of BBSW, 10.30 a.m., in each case in the Relevant Financial Centre, as specified in the applicable Final Terms.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

In the case of Exempt Notes which are also Floating Rate Notes where the applicable Pricing Supplement specifies that Screen Rate Determination applies to the calculation of interest, if the Reference Rate from time to time is specified in the applicable Pricing Supplement as being other than LIBOR, EURIBOR, STIBOR, NIBOR, CIBOR, TIBOR, TRYIBOR, JIBAR, CAD-BA-CDOR or BBSW, the Rate

of Interest in respect of such Exempt Notes will be determined as provided in the applicable Pricing Supplement.

(iii) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Principal Paying Agent, in the case of Floating Rate Notes other than Floating Rate Notes which are VPS Notes, and the Calculation Agent, in the case of Floating Rate Notes which are VPS Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Floating Rate Notes which are VPS Notes, the Calculation Agent will notify the VPS Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent or, in the case of either Floating Rate Notes which are VPS Notes, the Calculation Agent will calculate the amount of interest (the *"Interest Amount"*) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or

(B) in the case of Floating Rate Notes in definitive form, the Calculation Amount; or

(C) in the case of Floating Rate Notes which are VPS Notes, the aggregate outstanding nominal amount of the VPS Notes,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"Day Count Fraction" means, in respect of the calculation of an amount of interest for any Interest Period:

(i) if *"Actual/Actual"* or *"Actual/Actual – ISDA"* is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any

portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if *"Actual/365 (Fixed)"* is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if *"Actual/365 (Sterling)"* is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if *"Actual/360"* is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if *"30/360"*, *"360/360"* or *"Bond Basis"* is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if *"30E/360"* or *"Eurobond Basis"* is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(vii) if *"30E/360 (ISDA)"* is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (A) that day is the last day of February or (B) such number would be 31, in which case D_1 will be 30; and

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

(v) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent or, in the case of VPS Notes, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and, in the case of VPS Notes, the VPS, the VPS Trustee and the VPS Agent (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be

amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph (v), the expression *"London Business Day"* means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London. The notification of any rate or amount, if applicable, shall be made to the VPS in accordance with and subject to the rules and regulations of the VPS for the time being in effect.

(vi) *Linear Interpolation*

Where Linear Interpolation is specified as being applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent in consultation with the Issuer shall determine such rate at such time and by reference to such sources as it determines appropriate.

"Designated Maturity" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(vii) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(c), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents, the VPS Agent, the VPS Trustee and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable), the VPS Agent or the VPS Trustee, as the case may be, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(d) *Exempt Notes*

The rate or amount of interest payable in respect of Exempt Notes which are not also Fixed Rate Notes, Reset Notes or Floating Rate Notes shall be determined in the manner specified in the applicable Pricing Supplement, provided that the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

(e) *Accrual of interest*

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for its redemption unless either payment of principal is improperly withheld or refused or, in the case of Subordinated Notes, the consent of the Swedish FSA for

payment of principal (if required) has not been given or, having been given, has been withdrawn and not replaced and such payment is not made. In such event, interest will continue to accrue until whichever is the earlier of:

(1) the date on which all amounts due in respect of such Note have been paid; and

(2) the date on which the full amount of the moneys payable has been received by the Principal Paying Agent or the VPS Agent, as the case may be, and notice to that effect has been given in accordance with Condition 13.

(f) *VPS Notes – Calculation Agent*

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in respect of the VPS Notes and for so long as any such VPS Note is outstanding. Where more than one Calculation Agent is appointed in respect of the VPS Notes, references in these Terms and Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Terms and Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or to calculate any Interest Amount or to comply with any other requirement, the Issuer shall (with the prior approval of the VPS Trustee) appoint a leading bank or investment banking firm engaged in the inter-bank market that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5. PAYMENTS

(a) *Method of payment*

Subject as provided below:

(i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee at, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively); and

(ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the *"Code"*) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement thereto).

(b) *Presentation of definitive Bearer Notes and Coupons*

Payments of principal in respect of definitive Bearer Notes will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will

(subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Reset Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. *"Long Maturity Note"* is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding or Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

(c) *Payments in respect of Bearer Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note, where applicable, against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

(d) *Payments in respect of Registered Notes*

Payments of principal will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the *"Register"*) (A) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (B) where in definitive form, at the close of business on the

third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, *"Designated Account"* means the account (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and *"Designated Bank"* means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian or New Zealand dollars, shall be Sydney or Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (A) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (B) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the *"Record Date"*) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post.

No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Global Note in registered form in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for payment in such Specified Currency for conversion into U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer and the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) *General provisions applicable to payments*

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of

Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the provisions of paragraph (a) above, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(f) *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, *"Payment Day"* means any day which (subject to Condition 8) is:

(i) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open;

(ii) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Financial Centre (other than the TARGET2 System) specified in the applicable Final Terms (if any);

(iii) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open;

(iv) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City; and

(v) in the case of Notes (other than VPS Notes) in definitive form only, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation.

In these Terms and Conditions, *"euro"* means 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 (the *"Treaty"*).

(g) *VPS Notes*

Payments of principal and interest in respect of VPS Notes shall be made to the holders shown in the relevant records of the VPS in accordance with and subject to the VPS Act and the rules and regulations from time to time governing the VPS.

(h) *Interpretation of principal and interest*

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(i) any additional amounts which may be payable with respect to principal under Condition 7;

(ii) the Final Redemption Amount of the Notes;

(iii) the Early Redemption Amount of the Notes;

(iv) the Optional Redemption Amount(s) (if any) of the Notes;

(v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6(e)(ii)); and

(vi) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

6. REDEMPTION AND PURCHASE

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

(b) *Redemption for tax reasons*

(i) This Condition 6(b)(i) is applicable in relation to Notes specified in the applicable Final Terms as Unsubordinated Notes and references to *"Notes"* in this Condition shall be construed accordingly.

If as a result of any actual or proposed change in, or amendment to, the laws of the Kingdom of Sweden, or the regulations of any taxing authority therein or thereof, or in or to the application of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes, on the occasion of the next payment due in respect of the Notes the Issuer would be required to pay additional amounts as provided or referred to in Condition 7, the Issuer may, at its option at any time (in the case of Notes which are not Floating Rate Notes) or on any Interest Payment Date (in the case of

Floating Rate Notes), having given not less than 30 or more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), redeem all the Notes, but not some only, each at its Early Redemption Amount referred to in this Condition 6 together with interest, if any, accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be required to pay such additional amounts were a payment in respect of the Notes then due.

(ii) This Condition 6(b)(ii) is applicable in relation to Notes specified in the applicable Final Terms as Subordinated Notes and references to *"Notes"* in this Condition shall be construed accordingly.

If, in relation to any Series of Notes:

(A) as a result of any actual or proposed change in, or amendment to, the laws of the Kingdom of Sweden, or the regulations of any taxing authority therein or thereof, or in or to the application of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the last Tranche of the Notes, on the occasion of the next payment due in respect of the Notes the Issuer would be required to pay additional amounts as provided or referred to in Condition 7; or

(B) if "Tax Event" is specified as being applicable in the applicable Final Terms, a Tax Event occurs,

the Issuer may, subject as provided in Condition 6(i), at its option at any time (in the case of Notes which are not Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), having given not less than 30 or more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), redeem all the Notes, but not some only, each at (x) its Early Redemption Amount referred to in this Condition 6 (in the case of redemption pursuant to paragraph (A) above) and (y) its Early Redemption Amount (Tax Event) specified in the applicable Final Terms (in the case of redemption pursuant to paragraph (B) above (if applicable)), in each case, together with interest, if any, accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be required to pay such additional amounts were a payment in respect of the Notes then due.

A *"Tax Event"* means the certification by an authorised signatory of the Issuer to the effect that, as a result of:

(i) any amendment to, clarification of, or change in, the laws or treaties (or any regulations thereunder) of the Kingdom of Sweden or any political subdivision or taxing authority thereof or therein affecting taxation;

(ii) any governmental action; or

(iii) any amendment to, clarification of, or change in the official position or the interpretation of such governmental action or any interpretation or pronouncement that provides for a position with respect to such governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification, or change is effective or such pronouncement or decision is announced on or after the Issue Date of the last Tranche of the Notes,

there is more than an insubstantial risk that:

(A) the Issuer is, or will be, subject to additional taxes, duties or other governmental charges with respect to the Notes; or

(B) the treatment of any of the Issuer's items of income or expense with respect to the Notes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will no longer be respected by a taxing authority, which subjects the Issuer to additional taxes, duties or other governmental charges.

(c) *Redemption at the Option of the Issuer*

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, subject as provided in Condition 6(i) in the case of Notes specified in the applicable Final Terms as being Subordinated Notes, having given:

(i) not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13; and

(ii) not less than 14 days' notice (or such lesser period as may be agreed between the Issuer and the Principal Paying Agent or the Issuer and the Registrar, as the case may be) before the giving of the notice referred to in (i), to the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar;

(which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Maximum Redemption Amount. In the case of a partial redemption of Notes, the Notes to be redeemed (*"Redeemed Notes"*) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or DTC, in the case of Redeemed Notes represented by a Global Note, and in accordance with the rules of the VPS in the case of VPS Notes, in each case not more than 60 days prior to the date fixed for redemption (such date of selection being hereinafter called the *"Selection Date"*). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 30 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes or represented by a Global Note shall in each case bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding and Notes outstanding represented by such Global Note, respectively, bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that, if necessary, appropriate adjustments shall be made to such nominal amount to ensure that each represents an integral multiple of the Specified Denomination. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

(d) *Redemption at the Option of the Noteholders – Unsubordinated Notes*

(i) If the Notes are Unsubordinated Notes and Change of Control Put is specified as being applicable in the applicable Final Terms then, if, at any time, the beneficial ownership of the

share capital of the Issuer changes so that the Kingdom of Sweden ceases to be entitled to exercise at least 51 per cent. of the votes conferred thereby, then the holder of each Note will have the option to require the Issuer to redeem such Note (in whole only in the case of a Bearer Note in definitive form) on the Redemption Date (as defined below) at the Early Redemption Amount referred to in paragraph (e) below together with interest accrued, if any, to but excluding the Redemption Date (in accordance with the provisions set out below). Provided that no such option to require the Issuer to redeem Notes will arise if prior to the date of such change the Kingdom of Sweden shall have made arrangements for it to guarantee the obligations of the Issuer under the Notes and the relative Coupons (if any) or as otherwise approved by an Extraordinary Resolution of the holders of the Notes.

Not more than 60 nor less than 30 days prior to the date when such change is due to take effect, or if the Issuer first becomes aware of such change less than 30 days prior to the date such change is due to take effect, as soon as practicable before such change, the Issuer will notify the Principal Paying Agent or, in the case of VPS Notes, the VPS Trustee and the VPS Agent and the holders of the Notes in accordance with Condition 13 of their right to require redemption of the Notes.

At least 15 days prior to the Redemption Date, a holder of any Note (other than a VPS Note) may deposit (at any time during normal business hours in the relevant place of deposit) his Note (together with all relative Coupons maturing after the Redemption Date) at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) accompanied by a written notice exercising the option in a form (for the time being current) obtainable from the specified office of any Paying Agent, or as the case may be, the Registrar (an *"Option Notice"*). In the case of a VPS Note, at least 15 days prior to the Redemption Date, a holder of any VPS Note may exercise its right to require redemption of its VPS Notes by giving notice to the VPS Agent of such exercise in accordance with the standard procedures of the VPS from time to time. As used above, *"Redemption Date"* means the date (the *"First Date"*) falling 90 days after the publication of the notice referred to above provided that, in the case of any Note which is a Floating Rate Note only, if the First Date is not an Interest Payment Date in respect of such Note the holder of any such Floating Rate Note may elect, such election being at his sole discretion, that the Redemption Date in respect of such Note shall not be the First Date but the first Interest Payment Date thereafter.

In the case of any Note other than a VPS Note, the Paying Agent with which any Note and Option Notice are deposited shall issue to the holder of each Note concerned a non-transferable receipt in respect of the Note so deposited. Payment in respect of Notes so deposited shall be made on or after the Redemption Date against surrender of such receipts at the specified office of any Paying Agent. An Option Notice, once given, shall be irrevocable.

(ii) If Investor Put is specified as being applicable in the applicable Final Terms and this Note is specified in the applicable Final Terms as unsubordinated, upon the holder of this Note giving to the Issuer in accordance with Condition 13 not more than 60 nor less than 30 days' notice (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem subject to, and in accordance with, the terms specified in the applicable Final Terms this Note on the Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if appropriate, with accrued interest.

(iii) If this Note is in definitive form, to exercise the right to require redemption of this Note pursuant to Condition 6(d)(i) or (ii) the holder of this Note must deliver such Note at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the

case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly completed and signed Option Notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.

To exercise the right to require redemption of the VPS Notes, the holder of the VPS Notes must, within the notice period, give notice to the VPS Agent of such exercise in accordance with the standard procedures of the VPS from time to time.

(e) *Early Redemption Amounts*

For the purposes of Condition 6(b), Condition 6(d)(i) and Condition 9, each Note will be redeemed at an amount (the *"Early Redemption Amount"*) calculated as follows:

(i) in the case of a Note other than a Zero Coupon Note, at the amount specified in the applicable Final Terms as the Early Redemption Amount or, if no such amount is set out in the applicable Final Terms, at its nominal amount; or

(ii) in the case of a Zero Coupon Note, at an amount (the *"Amortised Face Amount"*) calculated in accordance with the following formula:

Early Redemption Amount = RP x $(1 + AY)^y$

where:

"RP" means the Reference Price;

"AY" means the Accrual Yield expressed as a decimal; and

"y" is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360 day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

(f) *Purchases*

The Issuer may, subject as provided in the following paragraph and in Condition 6(i), at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured, Coupons and Talons

appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

In the case of Notes specified in the applicable Final Terms as being Subordinated Notes, no purchase of such Notes may be made pursuant to this Condition 6(f) at any time during the period of five years from the Issue Date of the first Tranche of the Notes.

(g) *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph (f) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(h) *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(ii) the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 13.

(i) *Redemption or Purchase of Subordinated Notes only with Prior Consent*

In the case of Notes specified in the applicable Final Terms as being Subordinated Notes, no redemption or purchase of such Notes prior to their stated maturity may be made without the prior consent of the Swedish FSA.

(j) *Redemption upon Capital Event – Subordinated Notes*

This Condition 6(j) is applicable in relation to Notes specified in the applicable Final Terms as Subordinated Notes and references to *"Notes"* in this Condition shall be construed accordingly.

Upon the occurrence of a Capital Event, the Issuer may, subject as provided in Condition 6(i), at its option at any time (in the case of Notes which are not Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), having given not less than 30 or more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), redeem all the Notes, but not some only, each at its Early Redemption Amount (Capital Event) specified in the applicable Final Terms together with interest, if any, accrued to but excluding the date of redemption.

A *"Capital Event"* means, at any time, the determination by the Issuer after consultation with the Swedish FSA that, as a result of any change in Swedish law or Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date of the last Tranche of the Notes (which change has occurred or which the Swedish FSA considers to be sufficiently certain), the Notes are, or would be likely to be, fully or partially excluded from inclusion in the Tier 2

Capital of the Issuer and/or the SBAB Group (save in any such case where such non-qualification is only as a result of any applicable limitation on the amount of such capital).

(k) *Variation or Substitution instead of Redemption – Subordinated Notes*

This Condition 6(k) is applicable in relation to Notes specified in the applicable Final Terms as Subordinated Notes and where this Condition 6(k) is specified as being applicable in the applicable Final Terms and references to *"Notes"* in this Condition shall be construed accordingly.

If at any time a Capital Event or (if Tax Event is specified as being applicable in the applicable Final Terms) a Tax Event occurs or the Issuer is required to pay additional amounts in accordance with Condition 6(b)(ii)(A), then the Issuer may, subject to the prior consent of the Swedish FSA, (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable) at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Securities (as defined below) provided that such variation or substitution does not itself give rise to any right of the Issuer to redeem the substituted or varied securities that are inconsistent with the redemption provisions of the Notes.

"Qualifying Securities" means, for the purpose of this Condition 6(k), securities, whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by the Issuer that:

(i) have terms not materially less favourable to Noteholders than the terms of the Notes, as certified by the Issuer acting reasonably following consultation with an independent investment bank or financial adviser of international standing;

(ii) include a ranking at least equal to that of the Notes;

(iii) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Notes;

(iv) have the same redemption rights as the Notes (although they need not contain all of the rights of the Issuer under Conditions 6(b)(ii) and 6(j));

(v) comply with the then current requirements of the Applicable Banking Regulations in relation to Tier 2 Capital;

(vi) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation (or, if the date of substitution or variation falls before the first Interest Payment Date, the Issue Date);

(vii) are assigned (or maintain) the same or higher credit ratings as were assigned to the Notes immediately prior to such variation or substitution; and

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

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for, or on account of, any present or future taxes or duties of whatever nature imposed or levied by, or on behalf of, the Kingdom of Sweden (or any political subdivision or any authority in the Kingdom of Sweden having power to tax) unless the withholding or deduction of such

taxes is required by law. In that event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that:

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

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

(b) by or on behalf of a holder of such Note or Coupon who, at the time of such presentation, is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exception to the relevant tax authority; or

(c) in the Kingdom of Sweden; or

(d) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5); and

(ii) if the Notes are Subordinated Notes and "Additional Amounts - Interest Only" is specified to be applicable in the Final Terms, no such additional amounts shall be payable with respect to any such withholding or deduction imposed or levied on payments of principal in respect of such Subordinated Note.

As used herein, the *"Relevant Date"* means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar or, in the case of VPS Notes, the holders of the VPS Notes, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

8. PRESCRIPTION

The Notes (whether in bearer or registered form) and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5 or any Talon which would be void pursuant to Condition 5.

9. EVENTS OF DEFAULT

(a) *Unsubordinated Notes*

This Condition 9(a) is applicable in relation to Notes specified in the applicable Final Terms as Unsubordinated Notes and references to *"Notes"* in this Condition shall be construed accordingly.

If any one or more of the following events (each an *"Unsubordinated Event of Default"*) shall occur and shall be continuing:

(i) default is made in the payment of principal and/or interest on the Notes or any of them on the due date and such default continues for a period of 10 days after written notice has been given by any Noteholder to the Principal Paying Agent; or

(ii) default is made by the Issuer in the performance or observance of any other obligation, condition or provision binding on it under the Notes (other than any obligation for the payment of any principal or interest in respect of the Notes) and such default continues for 30 days after written notice of such failure, requiring the Issuer to remedy the same, shall first have been given to the Principal Paying Agent by any Noteholder; or

(iii) an order is made or an effective resolution is passed for the dissolution or liquidation of the Issuer (except for the purposes of a merger, reconstruction or amalgamation under which the continuing entity effectively assumes the entire obligation of the Issuer under the Notes) or the Issuer is adjudicated or found bankrupt or insolvent by any competent court; or

(iv) the Issuer stops payment or (except for the purposes of such a merger, reconstruction or amalgamation as is referred to in sub-paragraph (iii) above) ceases or threatens to cease to carry on the whole or substantially the whole of its business, or is unable to pay its debts as they fall due, or an encumbrancer takes possession or a receiver is appointed of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress or execution or other process is levied or enforced upon or sued out against a substantial part of the chattels or property of the Issuer and is not in any such case discharged within 30 days, or any order is made or effective resolution passed by the Issuer applying for or granting a suspension of payments or appointing a liquidator, receiver or trustee of the Issuer or of a substantial part of its undertaking or assets; or

(v) any indebtedness for borrowed money of the Issuer becomes, or is declared, due and payable prior to its scheduled maturity as a result of a default thereunder or any such indebtedness for borrowed money or interest thereon is not paid when due or within any applicable grace period therefor or any guarantee or indemnity given by the Issuer in respect of any borrowed money is not honoured when due and called upon or within any applicable grace period therefor provided that any such event shall not constitute an Event of Default (1) unless the indebtedness for borrowed money or the liability of the Issuer under the guarantee or indemnity concerned exceeds U.S.$20,000,000 (or its equivalent in any other currency) or (2) if the liability of the Issuer in respect of such indebtedness for borrowed money or under the guarantee or indemnity is being contested by the Issuer in good faith,

then, in any such event, the holder of any Note (or, in the case of VPS Notes, the VPS Trustee) may, by written notice to the Issuer, effective upon receipt thereof by the Issuer, declare such Note to be forthwith due and payable, whereupon the same shall become immediately due and payable at its Early Redemption Amount (as described in Condition 6(e)), together with accrued interest (if any) to the date of repayment, unless prior to the time when the Issuer receives such notice all Events of Default in respect of all the Notes shall have been cured.

(b) *Subordinated Notes*

This Condition 9(b) is applicable in relation to Notes specified in the applicable Final Terms as Subordinated Notes and references to *"Notes"* in this Condition shall be construed accordingly.

If any of the following circumstances (each a *"Subordinated Event of Default"*) has occurred and is continuing:

(i) the Issuer shall default for a period of 14 days in the payment of principal in respect of any Note which has become due and payable in accordance with these Terms and Conditions; or

(ii) the Issuer shall default for a period of 14 days in the payment of interest due on any Note on an Interest Payment Date or any other date on which the payment of interest is compulsory; or

(iii) an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer (except for the purpose of a merger, reconstruction or amalgamation under which the continuing entity effectively assumes the entire obligations of the Issuer under the Notes) or the Issuer is otherwise declared bankrupt or put into liquidation, in each case by a court or agency or supervisory authority in the Kingdom of Sweden having jurisdiction in respect of the same,

the holder of any Note (or, in the case of VPS Notes, the VPS Trustee) may:

(a) (in the case of (i) or (ii) above) institute proceedings for the Issuer to be declared bankrupt or its winding-up or liquidation, in each case in the Kingdom of Sweden and not elsewhere, and prove or claim in the bankruptcy or liquidation of the Issuer; and/or

(b) (in the case of (iii) above), prove or claim in the bankruptcy or voluntary or involuntary liquidation of the Issuer, whether in the Kingdom of Sweden or elsewhere and whether instituted by the Issuer itself or by a third party

but (in either case) the holder of such Note may claim payment in respect of the Note only in the bankruptcy or voluntary or involuntary liquidation of the Issuer.

In any of the events or circumstances described in (iii) above, the holder of any Note (or, in the case of VPS Notes, the VPS Trustee) may, by notice to the Principal Paying Agent and the Issuer, declare his Note to be due and payable, and such Note shall accordingly become due and payable at its Early Redemption Amount (as described in Condition 6(e)) together with accrued interest, if any, to the date of payment but subject to such holder only being able to claim payment in respect of the Note in the bankruptcy or voluntary or involuntary liquidation of the Issuer.

The holder of a Note (or, in the case of VPS Notes, the VPS Trustee) may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Notes (other than, without prejudice to the foregoing provisions of this Condition 9(b), any obligation for the payment of any principal or interest in respect of the Notes) provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

No remedy against the Issuer, other than as provided above, shall be available to the Noteholders or Couponholders in respect of the Notes, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its obligations or undertakings with respect to the Notes.

10. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes) (or such other place as may be notified to the Noteholder) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

11. AGENTS

The names of the initial Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents and their initial specified offices will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(i) there will at all times be a Principal Paying Agent and a Registrar;

(ii) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);

(iii) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City;

(iv) there will at all times be a Paying Agent in a jurisdiction within continental Europe other than the Kingdom of Sweden; and

(v) in the case of VPS Notes, there will at all times be a VPS Agent authorised to act as an account holding institution with the VPS and one or more Calculation Agent(s) where the Terms and Conditions of the relevant VPS Notes so require.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(e). Notice of any variation, termination, appointment or change in the Paying Agents and/or the Transfer Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 13.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

13. NOTICES

(a) *Notes other than VPS Notes*

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a

manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Bearer Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange (or any other relevant authority) and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange (or any other relevant authority).

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange (or any other relevant authority) and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the principal paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

(b) *VPS Notes*

Notices to holders of VPS Notes shall be valid if the relevant notice is given to the VPS for communication by it to the holders and, so long as the VPS Notes are listed on a stock exchange, the Issuer shall ensure that notices are duly published in a manner which complies with the rules of such exchange. Any such notice shall be deemed to have been given to the holders of the VPS Notes on the date of delivery of such notice by the VPS.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

(a) *Notes other than VPS Notes*

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of the Terms and Conditions of the Notes, the Agency Agreement or the Coupons. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing a clear majority of the nominal amount of the Notes for the time being outstanding, or at any such adjourned meeting one or more persons present being or representing the Noteholders whatever the nominal amount of the Notes held or represented, except that at any meeting, the business of which includes the modification of certain Terms and Conditions of the Notes, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than 75 per cent., or at any such adjourned meeting not less than 50 per cent., of the nominal amount of the Notes for the time being outstanding.

Any resolution passed at any meeting of the Noteholders will be binding on all the Noteholders, whether or not they are present at the meeting, and on all the Couponholders. Any Notes which have been purchased and are held by or on behalf of the Issuer but have not been cancelled shall (unless and until resold) be deemed not to be outstanding for the purposes of the right to attend or participate in any way at any meeting of Noteholders.

The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

(i) any modification (except as mentioned above) of the Agency Agreement which is not prejudicial to the interests of the Noteholders; or

(ii) any modification of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

Any modification to these Terms and Conditions in relation to the Notes of any Series that are Subordinated Notes is subject to the prior consent of the Swedish FSA.

(b) *VPS Notes*

The VPS Trustee Agreement contains provisions for convening meetings of the holders of VPS Notes to consider any matter affecting their interests, including sanctioning by a majority of votes (as more fully set out in the VPS Trustee Agreement) a modification of the VPS Notes or any of the provisions of the VPS Trustee Agreement (or, in certain cases, sanctioning by a majority of two thirds of votes). Such a meeting may be convened by the Issuer, the VPS Trustee or by the holders of not less than 10 per cent. of the Voting VPS Notes. For the purpose of this Condition, *"Voting VPS Notes"* means the aggregate nominal amount of the total number of VPS Notes not redeemed or otherwise deregistered in the VPS, less the VPS Notes owned by the Issuer, any party who has decisive influence over the Issuer or any party over whom the Issuer has decisive influence.

The quorum at a meeting for passing a resolution is one or more persons holding at least one half of the Voting VPS Notes or at any adjourned meeting one or more persons being or representing holders of Voting VPS Notes whatever the nominal amount of the VPS Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the VPS Notes, the VPS Trustee Agreement (including modifying the date of maturity of the VPS Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the VPS Notes or altering the currency of payment of the VPS Notes), the quorum shall be one or more persons holding or representing not less than two-thirds in aggregate nominal amount of the Voting VPS Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in aggregate nominal amount of the Voting VPS Notes. A resolution passed at any meeting of the holders of VPS Notes shall be binding on all the holders, whether or not they are present at such meeting.

The VPS Trustee Agreement provides that:

(i) the VPS Trustee may in certain circumstances, without the consent of the holders of the VPS Notes, make decisions binding on all holders relating to the Terms and Conditions, the VPS Trustee Agreement or the VPS Agency Agreement including amendments which are not, in

the VPS Trustee's opinion, materially prejudicial to the interests of the holders of the VPS Notes; and

(ii) the VPS Trustee may reach decisions binding for all holders of VPS Notes.

Any modification to these Terms and Conditions in relation to the VPS Notes of any Series that are Subordinated Notes is subject to the prior consent of the Swedish FSA.

15. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes (or the same in all respects save for the issue date, the issue price, the amount and date of the first payment of interest thereon and the date from which interest starts to accrue) and so that the same shall be consolidated and form a single Series with the outstanding Notes.

16. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(a) *Governing law*

The Agency Agreement, the Deed Poll, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising therefrom or in connection therewith shall be governed by, and construed in accordance with, English law except that (i) the provisions relating to subordination contained in Conditions 3(b) shall be governed by, and construed in accordance with, the laws of the Kingdom of Sweden and (ii) the registration of VPS Notes in the VPS as well as the recording and transfer of ownership to, and other interests in, VPS Notes and Condition 14(b) shall be governed by, and construed in accordance with, Norwegian law. The VPS Trustee Agreement is, and the VPS Agency Agreement shall be, governed by and construed in accordance with Norwegian law.

(b) *Submission to jurisdiction*

The Issuer agrees, for the exclusive benefit of the Noteholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising therefrom or in connection therewith) and that accordingly any suit, action or proceedings (together referred to as *"Proceedings"*) arising out of or in connection with the Notes and the Coupons (or any non-contractual obligations arising therefrom or in connection therewith) may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

To the extent allowed by law, nothing contained in this Condition shall limit any right to take Proceedings against the Issuer 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) *Appointment of Process Agent*

The Issuer appoints Business Sweden - The Swedish Trade & Invest Council at its registered office at 5 Upper Montagu Street, London W1H 2AG as its agent for service of process, and undertakes that, in the event of Business Sweden - The Swedish Trade & Invest Council ceasing so to act or ceasing to be registered

in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

(d) *Waiver of immunity*

The Issuer hereby irrevocably and unconditionally waives with respect to the Notes and the Coupons any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any proceedings.

(e) *Other documents*

The Issuer has in the Agency Agreement, the Deed Poll and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 (the *"Act"*), but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. SWEDISH STATUTORY BAIL-IN POWER

By its acquisition of the Notes, each Noteholder (which, for these purposes, includes each holder of a beneficial interest in the Notes) acknowledges and agrees to be bound by the exercise of any Bail-in Power by the relevant Swedish resolution authority that may result in the write-down or cancellation of all, or a portion, of the principal amount of, or accrued but unpaid interest on, the Notes and/or the conversion of all, or a portion, of the principal amount of, or accrued but unpaid interest on, the Notes into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes to give effect to the exercise by the relevant Swedish resolution authority of such Bail-in Power. Each Noteholder (which, for these purposes, includes each holder of a beneficial interest in the Notes) further acknowledges and agrees that the rights of the Noteholders are subject to, and will be varied, if necessary, so as to give effect to, the exercise of any Bail-in Power by the relevant Swedish resolution authority.

For these purposes, a *"Bail-in Power"* means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of credit institutions, investment firms and/or any member of the SBAB Group incorporated in the relevant Member State of the European Union in effect and applicable in the relevant Member State of the European Union to the Issuer and/or any other member of the SBAB Group, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of any European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and/or within the context of a relevant Member State of the European Union's resolution regime or otherwise, pursuant to which liabilities of a credit institution, investment firm and/or any member of the SBAB Group can be reduced, cancelled and/or converted into shares or other notes or obligations of the obligor or any other person.

Upon the Issuer being informed or notified by the relevant Swedish resolution authority of the actual exercise of the Bail-in Power or the date from which the Bail-in Power shall be effective with respect to the Notes, the Issuer shall notify the Noteholders in accordance with Condition 13 without delay. Any delay or

failure by the Issuer to give such notice shall not affect the validity and enforceability of the Bail-in Power nor the effects on the Notes described in this Condition.

The exercise of the Bail-in Power by the relevant Swedish resolution authority with respect to the Notes shall not constitute an event of default under the Notes and the terms and conditions of the Notes shall continue to apply in relation to the residual principal amount of, or outstanding amount payable with respect to, the Notes, subject to any modification of the amount of interest payable to reflect the reduction of the principal amount, and any further modification of the terms and conditions of the Notes that the relevant Swedish resolution authority may decide in accordance with applicable laws and regulations relating to the resolution of credit institutions, investment firms and/or any member of the SBAB Group incorporated in the relevant Member State of the European Union.

Each Noteholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of any Bail-in Power to the Notes.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for the general financing of the Issuer's and the SBAB Group's business activities.

If, in respect of an issue, the net proceeds are to be applied by the Issuer towards the origination of loans to fund or re-finance certain defined projects, such purposes will be more particularly described under *"Use of Proceeds"* in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement). The relevant projects to be funded or re-financed will be described in the Issuer's internal policies and/or frameworks from time to time, available at www.sbab.se, and include, *inter alia*, the construction of new energy efficient and environmentally sustainable commercial or residential buildings or the renovation of existing buildings for such purposes.

INFORMATION RELATING TO THE ISSUER

Introduction

SBAB Bank AB (publ) (*"SBAB"*) is a public limited liability company and joint stock banking company, wholly owned by the Kingdom of Sweden. The interest of the Kingdom of Sweden is represented by the Government Offices of Sweden. SBAB operates as an independent profit-making company regulated as a banking company under the Swedish Act on Banking and Financing Activities (Sw. *Lag (2004: 297*) *om bank- och finansieringsrörelse*) and is subject to the supervision of the Swedish FSA. SBAB obtained its licence to conduct banking operations from the Swedish FSA on 30th November, 2010. Relevant Articles of Association, permitting SBAB to conduct banking operations, were adopted on 16th March, 2011. Adjustments to the Articles of Association have been made when relevant and the latest Articles of Association were adopted on 28th April, 2016 and duly registered on and valid as of 3rd June, 2016.

SBAB was registered in the Kingdom of Sweden on 21st December, 1984. SBAB's Swedish registration number is 556253-7513. From its registration until 16th November, 2015 SBAB had its registered office in Stockholm. From November, 2015 SBAB's registered office is in Solna. Following the change of office, the registered postal address of SBAB is P.O. Box 4209, SE-171 04 Solna, Sweden and the telephone number is +46 8 614 43 00. The visiting address of SBAB is Svetsarvägen 24, SE-171 41 Solna, Sweden.

SBAB was established for the purpose of acquiring the requisite capital to finance Government-backed residential mortgages and commenced its operations on 1st July, 1985. Prior to this, Government-backed residential mortgages were financed directly via the Government budget.

The SBAB Group consists of SBAB, AB Sveriges Säkerställda Obligationer (publ) (with the parallel trade name The Swedish Covered Bond Corporation) (*"SCBC"*) and Booli Search Technologies AB (*"Booli"*), in which 71 per cent. of the shares were acquired on 14th January, 2016. The previous subsidiaries of Booli, i.e. Hittamäklare Sverige AB and its wholly-owned subsidiary Booli Development AB, were both merged into Booli on 8th November, 2016. SBAB's current ownership share in Booli, in which there are both put and call options for all shareholders, is 69.34 per cent.

SCBC's main purpose is to issue covered bonds (Sw. *säkerställda obligationer*) pursuant to the Swedish Covered Bonds Issuance Act (i.e. bonds or other comparable full-recourse debt instruments secured by a pool of mortgage credits and/or public sector credits) and conducting activities related thereto.

The services provided by Booli include Booli.se, one of Sweden's largest housing sites and search engines for homes, Hittamäklare.se, a real estate agent guide with 6,000 registered estate agents, and Booli Pro, an analysis tool that helps residential construction companies and banks understand the real estate market in Sweden.

References herein to the "*SBAB Group*" are to SBAB and its subsidiaries from time to time.

Accounting Principles

The financial information relating to 2012-2016 in this section *"Information Relating to the Issuer"* has been extracted without adjustment from SBAB's audited financial statements for the financial year ended 31st December, 2016. The consolidated accounts have been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU. In addition to these accounting standards, the Swedish FSA's regulations and general guidelines on annual accounts for credit institutions and securities companies (FFFS 2008:25), the Annual Accounts Act for Credit Institutions and Securities Companies (Sw. *Lag (1995:1559) om årsredovisning i kreditinstitut och värdepappersbolag*) as well as the requirements in the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups are taken into consideration.

SBAB, i.e. the parent company of the SBAB Group, applies statutory IFRS, which means that the annual report has been prepared in compliance with IFRS with the additions and exceptions that ensue from the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, the Swedish FSA's regulations and general guidelines on annual accounts of credit institutions and securities companies (FFFS 2008:25) and the Annual Accounts Act for Credit Institutions and Securities Companies (Sw. *Lag (1995:1559) om årsredovisning i kreditinstitut och värdepappersbolag*).

The main differences between the group's and the parent company's accounting policies are described on page 81 of the Integrated Annual Report 2016 and a more detailed description of the accounting policies in general is included on pages 77-81 of the Integrated Annual Report 2016.

Activities

SBAB's main business operations consist of efficient and profitable lending in the Swedish residential mortgage market aimed at individuals, tenant-owner associations and companies. SBAB may also finance e.g. acquisitions of offices and other commercial properties, but in relation to the SBAB Group's total loan portfolio, lending to commercial properties is not significant. Besides mortgages and security over shares in tenant-owner associations, SBAB may also accept other collateral such as shares in limited liability companies. SBAB has a number of business partners that act as distribution channels for SBAB's products. In 2007, SBAB expanded its product range to include savings products for individuals and in 2009, deposit facilities were launched for companies and tenant-owner associations. As a feature of SBAB's plan to broaden its operations, unsecured loans were launched during 2010.

Between April 2012 and February 2017, SBAB was authorised by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the *"Swedish FSA"*) to conduct securities operations in the form of a permit to receive and forward orders in fund units. Such activities were initiated in March 2013 but the development of bank services, such as payment solutions, current accounts and card services, was discontinued following a strategic decision in 2014 and the fund offering wound up.

SBAB's business strategy as of August 2014 has been to focus on, and develop, the core business areas of mortgages and residential financing with more efficient operations and an increased focus on mortgage offers, customer communication and sales. SBAB's savings offer continues to be an important part of the business.

The Swedish Covered Bond Corporation

SCBC is a wholly-owned subsidiary of SBAB. SCBC's activities are mainly focused on issuing covered bonds in the Swedish and international capital market, as further described under *"Introduction"* above. To this end, SCBC currently has three funding programmes in place; the domestic covered bond programme in Sweden, the euro medium term covered note programme (the *"EMTCN Programme"*) in the international market and the Australian covered bond issuance programme. These three programmes have all been assigned the highest possible credit rating (Aaa) by the rating institution Moody's. Other programmes may be established and stand-alone issues may be made from time to time.

SCBC does not conduct any lending operations, but acquires loans primarily from SBAB and will potentially also acquire loans from others. SCBC acquired a portfolio of loans from SBAB in 2006 under a master sale agreement that also provides for the continuous transfer of loans from SBAB to SCBC from time to time on the terms and conditions stated in that agreement (as amended and restated or amended and replaced from time to time). SBAB and SCBC have also entered into a subordination agreement, pursuant to which SBAB has agreed that all present and future claims that it has or may have against SCBC, except any claims that SBAB may have against SCBC under any derivative agreement entered into pursuant to the Swedish Covered Bonds Issuance Act, will be subordinated to all unsubordinated claims against SCBC in the event of SCBC's bankruptcy.

SCBC's lending to the public after provisions as at 31st December, 2016 amounted to SEK 244,445 million (SEK 215,774 million as at 31st December, 2015).

Credit facility agreement between the Issuer and SCBC

In December 2008, a multicurrency revolving credit facility agreement was established between the Issuer and SCBC. Under the agreement the Issuer makes available a committed credit facility to SCBC up to an amount equal to SCBC's outstanding covered bonds, from time to time, with an original maturity falling in the period within 364 days from the date of the agreement. The term of the agreement is 364 days and is automatically extended by a further 364 days unless terminated by SCBC or if a default under the agreement is outstanding and the Issuer gives notice to SCBC 30 days prior to the relevant termination date that the agreement should not be extended.

Satisfying the requirements set out in FFFS 2014:12 Chapter 6, §1 and the corresponding requirements in Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms, SCBC and the Issuer will be supervised as a single liquidity sub-group as part of the liquidity management and risk control pursuant to FFFS 2010:7.

Lending

The SBAB Group's lending to the public after provisions at 31st December, 2016 amounted to SEK 296,022 million (SEK 296,981 million at 31st December, 2015).

Loan portfolio by category of borrower

The table below shows the lending by type of property as at 31st December, 2016 and as at 31st December, 2015 for the SBAB Group:

	31 December 2016	*31st December 2015*
	(SEK million)	
Single-family dwellings and holiday homes	107,272	115,733
Tenant-owner rights	102,596	96,198
Tenant-owner associations	50,622	52,357
Private multi-family dwellings	28,523	25,862
Municipal multi-family dwellings	240	470
Commercial properties	4,779	4,313
Other	1,990	2,048
Total	**296,022**	**296,981**

Saving

In April 2007, SBAB introduced savings products for private customers. During 2009, the savings products were also made available to corporate customers and tenant-owner associations. Total deposits amounted to SEK 107,041 million as at 30th September, 2017 (SEK 96,769 million as at 31st December, 2016).

Funding

Short-term funding

SBAB mainly finances its short-term funding needs through two commercial paper programmes; the Swedish commercial paper programme (SVCP) and the Euro Commercial Paper Programme (ECP). SBAB

is also active in the repo- and deposit markets for short term liquidity needs on a daily basis.

Long-term funding

SBAB issues its long-term non-covered debt through this Programme and may also issue on a stand-alone basis or under additional programmes from time to time. The SBAB Group's covered bond funding is conducted by SBAB's subsidiary, SCBC, through the EMTCN Programme and the Swedish covered bond programme and may also be made through SCBC's Australian covered bond issuance programme, on a stand-alone basis or under additional programmes from time to time. During 2016, the SBAB Group issued a number of long-term transactions with a volume equivalent to SEK 47.6 billion distributed among various currencies but mainly EUR and SEK. During 2016, as part of its long-term funding, the Issuer issued additional tier 1 capital notes in the amount of SEK 1.5 billion.

Debt securities in issue	*Group*		*Parent Company*	
	2016	*2015*	*2016*	*2015*
	SEK million			
Financial liabilities at amortised cost:				
Swedish kronor commercial paper programmes	301	320	301	320
Foreign currency commercial paper programmes	8,526	6,897	8,526	6,897
Total	**8,827**	**7,217**	**8,827**	**7,217**
Bond loans:				
Bond loans in SEK				
- at amortised cost	81,752	99,423	22,664	29,966
- in fair value hedging	76,579	73,601	6,011	5,270
Bond loans in foreign currency				
- at amortised cost	50,416	35,793	17,504	12,584
- in fair value hedging	29,833	48,171	16,468	21,888
Total	**238,580**	**256,988**	**62,647**	**69,708**
Total debt securities in issue	**247,407**	**264,205**	**71,474**	**76,925**
of which covered bonds	*175,933*	*187,280*	–	–

Loan Losses

The table below shows the loan loss rate as a percentage at the end of each year for each of the years 2012 to 2016.

Years ended 31st December	*Loan loss rate*
	per cent.
2012	-0.01
2013	0.00
2014	0.01
2015	-0.01
2016	-0.01

Capital Ratio

As at 30th September, 2017, the SBAB Group's total capital ratio amounted to 49.3 per cent. (51.6 per cent. as at 31st December, 2016) and with transitional regulations the total capital ratio amounted to 11 per cent. (11.7 per cent. as at 31st December, 2016).

As at 30th September, 2017, the SBAB Group's Common Equity Tier 1 capital ratio amounted to 31.4 per cent. (32.2 per cent. as at 31st December, 2016).

Liquidity Reserve

SBAB's liquidity reserve mainly comprises securities. At 30th September, 2017, the market value of these assets amounted to SEK 75.3 billion (SEK 64.4 billion as at 30th September, 2016). Taking the Riksbank's haircuts into account, the value of the assets was at 30th September, 2017 SEK 72.2 billion (SEK 61.1 billion as at 30th September, 2016).

SBAB's liquidity portfolio comprises liquid, interest-bearing securities, mostly with a high rating. Securities holdings are an integrated part of the SBAB Group's liquidity risk management. Holdings in the portfolio are limited by asset class and by country, respectively, and must have the highest rating upon acquisition. In addition to these collective limits, limits for individual issuers may also be set.

For more information regarding the liquidity portfolio and the liquidity reserves, please see pages 88-90 of the Integrated Annual Report 2016.

Regulatory Framework and Capital Requirements

SBAB's activities are regulated by a number of different rules and regulations, including the Swedish Act on Banking and Financing Activities (Sw. *Lag (2004:297) om bank- och finansieringsrörelse*) and the Swedish Act on Securities Markets (Sw. *Lag (2007:528*) *om värdepappersmarknaden*) and SBAB is subject to the supervision of the Swedish FSA and the regulations and guidelines issued by the Swedish FSA.

In addition, the Swedish Supervision of Credit and Investment Institutions Act (Sw. *Lag (2014:968) om särskild tillsyn över kreditinstitut och värdepappersbolag*) and the Swedish Act on Capital Buffers (Sw. *Lag (2014:966) om kapitalbuffertar*) set forth certain requirements concerning capital adequacy which are based on the Bank for International Settlements regulations and EU capital requirements and, with effect from 1st January, 2014, the Capital Requirements Regulation entered into force in Sweden. SBAB is also subject to the Swedish Companies Act (Sw. *Aktiebolagslag (2005:551)*) and its adopted Articles of Association.

Recent Developments

Interim Results January – September, 2017

The information under this heading "*Interim Results January – September, 2017*" relates to the SBAB Group, unless otherwise stated, and is for the period January - September, 2017.

Operating profit for the first nine months of 2017 amounted to SEK 1,625 million (SEK 1,463 million, January – September, 2016). This includes the net result of financial items of expense of SEK 42 million (income of SEK 40 million).

Net interest income amounted to SEK 2,348 million (SEK 2,067 million, January - September, 2016).

Expenses totalled SEK 700 million (SEK 650 million, January – September, 2016).

Loan losses remained low and the net effect for the period was a positive of SEK 4 million (loss SEK 20 million, January – September, 2016).

During the first nine months of 2017, new lending to the retail market amounted to SEK 49 billion (SEK 37.0 billion, January – September, 2016). The retail market portfolio increased and totalled SEK 238.9 billion as at 30th September, 2017 (SEK 220.6 billion at 30th September, 2016).

New lending to the corporate market and tenant owner associations during the first nine months of 2017 amounted to SEK 9.2 billion (SEK 7.6 billion, January - September, 2016). The corporate market and tenant owner associations portfolio increased and amounted to SEK 85.5 billion as at 30th September, 2017 (SEK 84.4 billion at 30th September, 2016).

The information in this section is based on the 2017 Third Quarter Interim Report, incorporated by reference in this Offering Circular.

BOARD OF DIRECTORS AND MANAGEMENT

The members of the Board of Directors and Executive Management, whose business addresses are at the registered address of SBAB, are as of the date of this Offering Circular:

Board of Directors

Bo Magnusson	Chairman
Carl-Henrik Borg	Board Member
Lars Börjesson	Board Member
Johan Ericsson	Board Member, Employee Representative, SBAB
Daniel Kristiansson	Board Member
Eva Gidlöf	Board Member
Kristina Ljung	Board Member, Employee Representative, SBAB
Jane Lundgren Ericsson	Board Member
Karin Moberg	Board Member
Eva-Lotta Lindberg	Deputy Board Member, Employee Representative, SBAB
Margareta Naumburg	Deputy Board Member, Employee Representative, SBAB

Executive Management

Klas Danielsson	Chief Executive Officer
Mikael Inglander	Chief Financial Officer
Sara Davidgård	Chief Operating Officer
Peter Svensén	Chief Risk Officer
Tim Pettersson	Head of Corporate Clients and Tenant-owner Associations
Carina Eriksson	Head of Human Resources
Klas Ljungkvist	Chief Information Officer
Elizabet Jönsson	Chief Retail Officer
Daniel Ljungel	Head of Business Development
Malin Pellborn	Head of Sustainability & Strategic Communications

SBAB's registered address and postal address is: P.O. Box 4209, SE-171 04 Solna, Sweden. The visiting address is Svetsarvägen 24, SE-171 04 Solna, Sweden.

There are no potential conflicts of interest between the duties to SBAB of the persons listed under the headings *"Board of Directors"* and *"Executive Management"* above and their private interests or other duties.

Auditors

Deloitte AB, Rehnsgatan 11, SE-113 79 Stockholm, Sweden, represented by the auditor in charge Patrick Honeth (Authorised Public Accountant) has been the Issuer's auditor since the annual general meeting held on 28th April, 2016.

For the period from the annual general meeting in 2013 until the annual general meeting in 2016, KPMG AB, Tegelbacken 4A, SE-103 23 Stockholm, Sweden, represented by the auditor in charge Hans Åkervall (Authorised Public Accountant), replaced by Anders Tagde in November 2015 (Authorised Public Accountant), was the Issuer's auditor.

Each of the above mentioned auditors in charge is a member of FAR, the professional institute for authorised public accountants, authorised public accountants, licensed auditors for financial institutions and other highly qualified professionals in the accountancy sector in Sweden.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "Clearing Systems") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing Systems. None of the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer nor any Dealer takes any responsibility for the accuracy thereof. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

DTC book-entry System

Registered Notes sold in reliance on Rule 144A under the Securities Act, whether as part of the initial distribution of the Notes or in the secondary market, are eligible to be held in book-entry form in DTC. DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (*"Participants"*) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants (*"Direct Participants"*) include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (*"Indirect Participants"*).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the *"Rules"*), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system (*"DTC Notes"*) as described below, and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (*"Owners"*) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest with respect to the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note (*"Beneficial Owner"*) is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be

accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under *"Subscription and Sale and Transfer and Selling Restrictions"*.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer will apply to DTC in order to have each Tranche of Notes represented by Rule 144A Global Notes accepted in its book-entry settlement system. Upon the issue of any Rule 144A Global Notes, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Rule 144A Global Notes to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in a Rule 144A Global Note will be limited to Direct Participants or Indirect Participants. Ownership of beneficial interests in a Rule 144A Global Note will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee

(with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Rule 144A Global Note registered in the name of DTC's nominee will be made to the order of such nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC's nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Rule 144A Global Notes in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer Payments of principal, premium, if any, and interest, if any, on Notes to DTC are the responsibility of the Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note will be effected in accordance with the customary rules and operating procedures of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Rule 144A Global Note to pledge such Notes to persons or entities that do not participate in the DTC system or to otherwise take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Rule 144A Global Note to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under *"Subscription and Sale and Transfer and Selling Restrictions",* cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Fiscal Agent and any custodian (*"Custodian"*) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Fiscal Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the

transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Initial Dealer has, in an amended and restated programme agreement dated 1st November, 2017 (the *"Programme Agreement"*), agreed with the Issuer a basis upon which it, and all other Dealers appointed under the Programme Agreement from time to time or any of them, may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under *"Form of the Notes"* and *"Terms and Conditions of the Notes".* In the Programme Agreement, the Issuer has agreed to reimburse the Initial Dealer for certain of its expenses in connection with the update of the Programme and has agreed to reimburse the Dealers for certain of their expenses in connection with the issue of Notes under the Programme. The price at which a Tranche of Notes will be purchased or subscribed and the commission or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription or purchase will be as agreed between the Issuer and the relevant Dealer at or prior to the time of the issue of the relevant Tranche. The Programme Agreement also makes provision for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(i) that either: (a) it is a QIB purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (b) it is outside the United States and is not a U.S. person;

(ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(iii) that, unless it holds an interest in a Regulation S Global Note and is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

(iv) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;

(v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;

(vi) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT (i) IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND (ii) IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFORE, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON)";

(vii) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (a) (i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it

acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART"; and

(viii) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of such acknowledgments, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.$100,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$100,000 (or its foreign currency equivalent) of Registered Notes.

Selling Restrictions

United States

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

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement) will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (*"Regulation S Notes"*), the Initial Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. The Initial Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree,

that it will send to each Dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.$100,000 (or the approximate equivalent thereof in any other currency). To the extent that the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Prohibition of Sales to EEA Retail Investors

From 1st January, 2018, unless the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) specifies *"Prohibition of Sales to EEA Retail Investors"* as "Not Applicable", the Initial Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

  (ii) a customer within the meaning of the IMD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor as defined in the Prospectus Directive; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to the Notes.

Prior to 1st January, 2018, and from that date if the applicable Final Terms or the applicable Pricing Supplement in respect of any Notes specifies "*Prohibition of Sales to EEA Retail Investors*" as "Not Applicable", in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a *"Relevant Member State"*), the Initial Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the *"Relevant Implementation Date"*) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms (or, in the case of Exempt Notes, Pricing Supplement) in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State at any time:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

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

United Kingdom

The Initial Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) in relation to any Notes having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue or sale of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

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

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

France

This Offering Circular has not been approved by the *Autorité des marchés financiers* (the *"AMF"*).

The Initial Dealer and the Issuer have represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Offering Circular, the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement) or any other offering material relating to

the Notes, and that such offers, sales and distributions have been and will be made in France only to (a) providers of the investment service of portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, other than individuals, all as defined in, and in accordance with, Articles L.411-2, D.411-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*.

The direct or indirect resale of Notes to the public in France may be made only as provided by and in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French *Code monétaire et financier*.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the *"FIEA"*) and the Initial Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

The Kingdom of Sweden

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

The Kingdom of Norway

The Initial Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, unless the Issuer has confirmed in writing to each Dealer that the Notes (if required) and the Offering Circular have been approved by the Financial Supervisory Authority of Norway, it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Norway or to residents of Norway, other than to "professional investors" as defined in Section 7-1 cf. Sections 10-2 to 10-5 in the Norwegian Securities Regulation of 29 June 2007 No. 876 or pursuant to another exemption from the obligation to prepare an offering prospectus as described in the Norwegian Securities Trading Act of 29 June 2007 No. 75. Notes denominated in Norwegian Kroner may not be offered or sold in the Norwegian market without the Notes prior thereto having been registered in the VPS.

General

The Initial Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and neither the Issuer nor any other Dealer shall have any responsibility therefor.

TAXATION

Swedish Taxation

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

Non-resident holders of Notes

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

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

Individuals who are not resident in the Kingdom of Sweden for tax purposes may be liable to capital gains taxation in the Kingdom of Sweden upon disposal or redemption of certain financial instruments, depending on the classification of the particular financial instrument for Swedish income tax purposes, if they have been resident in the Kingdom of Sweden or have lived permanently in the Kingdom of Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption. Taxation may, however, be limited by an applicable tax treaty.

Resident holders of Notes

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

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

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

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

Under Swedish tax law, no withholding tax is imposed on payments of principal or interest to a resident holder of Notes. However, if amounts that are considered to be interest for Swedish tax purposes are paid to a private individual (or an estate of a deceased individual) that is a resident holder of Notes, Swedish preliminary taxes (Sw. *preliminärskatt*) are normally withheld at a rate of 30 per cent.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" (as defined by FATCA) may be required to withhold on certain payments it makes (*"foreign passthru payments"*) to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Sweden) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (*"IGAs"*), which modify the way in which FATCA applies in their jurisdictions. The IGA between the United States and Sweden (the *"U.S.-Sweden IGA"*) has been implemented in Swedish legislation through, *inter alia*, the Swedish Act on identification of reportable accounts with reference to the intergovernmental agreement regarding FATCA between the United States and Sweden (Sw. *Lag (2015:62) om identifiering av rapporteringspliktiga konton med anledning av FATCA-avtalet)* (the *"Swedish FATCA Act"*). Under the provisions of IGAs (including the U.S.-Sweden IGA) as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1st January, 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under Condition 15 of the Terms and Conditions of the Notes) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current withholding tax treatment under United Kingdom law and published HM Revenue & Customs (*"HMRC"*) practice. The following does not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. Some aspects do not apply to certain classes of person (such as dealers) to whom special rules may apply. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

Payments of interest on the Notes may be made without withholding on account of United Kingdom income tax.

The Proposed Financial Transactions Tax

The European Commission has published a proposal (the *"Commission's Proposal"*) for a Directive for a common financial transactions tax (*"FTT"*) which is being considered by Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the *"participating Member States"*).

The Commission's Proposal has very broad scope and could apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

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

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

GENERAL INFORMATION

Authorisation

The update of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of the Issuer passed on 24th April, 2017.

Listing of Notes on the Official List

The admission of Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange's regulated market. The listing of the Programme in respect of the Notes is expected to be granted on or around 3rd November, 2017.

Documents Available

For the period of 12 months from the date of this Offering Circular, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg:

(i) the Articles of Association of the Issuer (with an English translation thereof);

(ii) the Integrated Annual Report 2016 and Integrated Annual Report 2015 (in each case with an English translation thereof);

(iii) the 2017 Third Quarter Interim Report (with an English translation thereof);

(iv) a copy of this Offering Circular;

(v) the Agency Agreement (which includes the forms of the Global Notes, Notes in definitive form, Coupons and Talons), the Deed of Covenant, the Deed Poll and the Issuer-ICSDs Agreement; and

(vi) any future offering circulars, prospectuses, information memoranda and supplements to this Offering Circular, any other documents incorporated herein or therein by reference and any Final Terms and Pricing Supplements (save that Pricing Supplements relating to Exempt Notes will only be available for inspection by a holder of such Notes and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity).

The Issuer confirms that each of the documents referred to in (i), (ii) and (iii) above is a direct and accurate translation from the Swedish original.

Copies of the VPS Trustee Agreement and each VPS Agency Agreement will be available for inspection at the registered office of the Issuer, the specified office of each respective VPS Agent and at the registered office of the VPS Trustee.

In addition, copies of this Offering Circular, any supplements to this Offering Circular, any documents incorporated by reference and each Final Terms relating to Notes which are admitted to trading on the London Stock Exchange's regulated market will also be published on the website of the

Regulatory News Service operated by the London Stock Exchange at *www.londonstockexchange.com/exchange/news/market-news/market-news-home.html*. Final Terms relating to Notes which are either admitted to trading on a regulated market within the EEA other than the London Stock Exchange's regulated market or offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive will be published in accordance with Article 14 of the Prospectus Directive and the rules and regulations of the relevant regulated market.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement). In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of such Registered Notes, together with the relevant ISIN and common code, will be specified in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement). If the Notes are to clear through an additional or alternative clearing system (including Sicovam and/or Euroclear Sweden AB) the appropriate information will be specified in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement).

VPS Notes will be registered with the VPS. Investors with accounts in Euroclear and/or Clearstream, Luxembourg may hold VPS Notes in their accounts with such clearing systems and the relevant clearing system will be shown in the records of the VPS as the holder of the relevant amount of VPS Notes.

The entities in charge of keeping the records in relation to each Tranche of Notes shall be Euroclear and/or Clearstream, Luxembourg and/or DTC and/or the VPS, as applicable. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels; the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg; and the address of DTC is 55 Water Street, New York, NY 10041-0099, USA. The address of the VPS is Verdipapirsentralen ASA, Fred. Olsens gate 1, P.O. Box 1174 Sentrum, NO-0107, Oslo, Norway.

Issue price

The issue price and amount of the Notes of any Tranche will be determined at the time of the offering of such Tranche in accordance with prevailing market conditions.

Yield

In relation to any Tranche of Fixed Rate Notes (which are not Exempt Notes), an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer or the SBAB Group since 30th September, 2017 and there has been no material adverse change in the prospects of the Issuer or the SBAB Group since 31st December, 2016.

Litigation

There are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Offering Circular which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and/or the SBAB Group.

Auditors

The financial statements of the Issuer in respect of the financial year ended 31st December, 2015 were audited, without qualification, by KPMG AB of Tegelbacken 4A, SE-103 23 Stockholm, Sweden, with Anders Tagde as the auditor in charge. The financial statements of the Issuer in respect of the financial year ended 31st December, 2016 were audited, without qualification, by Deloitte AB of Rehnsgatan 11, SE-113 79 Stockholm, Sweden, with Patrick Honeth as the auditor in charge.

The annual shareholder's meeting will, every year, elect one auditor or an auditing firm to audit the Issuer. The auditor shall be an authorised public accountant or a registered public accounting firm that elects an auditor in charge. At the annual shareholder's meeting held on 24th April, 2017, the registered public accounting firm Deloitte AB of Rehnsgatan 11, SE-113 79 Stockholm, Sweden was re-elected as auditor. The auditor in charge is Patrick Honeth.

Each of the above-mentioned auditors in charge is a member of FAR, the professional institute for authorised public accountants, licensed auditors for financial institutions and other highly qualified professionals in the accountancy sector in Sweden.

Each of the auditing firms referred to above has no material interest in the Issuer.

Dealers transacting with the Issuer

The Initial Dealer and its affiliates have engaged and, together with any other Dealers appointed from time to time and their affiliates, may in the future engage in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and its affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Initial Dealer and its affiliates, and any other Dealers appointed from time to time 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 Dealers 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 Dealers 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 Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers 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.

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Printed by Ashurst LLP
58562169

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