PROSPECTUS DATED 12 MARCH 2015

SBAB!

SBAB BANK AB (publ)
(*incorporated with limited liability in the Kingdom of Sweden*)
(the "Issuer" or "SBAB")

SEK 400,000,000 Fixed to Floating Rate Perpetual Additional Tier 1 Capital Notes (the "Series A Notes")
SEK 1,100,000,000 Floating Rate Perpetual Additional Tier 1 Capital Notes (the "Series B Notes")

Except where otherwise indicated or as the context otherwise requires, references in this Prospectus to the "**Notes**" are to each of the Series A Notes and/or the Series B Notes, as the case may be, and references to the "**Conditions**" are to the terms and conditions of each of the Series A Notes (set out in "*Terms and Conditions of the Series A Notes*") and/or the Series B Notes (set out in "*Terms and Conditions of the Series B Notes*"), as the case may be. Terms used but not defined in this Prospectus shall have the same meaning as ascribed to them in the Conditions.

The issue price of each of the Series A Notes and Series B Notes is 100 per cent. of their principal amount.

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

Subject to the right of the Issuer to cancel any payment of interest in respect of the Notes in accordance with Condition 5 (*Interest Cancellation*), the Series A Notes will initially bear interest on their Prevailing Principal Amount at the rate of 3.8245 per cent. per annum from and including 16 March 2015 (the "**Issue Date{** XE "Issue Date" **}**") to but excluding 16 March 2020 (the "**First Call Date{** XE "First Call Date" **}**"), payable annually in arrear on 16 March in each year, commencing on 16 March 2016. From and including the First Call Date, the Series A Notes will bear interest on their Prevailing Principal Amount at a floating rate of interest equal to the Stockholm Inter-bank Offered Rate ("**STIBOR{** XE "STIBOR" **}**") for three month deposits in Swedish Krona, plus a margin of 3.25 per cent. per annum, payable quarterly in arrear on 16 March, 16 June, 16 September and 16 December in each year, commencing on 16 June 2020. Each such date for the payment of interest shall be a "**Series A Interest Payment Date{** XE "Interest Payment Date" **}**".

Subject to the right of the Issuer to cancel any payment of interest in respect of the Notes in accordance with Condition 5 (*Interest Cancellation*), from and including the Issue Date, the Series B Notes will bear interest on their Prevailing Principal Amount at a floating rate of interest equal to STIBOR for three month deposits in Swedish Krona, plus a margin of 3.25 per cent. per annum, payable quarterly in arrear on 16 March, 16 June, 16 September and 16 December in each year, commencing on 16 June 2015. Each such date for the payment of interest shall be a "**Series B Interest Payment Date{** XE "Interest Payment Date" **}**" (together with each Series A Interest Payment Date, each an "**Interest Payment Date**").

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

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

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

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the heading "*Risk Factors*" on pages 11 to 28 herein.

This Prospectus has been approved by the United Kingdom Financial Conduct Authority (the "**FCA{** XE "FCA" **}**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive{** XE "Prospectus Directive" **}**") and relevant implementing measures in the United Kingdom as a prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of the Notes. Applications have been made for the Notes to be admitted to listing on the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange{** XE "London Stock Exchange" **}**"). The Regulated Market of the London Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC on markets in financial instruments.

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

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

The long-term/short-term funding ratings of the Issuer are A2/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. The Notes are expected to be rated BB+ by Standard & Poor'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**"). As such, each of Moody's and Standard & Poor's appears on the latest update of the list of registered credit rating agencies (as of 12 December 2014) on the website of the European Securities and Markets Authority (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs). **A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

Citigroup **Swedbank**

CONTENTS

Page

IMPORTANT NOTICES

Restrictions on marketing and sales to retail investors

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

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

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

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

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

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

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

Other important information

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

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

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

Neither the Managers nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has

been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

INFORMATION INCORPORATED BY REFERENCE

The following documents, which have previously been published and have been filed with the FCA, shall be incorporated in, and form part of, this Prospectus:

(a) the audited consolidated and non-consolidated financial statements of the Issuer for the financial year ended 31 December 2013 (on pages 26-84 inclusive of the Annual Report 2013) and for the financial year ended 31 December 2012 (on pages 22-78 inclusive of the Annual Report 2012), in each case together with the audit reports thereon; and

(b) the unaudited summary interim financial information (the "**2014 Interim Report{** XE "2014 Interim Report" **}**") as at and for the financial year ended 31 December 2014, together with the review report thereon.

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) and (b) above is a direct and accurate translation from the Swedish original.

Following the publication of this Prospectus a supplement may be prepared by the Issuer and approved by the FCA 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 Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

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

Copies of documents incorporated by reference in this Prospectus 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 will be available for viewing on the Issuer's website at www.sbab.se.

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

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of the Notes, prepare a supplement to this Prospectus. The Issuer has undertaken to the Managers in the Subscription Agreement (as defined in "*Subscription and Sale*") that it will comply with section 87G of the Financial Services and Markets Act 2000 (the "**FSMA**").

OVERVIEW

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

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

The Issuer:	SBAB Bank AB (publ)
The SBAB Group:	References herein to the "**SBAB Group**" are to the Issuer and its subsidiary.
Joint Lead Managers:	Citigroup Global Markets Limited and Swedbank AB (publ)
The Notes:	Series A Notes: SEK 400,000,000 Fixed to Floating Rate Perpetual Additional Tier 1 Capital Notes Series B Notes: SEK 1,100,000,000 Floating Rate Perpetual Additional Tier 1 Capital Notes
Issue Price:	Series A Notes: 100 per cent. of the principal amount of the Notes. Series B Notes: 100 per cent. of the principal amount of the Notes.
Issue Date:	Expected to be on or about 16 March 2015.
Use of Proceeds:	The issue of the Notes will form part of the Issuer's capital base and the net proceeds of the issue of the Notes will be applied by the Issuer to meet part of its general financing requirements. See "*Use of Proceeds*".
Interest:	Series A Notes: Subject to "*Interest Cancellation*" below, the Series A Notes will bear interest on their Prevailing Principal Amount at the relevant rate of interest, payable annually in arrear on each Series A Interest Payment Date until the First Call Date and quarterly thereafter. The initial rate of interest shall be 3.8245 per cent. per annum and shall apply from and including the Issue Date to but excluding the First Call Date. Thereafter, the rate of interest will be equal to 3.25 per cent. above three month STIBOR, reset quarterly. The first Series A Interest Payment Date will be 16 March 2016. Series B Notes: Subject to "*Interest Cancellation*" below, the Series B Notes will bear interest on their Prevailing Principal Amount at the rate of interest equal to 3.25 per cent. above three month STIBOR, reset quarterly, payable quarterly in arrear on each Series B Interest Payment Date. The first Series B Interest Payment Date will be 16 June 2015.
Interest Cancellation:	The Issuer may elect, in its sole and absolute discretion, to cancel in whole or in part any payment of interest which is otherwise scheduled to be paid on an Interest Payment Date and payments of interest in respect of the Notes will also not be made in certain other circumstances as provided in Condition 5 (*Interest Cancellation*). Interest will only be due and payable on an Interest Payment Date to the extent it is not cancelled in accordance with the terms of the Notes. However, if a Capital Event has occurred and the Issuer has not exercised its option to redeem such Notes, the Issuer shall not exercise its discretion to cancel any interest payments due on such Notes on any Interest Payment Date following the occurrence of the Capital Event. Non-payment of any amount of interest scheduled to be paid on an Interest Payment Date will constitute evidence of cancellation of the relevant payment,

whether or not notice of cancellation has been given by the Issuer.

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

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

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

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

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

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

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

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

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

Maturity: The Notes are perpetual securities and have no fixed date for redemption. The Issuer may only redeem the Notes in the circumstances described herein.

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

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

(b) on the Write-Down Date (without any requirement for the consent or approval of Noteholders), reduce the then Prevailing Principal Amount of each Note by the relevant Write-Down Amount, pro rata with the other Notes and taking into account the write-down or other loss absorption of any Similar Loss Absorbing Instruments and the prior write-down or other loss absorption of any Prior Loss Absorbing Instruments, provided, however, that if for any reason the Issuer is unable to effect the concurrent (or substantially concurrent) write-down or other loss absorption of any given Prior Loss Absorbing Instruments and/or Similar Loss Absorbing

Instruments within the period required by the SFSA, the Notes will be Written-Down notwithstanding that the relevant Prior Loss Absorbing Instruments and/or Similar Loss Absorbing Instruments are not also written down or otherwise absorbing losses.

A Write-Down will not constitute an event of default or the occurrence of any event related to the insolvency of the Issuer or entitle Noteholders to take any action to cause the Issuer to be declared bankrupt (*konkurs*) or for the liquidation (*likvidation*), winding-up or dissolution of the Issuer.

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

Discretionary Reinstatement:

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

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

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

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

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

does not exceed the Maximum Write-Up Amount.

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

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

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

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

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

Listing and Trading:	Applications have been made for the Notes to be admitted to listing on the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange.
Clearing Systems:	Euroclear and Clearstream, Luxembourg.
Selling Restrictions:	See "*Subscription and Sale*".
Risk Factors:	Investing in the Notes involves risks. See "*Risk Factors*".

RISK FACTORS

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

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

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

RISKS RELATING TO THE ISSUER

Economic and business risks

Risks relating to Sweden

Financial instruments issued by 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 Prospectus. 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, rigidities in labour and product markets and high unemployment 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.

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 real interest rates, low inflation, 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. However, loan growth has slowed down somewhat during the last two years. 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 and relatively tight lending standards. The housing market has been strong for many years driven by low interest rates and low supply of new homes in growth regions. House prices may be negatively affected should, for example, the interest rates or the unemployment level rise quickly.

Risks relating to disruptions in the global credit markets and economy

Financial markets are subject to periods of historic volatility and the economic climate in the region is exposed to political risk, 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 a lack of price transparency in credit markets, which may affect the Issuer. Changes in the investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, may affect the financial performance of the Issuer. In addition, the financial performance of the Issuer could be adversely affected by a worsening of general economic conditions or political climate in the markets and regions in which it operates.

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.

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 Swedish, European or global economic conditions, or 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 and equity 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 dealing. 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, a deterioration in the performance of the financial markets may cause adverse changes to the value of the Issuer's liquidity portfolio.

It is difficult to predict changes in economic or market conditions with accuracy 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 SFSA**{** XE "SFSA" **}**.

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 institution's ability to meet its payment obligations when they fall due. As part of its funding, the Issuer accepts deposits from the general public 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 also subject to liquidity requirements in its capacity as a credit institution supervised by the SFSA, including a statutory requirement to maintain sufficient liquidity to enable it to discharge its obligations as they fall due. The SFSA has issued regulations on liquidity (including Sw: FFFS 2010:7 and FFFS 2012:6). Serious or systematic deviations from such regulations may lead to the SFSA determining that the Issuer's business does not satisfy the statutory soundness requirement for credit institutions and could result in the SFSA imposing sanctions against the Issuer.

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 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.

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{** XE "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 Covered Bonds (Sw. *Lag (2003:1223) om utgivning av säkerställda obligationer)*) e.g. 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 "*Description of the Issuer – The Swedish Covered Bond Corporation*" for more information relating to SCBC.

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), 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.

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 Sweden. Any significant legal or regulatory developments could increase SBAB's capital requirements, expose it to additional costs and liabilities and have an adverse effect on the results of its operations. This supervision and regulation, in particular in the EU and Sweden, if changed, could materially affect how the Issuer conducts its business, the products and services it offers or the value of its assets. In the aftermath of the global economic crisis, many initiatives for regulatory changes have been taken and the impact of such initiatives is still difficult to predict in full.

Increased capital requirements and standards

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

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

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

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

The changes to the capital adequacy framework include stricter minimum capital requirements for the components in the capital base with the highest quality: common equity tier 1 ("**CET1{** XE "CET1" **}**") capital must be at least 4.5 per cent. of risk weighted assets at all times and tier 1 capital 6.0 per cent. The minimum total capital (or 'own funds') requirement (tier 1 capital plus tier 2 capital) is 8.0 per cent. of risk weighted assets. In addition to the minimum capital requirements, CRD IV introduces further capital buffer requirements that are required to be satisfied with common equity tier 1 capital. It will introduce five new capital buffers: (i) the capital conservation buffer, (ii) the countercyclical buffer, (iii) the global systemically important institutions buffer, (iv) the other systemically important institutions buffer and (v) the systemic risk buffer. Certain of these buffers may be applicable to SBAB as determined by the SFSA. Breach of the combined buffer requirements will result in restrictions on certain capital distributions from the bank, for example, dividend and coupon payments on CET1 and tier 1 capital instruments (see "*Interest payments on the Notes may be cancelled by the Issuer (in whole or in part) at any time and, in certain circumstances, the Issuer will be required to cancel such interest payments*" and "*CRD IV introduces capital requirements that are in addition to the minimum capital ratio*" below). The CRD IV Regulation and CRD IV permit a transitional period for certain of the enhanced capital requirements and certain other measures. The Swedish authorities have, however, announced that they will implement the higher capital requirements resulting from the implementation of the CRD IV Regulation and CRD IV as soon as possible, without any phasing-in period, to the extent permitted.

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

This followed the introduction of a risk weight floor of 15 per cent. in May 2013 in the context of the supervisory capital assessment under Pillar 2. Such an increase and any other changes in the risk weighting of assets may cause reductions in the capital adequacy ratios and solvency levels of SBAB and/or cause the applicable minimum capital requirements to increase.

The conditions of SBAB's business as well as external conditions are constantly changing. 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 at a later stage could encompass more banks including SBAB.

Bank Recovery and Resolution Directive

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

The BRRD establishes a framework for the recovery and resolution of credit institutions and, *inter alia*, requires EU credit institutions to produce and maintain recovery plans setting out the arrangements that may be taken to restore the long-term viability of the institution in the event of a material deterioration of its financial position. National competent authorities will be required to prepare resolution plans setting out how an institution might be resolved in an orderly fashion and its essential functions preserved, if it were to fail. This includes the potential application of the resolution tools and powers referred to below as well as options for ensuring the continuity of critical functions.

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

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

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

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

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

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

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

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

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

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Once the BRRD is implemented, Noteholders may be subject to write-down or conversion into equity on any application of the general bail-in tool and non-viability loss absorption. In such circumstances, this may result in Noteholders losing some or all of their investment. The general bail-in tool can be used to recapitalise an institution that is failing or about to fail, allowing authorities to restructure it through the resolution process and restore its viability after reorganisation and restructuring. The write-down and conversion power 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 (which could include the Notes) include replacing or substituting the bank as obligor in respect of such debt instruments; modifying the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), and/or discontinuing the listing and admission to trading of debt instruments. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of Noteholders, the price or value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

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

There remains uncertainty regarding how these powers as described in the BRRD would affect the Issuer or the SBAB Group as a whole and how the BRRD will be implemented in Sweden. Accordingly, it is not yet possible to assess the full impact of the BRRD on the Issuer or the SBAB Group. It is possible that

pursuant to the BRRD or other resolution or recovery rules which in the future apply to the Issuer, new powers may be given to the relevant authorities in Sweden which could be used in such a way as to result in any debt instruments of the Issuer, including the Notes, absorbing losses.

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

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

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

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

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

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

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

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

institution; and the contribution to any resolution that may be made by deposit guarantee schemes and resolution financing arrangements.

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

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

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.

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

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

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

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

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

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

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

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

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

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

The Notes are of a perpetual nature

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

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

The Notes contain provisions allowing the Issuer to call them on any Optional Redemption Date. To exercise such a call option the Issuer must obtain the prior consent of the SFSA.

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

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

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

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

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

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

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

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

The recommendations of the Committee remain subject to the legislative process and, following the Swedish parliamentary elections on 14 September 2014 in which no political bloc within parliament obtained a clear majority, it is not possible to predict whether and to what extent the changes proposed will be implemented (including whether in the form proposed or any other form).

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

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

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

Call options may not be exercised

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

Substitution or Variation of the Notes

Upon the occurrence of a Tax Event or a Capital Event, the Issuer may, subject to the consent of the SFSA and without any requirement for the consent or approval of the Noteholders, substitute or vary the

terms of the Notes so that they remain, or become, Qualifying Securities, as provided in Condition 7(h) (*Substitution or Variation instead of Redemption*) (provided that such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities that are inconsistent with the redemption provisions of the Notes).

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

Interest rate risks

The Series A Notes bear interest at a fixed rate to but excluding the First Call Date. During that time, holders of such Series A Notes are exposed to the risk that the price of such Notes may fall because of changes in the market yield. While the nominal interest rate (i.e. the coupon) of such Notes is fixed until (but excluding) the First Call Date, the market yield typically changes on a daily basis. As the market yield changes, the price of such Notes changes in the opposite direction. If the market yield increases, the price of such Notes falls. If the market yield falls, the price of such Notes increases. Noteholders of Series A Notes should be aware that movements of the market yield can adversely affect the price of such Notes and can lead to losses for such Noteholders.

Holders of Series A Notes should also be aware that the market yield has two components, namely the risk-free rate and the credit spread. The credit spread is reflective of the yield that investors require in addition to the yield on a risk-free investment of equal tenor as a compensation for the risks inherent in such Notes. The credit spread changes over time and can decrease as well as increase for a large number of different reasons. The market yield of the Series A Notes can change due to changes in the credit spread, the risk-free rate, or both.

If the Series A Notes are not called on the First Call Date, the Series A Notes will bear interest at a floating rate from, and including, the First Call Date. The Series B Notes will bear interest at a floating rate from and including the Issue Date. In each case, the floating rate will be payable quarterly, and will be set immediately prior to any floating Interest Period to the then prevailing STIBOR rate plus the Margin.

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

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

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

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

Any cancellation of interest (in whole or in part thereof) carried out in accordance with Condition 5 (*Interest Cancellation*) shall in no way limit or restrict the Issuer from making any payment of interest or equivalent payment or other distribution in connection with any instrument ranking junior to the Notes (including, without limitation, any CET1 Capital) of the Issuer or the SBAB Group or in respect of any Existing Capital Contribution Security or other Additional Tier 1 Instruments. In addition, the Issuer may

without restriction use funds that could have been applied to make such cancelled payments to meet its other obligations as they become due.

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

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

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

Cancelled interest shall not be due and shall not accumulate or be payable at any time thereafter, and Noteholders shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation. Furthermore, no cancellation of interest in accordance with the terms of the Notes shall constitute a default in payment or otherwise under the Notes.

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

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

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

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

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

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

Loss Absorption following a Trigger Event

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

If at any time the CET1 ratio of the Issuer or the SBAB Group, as calculated in accordance with Applicable Banking Regulations, is less than 5.125 per cent., in the case of the Issuer, or 7 per cent., in the case of the SBAB Group, this shall constitute a "**Trigger Event**" for the purposes of the Conditions and the Notes will be utilised to absorb any losses of the Issuer and/or the SBAB Group. In such circumstances, the Issuer shall cancel any accrued and unpaid interest (including if payable on the Write-Down Date) and, on the Write-Down Date, reduce the then Prevailing Principal Amount of each Note by the relevant Write-Down Amount. Noteholders may lose all or some of their investment as a result of a Write-Down.

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

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

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

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

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

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

The calculation of the CET1 ratio may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules. Moreover, even if changes in applicable accounting rules, or changes to regulatory adjustments which

modify accounting rules, are not yet in force as of the relevant calculation date, the SFSA could require the Issuer to reflect such changes in any particular calculation of the CET1 ratio.

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

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

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

As discussed, the CET1 ratio could be affected by a number of factors. It will also depend on the SBAB Group's decisions relating to its businesses and operations, as well as the management of its capital position. The Issuer will have no obligation to consider the interests of the Noteholders in connection with the strategic decisions of the SBAB Group, including in respect of capital management. Noteholders will not have any claim against the Issuer or any other member of the SBAB Group relating to decisions that affect the business and operations of the SBAB Group, including its capital position, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause Noteholders to lose all or part of the value of their investment in the Notes.

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

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

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

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

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

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

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

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

There are no events of default in relation to the Notes

In accordance with CRD IV, Noteholders have no ability to require the Issuer to redeem their Notes. The terms of the Notes do not, therefore, provide for any events of default. The Issuer is entitled to cancel the payment of any interest payments in whole or in part at any time and as further contemplated in Condition 5 (*Interest Cancellation*) and such cancellation will not constitute any event of default or similar event or entitle Noteholders to take any related action against the Issuer.

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

If the Issuer exercised its right to redeem or purchase the Notes in accordance with Condition 7 (*Redemption and Purchase*) but failed to make payment of the relevant Prevailing Principal Amount to redeem the Notes when due, such failure would not constitute an event of default but may entitle Noteholders to bring a claim for breach of contract against the Issuer, which, if successful, could result in damages. Following any such failure to pay amounts in respect of the Notes when due, Noteholders may also institute proceedings with a view to having the Issuer declared bankrupt (*konkurs*) and to prove or claim in the bankruptcy (*konkurs*) of the Issuer but may only otherwise claim payment in respect of the Notes in the bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer.

Reliance on Euroclear and Clearstream, Luxembourg

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

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

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

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

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

Modifications

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

(a) any modification (except as described in Condition 14(a) (*Meetings of Noteholders*)) of the Agency Agreements which is not, in the opinion of the Issuer, prejudicial to the interests of the Noteholders; or

(b) any modification of the Notes, the Coupons, the Deeds of Covenant or the Agency Agreements which is, in the opinion of the Issuer, 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 Couponholders.

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

Foreign Account Tax Compliance Act (FATCA) Withholding

Whilst the Notes are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems (see "*Taxation – Foreign Account Tax Compliance Act*"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depositary for the clearing systems (as bearer of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries.

Withholding under the EU Savings Directive

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

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

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive{** XE "Amending Directive" **}**"). The Amending Directive

broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

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

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

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

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

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

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

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

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

There is no active trading market for the Notes

The Notes will be new securities which may not be widely distributed and for which there is currently no active trading market. If a market does develop, it may not be liquid or may become illiquid at a later stage. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer.

Although applications have been made for the Notes to be admitted to the Official List and to trading on the London Stock Exchange, there can be no assurances that the application will be accepted, that the

Notes will be so admitted or that an active trading market will develop. Accordingly, there can be no assurances as to the development or liquidity of any trading market for the Notes.

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

The Issuer will pay principal and interest on the Notes in Swedish Krona. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency{** XE "Investor's Currency" **}**") other than Swedish Krona. 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 Swedish Krona would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

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

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

The Notes are expected to be assigned a credit rating of BB+ by Standard & Poor's. This rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. Any such revision, suspension or withdrawal could adversely affect the market value of the Notes. For the avoidance of doubt, the Issuer does not commit to ensure that any specific rating of the Notes will be upheld nor that any credit rating agency rating the Notes will remain the same.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the Issuer's ratings, the ratings of the Notes and the credit rating agencies which have assigned such ratings is set out on page ii of this Prospectus.

European Monetary Union (EMU)

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

TERMS AND CONDITIONS OF THE SERIES A NOTES

In these terms and conditions, references to the Notes are to the Series A Notes.

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

The SEK 400,000,000 Fixed to Floating Rate Perpetual Additional Tier 1 Capital Notes (the "**Notes**", which expression includes any further notes issued pursuant to Condition 15 (*Further Issues*) and forming a single series therewith) of SBAB Bank AB (publ) (the "**Issuer**") are the subject of a fiscal agency agreement dated 16 March 2015 (as amended and/or supplemented from time to time, the "**Agency Agreement**") between the Issuer, The Bank of New York Mellon, London Branch as fiscal agent and principal paying agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and The Bank of New York Mellon, London Branch acting as agent bank (the "**Agent Bank**", which expression includes any successor agent bank appointed from time to time in connection with the Notes), and a deed of covenant dated 16 March 2015 (as amended and/or supplemented from time to time, the "**Deed of Covenant**") by the Issuer in favour of the holders of the Notes (the "**Noteholders**"). Certain provisions of these Conditions are summaries of the Agency Agreement and subject to its detailed provisions. The Noteholders and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement and Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

1. **Interpretation**

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

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

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

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

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

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

"**Capital Event**" means the determination by the Issuer after consultation with the SFSA that, as a result of any amendment to, clarification of, or change in Swedish law or Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after 9 March 2015, the Prevailing Principal Amount of the Notes is fully excluded from inclusion in the Additional Tier 1 Capital of the Issuer;

"**CET1 Capital**" means, at any time, the common equity tier 1 capital of the Issuer or the SBAB Group, respectively, as calculated by the Issuer in accordance with Chapter 2 (Common Equity Tier 1 capital) of Title II (Elements of own funds) of Part Two (Own Funds) of the CRD IV Regulation, and/or Applicable Banking Regulations at such time;

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

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

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

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

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

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

"**Existing Capital Contribution Security**" means each of the Issuer's:

(a) SEK 300,000,000 floating rate capital contribution securities issued on 30 June 2006 (ISIN: XS0259219920);

(b) SEK 700,000,000 fixed to floating rate capital contribution securities issued on 30 June 2006 (ISIN: XS0259220266); and

(c) SEK 2,000,000,000 fixed to floating rate capital contribution securities issued on 8 April 2010 (ISIN: XS0500335897);

"**First Call Date**" means 16 March 2020;

"**Fixed Day Count Fraction**" means, in respect of any period, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

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

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

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

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

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

"**Issue Date**" means 16 March 2015;

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

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

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

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

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

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

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

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

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

(vi) comply with the then current requirements for Additional Tier 1 Capital contained in the Applicable Banking Regulations; and

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

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

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

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

"**Relevant Profits**" means the Net Profit of the Relevant Entity, provided that if the Relevant Entity is deemed to be the Issuer and the SBAB Group, then the Relevant Profits shall be the lowest of the relevant Net Profit of the Issuer and the SBAB Group;

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

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

"**SBAB Group**" means the Issuer and its subsidiaries;

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

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

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

"**Tax Event**" means if, as a result of any change in, amendment to or clarification of any applicable law (including any change in, amendment to or clarification of the official position or interpretation of such law that differs from the theretofore generally accepted position or interpretation, irrespective of the manner in which such amendment, clarification or change is made known), which change, amendment or clarification occurs after the Issue Date, the Issuer determines that it would (a) on the occasion of the next payment in respect of the Notes, be required to pay additional amounts in accordance with Condition 9 (*Taxation*) or (b) not be entitled to claim a deduction in respect of its taxation liabilities in the Taxing Jurisdiction in respect of any payment of

interest to be made on the next Interest Payment Date or the value of such deduction to the Issuer would be materially reduced.

For the avoidance of doubt, a change in law which results from the proposal by the Swedish Committee on Corporate Taxation (*Företagsskattekommittén*) on 12 June 2014 shall not be regarded as a Tax Event insofar as it relates to the non-deductibility of interest payments on subordinated debt instruments;

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

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

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

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

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

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

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

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

(b) In these Conditions:

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

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

(iii) references to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

2. **Form, Denomination and Title**

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

3. **Status**

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

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

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

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

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

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

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

4. **Interest**

(a) **Interest Payment Dates**

Subject to Condition 5 (*Interest Cancellation*) below, the Notes bear interest on their Prevailing Principal Amount from and including the Issue Date, payable (subject as provided below) annually in arrear on 16 March in each year from and including 16 March 2016 to and including the First Call Date (each a "**Fixed Interest Payment**

Date"). Thereafter, and subject to Condition 5 (*Interest Cancellation*) below, interest will be payable quarterly in arrear on 16 March, 16 June, 16 September and 16 December in each year from and including 16 June 2020 (together with each Fixed Interest Payment Date, each an "**Interest Payment Date**"). If any Interest Payment Date (other than a Fixed Interest Payment Date) would otherwise fall on a day which is not a Business Day it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

Whenever it is necessary to compute an amount of interest in respect of the Notes for a period other than an Interest Period and such period ends prior to the First Call Date or on the First Call Date, such interest shall be calculated by applying the Fixed Rate of Interest to the Prevailing Principal Amount of such Note, multiplying such sum by the Fixed Day Count Fraction and rounding the resultant figure to the nearest SEK 0.01, SEK 0.005 being rounded upwards, or otherwise in accordance with applicable market convention.

Whenever it is necessary to calculate an amount of interest in respect of the Notes for a period beginning on or after the First Call Date, such interest shall be calculated on the basis of the actual number of days in the relevant period divided by 360 and otherwise in accordance with Condition 4(c) (*Determination of Floating Rate of Interest and Interest Amount*) below.

(b) **Interest Rate**

The rate of interest payable in respect of each Interest Period ending prior to the First Call Date shall be 3.8245 per cent. per annum (the "**Fixed Rate of Interest**"). Thereafter, the rate of interest payable from time to time in respect of the Notes (the "**Floating Rate of Interest**") will be determined on the basis of the following provisions:

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

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

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

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

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

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

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

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

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

(f) **Agent Bank**

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

5. **Interest Cancellation**

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

(a) *Cancellation of interest*

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

(b) *Restriction on interest payments*

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

(c) *Maximum Distributable Amount*

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

(d) *Interest non-cumulative*

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

(e) *No default*

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

(f) *Notice of Interest Cancellation*

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

(g) *Interest cancellation where no redemption for a Capital Event*

(i) Subject to paragraph (ii) below, if a Capital Event has occurred and the Issuer has not exercised its option to redeem such Notes pursuant to Condition 7(c) (*Redemption upon Tax Event or Capital Event*), the Issuer shall not exercise its discretion to cancel any interest payments due on such Notes on any Interest Payment Date following the occurrence of the Capital Event.

(ii) If the inclusion of Condition 5(g)(i) would at any time from 9 March 2015 prevent the Notes from being counted towards the Additional Tier 1 Capital of the Issuer, as determined by the Issuer in consultation with the SFSA, then Condition 5(g)(i) shall be deemed to no longer apply and the Issuer shall not be required to comply with the terms of Condition 5(g)(i). In such circumstances, the Issuer shall provide notice to Noteholders that Condition 5(g)(i) is no longer applicable.

For the avoidance of doubt, no action taken in accordance with this Condition 5(g)(ii) shall be deemed to be a modification for the purposes of Condition 14 (*Meetings of Noteholders; Modification*).

6. **Loss Absorption and Discretionary Reinstatement**

(a) *Write-Down*

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

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

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

(b) *Trigger Event Notice*

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

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

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

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

(d) *CET1 ratios*

For the purposes of determining whether a Trigger Event has occurred, the Issuer will (i) calculate the CET1 ratios of the Issuer and the SBAB Group based on information (whether or not published) available to management of the Issuer, including information

internally reported within the Issuer pursuant to its procedures for ensuring effective ongoing monitoring of the capital ratios of the Issuer and the SBAB Group and (ii) calculate and publish the CET1 ratios of the Issuer and the SBAB Group on at least a quarterly basis.

(e) *Interest accrual on Prevailing Principal Amount*

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

(f) *Discretionary Reinstatement*

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

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

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

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

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

does not exceed the Maximum Write-Up Amount.

The Issuer will not reinstate the principal amount of any Written-Down Additional Tier 1 Instruments of the Issuer or any member of the SBAB Group that have terms permitting a write-up of such principal amount to occur on a similar basis to that set out in these provisions unless it does so on a pro rata basis with a Write-Up of the Notes.

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

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

If the Issuer decides to Write-Up the Notes pursuant to these provisions, a notice (a "**Write-Up Notice**") of such Write-Up shall be given to the Noteholders and to the

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

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

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

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

7. **Redemption and Purchase**

(a) *No scheduled redemption*

The Notes have no final maturity and are only redeemable or repayable in accordance with the relevant provisions set out in this Condition 7.

(b) *Issuer Call*

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

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

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

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

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

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

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

(d) *Purchase*

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

(e) *Conditions to Redemption and Purchase*

No redemption or purchase of such Notes may be made without the prior consent of the SFSA.

(f) *Occurrence of a Trigger Event*

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

(g) *Cancellation*

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

(h) *Substitution or Variation instead of Redemption*

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

8. **Payments**

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

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

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

expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

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

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

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

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

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

9. **Taxation**

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for, or on account of, any present or future taxes or duties of whatever nature imposed or levied by, or on behalf of, the Taxing Jurisdiction unless the withholding or deduction of such taxes is required by law. In that event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders or Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon presented for payment:

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

(b) 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 Taxing Jurisdiction; or

(d) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts

on presenting such Note or Coupon for payment on the last day of such period of 30 days; or

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

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

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

10. **Bankruptcy or Liquidation**

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

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

11. **Prescription**

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

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

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

13. **Paying Agents**

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

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent or the Agent Bank and to appoint a successor fiscal agent or agent bank and additional or successor paying agents; *provided, however, that* the Issuer shall at all times maintain (a) a fiscal agent and an agent bank,

(b) a paying agent with a specified office in such place as may be required by the rules and regulations of the stock exchange (or any other relevant authority) (from time to time) and (c) a paying agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC.

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

14. **Meetings of Noteholders; Modification**

(a) *Meetings of Noteholders*

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of the Conditions, 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 Conditions, 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.

(b) *Modification*

Subject to the prior consent of the SFSA, the Fiscal 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, in the opinion of the Issuer, 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, in the opinion of the Issuer, 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 16 (*Notices*) as soon as practicable thereafter.

15. **Further Issues**

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

16. **Notices**

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general

circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

17. **Governing Law and Jurisdiction**

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

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

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

(d) *Rights of the Noteholders to take proceedings outside England*: Condition 17(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 17 (*Governing Law and Jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

(e) *Service of Process*: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Business Sweden (The Swedish Trade & Invest Council) at its registered office at Winchester House, 259-269 Old Marylebone Road, London NW1 5RA, or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer may specify by notice in writing to the Noteholders, and it undertakes that, in the event of Business Sweden (The Swedish Trade & Invest Council) ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

(f) *Consent to enforcement etc.*: The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.

(g) *Waiver of immunity*: To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

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

TERMS AND CONDITIONS OF THE SERIES B NOTES

The Terms and Conditions of the Series A Notes shall apply, *mutatis mutandis*, to the Series B Notes, save that Condition 4 (*Interest*) shall be deemed to be deleted and replaced with the following:

4. **Interest**

(a) **Interest Payment Dates**

Subject to Condition 5 (*Interest Cancellation*) below, the Notes bear interest on their Prevailing Principal Amount from and including the Issue Date, payable (subject as provided below) quarterly in arrear on 16 March, 16 June, 16 September and 16 December in each year from and including 16 June 2015 (each, an "**Interest Payment Date**"). If any Interest Payment Date would otherwise fall on a day which is not a Business Day it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

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

(b) **Interest Rate**

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

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

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

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

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

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

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

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

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

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

(f) **Agent Bank**

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

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

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

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

In the event that the Temporary Global Note (or any part of it) has become due and payable in accordance with the Conditions and payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Temporary Global Note on the due date for payment, unless within the period of 7 days commencing on the relevant due date payment in full of the amount due in respect of the Temporary Global Note is received by the bearer in accordance with the provisions of the Temporary Global Note, then the Temporary Global Note will become void at 5.00 p.m. (London time) on such seventh day and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the relevant deed of covenant dated 16 March 2015 (the "**Deed of Covenant**") executed by the Issuer and relating to the relevant Series of Notes. Under the relevant Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

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

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

If:

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

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

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

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

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

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

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

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

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

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be SEK 1,500,000,000. The issue of the Notes will form part of the Issuer's capital base and the net proceeds of the issue of the Notes will be applied by the Issuer to meet part of its general financing requirements.

DESCRIPTION OF THE ISSUER

Introduction

The Issuer is a wholly state-owned public limited liability company and joint-stock banking company. The interest of Sweden in the Issuer is represented by the Swedish Government Offices. The Issuer 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 SFSA**{** XE "SFSA" **}**.

On 30 November 2010, the SFSA granted the Issuer a licence to conduct banking operations. At an Extraordinary Shareholders' Meeting of the Issuer held on 16 March 2011, it was resolved to adopt new Articles of Association of the Issuer thereby permitting the company to conduct banking operations. In connection therewith, the name of the company was amended to "SBAB Bank AB (publ)".

The Issuer was registered in Sweden on 21 December 1984. Since its registration it has had its registered address at P.O. Box 27308, SE-102 54 Stockholm. The visiting address of the Issuer is Löjtnantsgatan 21, SE-115 50 Stockholm. The Issuer's organisation number is 556253-7513. The Issuer's telephone number is +46 8 614 43 00.

The Issuer was established for the purpose of acquiring the requisite capital to finance Government-backed residential mortgages and commenced its operations on 1 July 1985. Prior to this, Government-backed residential mortgages were financed directly via the Government budget. The SBAB Group consists of the Issuer and the wholly-owned subsidiary AB Sveriges Säkerställda Obligationer (publ) (with the parallel trade name The Swedish Covered Bond Corporation) ("**SCBC{** XE "SCBC" **}**"). SCBC's main purpose is to issue Swedish covered bonds (Säkerställda Obligationer) pursuant to the Swedish Act on Covered Bonds (Sw. *Lag (2003:1223) om utgivning av säkerställda obligationer*) and conducting activities related thereto. The partly-owned subsidiary FriSpar Kreditkonsult AB (formerly known as FriSpar Bolån AB) ("**FriSpar{** XE "FriSpar" **}**") was voluntarily liquidated and wound up on 19 December 2014.

References herein to the "**SBAB Group{** XE "SBAB Group" **}**" are to the Issuer and its subsidiary.

Accounting Principles

The financial information relating to 2009-2013 in this section *"Description of the Issuer"* has been extracted without adjustment from the Issuer's audited financial statements for the financial year ended 31 December 2013. The financial information relating to 2014 in this section *"Description of the Issuer"* has been extracted without adjustment from the Issuer's unaudited summary interim financial information as at and for the financial year ended 31 December 2014 (the "**2014 Interim Report{** XE "2014 Interim Report" **}**"). The consolidated accounts have been prepared in compliance with International Financial Reporting Standards ("**IFRS{** XE "IFRS" **}**") as adopted by the EU. In addition to these accounting standards, the SFSA'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. The 2014 Interim Report fulfils the requirements stipulated under IAS 34, Interim Financial Reporting.

The Issuer, 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 SFSA's regulations and general guidelines on annual accounts for 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 SBAB Group's and the Issuer's accounting policies are described on pages 34-35 of the Annual Report 2013 and a more detailed description of the accounting policies in general is included on pages 31-35 of the Annual Report 2013.

Activities

The Issuer's main business operations consist of efficient and profitable lending in the Swedish residential mortgage market aimed at individuals, tenant-owner associations and companies. The Issuer 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, the Issuer may also accept other collateral such as shares in limited liability companies. The Issuer has a number of business partners that act as distribution channels for the Issuer's products. In 2007, the Issuer expanded its product range to include savings products for individuals. In 2009, deposit facilities were launched for companies and tenant-owner associations. As a feature of the Issuer's plan to broaden its operations, unsecured loans were launched during 2010 and in April 2012, the Issuer was authorised by the SFSA to conduct securities operations in the form of a permit to receive and forward orders in fund units and it began such activities in March 2013. Further, on 28 August 2014, it was announced that the Issuer's board of directors had approved a new strategy to focus on, and develop, the core business areas of mortgages and residential financing, a decision based on a strategic review that pointed to the potential in the Issuer's mortgage business, assuming more efficient operations and an increased focus on mortgage offers, customer communication and sales where the Issuer's savings deposits continues to be an important part of the business. For this reason, the development of bank services such as payment solutions, current accounts and card services was discontinued and the fund offering wound up.

The Swedish Covered Bond Corporation

The Swedish Covered Bond Corporation, SCBC, is a wholly-owned subsidiary of the Issuer. SCBC's activities are mainly focused on issuing covered bonds in the Swedish and international capital market. To this end, SCBC currently has three funding programmes in place; the domestic bond programme in Sweden, the euro medium term covered note programme (the "**EMTCN Programme{** XE "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 the Issuer and can potentially also acquire loans from other entities. SCBC and the Issuer entered into a master sale agreement on 2 June 2006 (which took effect as of 5 May 2006), pursuant to which SCBC acquired an initial portfolio of loans from the Issuer and which provides for the continuous transfer of loans from the Issuer to SCBC from time to time on the terms and conditions stated therein. The Issuer and SCBC have also entered into a subordination agreement dated 2 June 2006 pursuant to which the Issuer has agreed that all present and future claims that it has or may have against SCBC, except any claims that the Issuer may have against SCBC under any derivative agreement entered into pursuant to the Swedish Act on Covered Bonds (Sw. *Lag (2003:1223) om utgivning av säkerställda obligationer*), will be subordinated to all unsubordinated claims against SCBC in SCBC's bankruptcy.

SCBC's lending to the public after provisions as at 31 December 2014 amounted to SEK 217,579 million (SEK 209,982 million as at 31 December 2013).

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 2013:27 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 provisions pursuant to FFFS 2010:7.

2014 Interim Report

The financial information relating to 2014 in this section *"Description of the Issuer"* is based on the 2014 Interim Report, which is the most recently published interim report of the Issuer for the financial year ended 31 December 2014. The 2014 Interim Report has been reviewed in accordance with the Swedish Standard on Review Engagements (ISRE) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review is substantially more limited in scope than an audit conducted in accordance with the Auditing Standard in Sweden (ISA) and other generally accepted auditing practices.

Lending

In the following sections, FriSpar is consolidated at 51 per cent. in accordance with the proportional consolidation method up until its liquidation.

The SBAB Group's lending to the public after provisions at 31 December 2014 amounted to SEK 261,445 million (SEK 258,739 million at 31 December 2013).

Loan portfolio by category of borrower

The table below shows the lending by type of property as at 31 December 2014, 31 December 2013 and as at 31 December 2012 for the SBAB Group:

	31 December 2014 (unaudited)	**31 December 2013**	**31 December 2012**
		(SEK million)	
Single-family dwellings and holiday homes	107,425	103,497	100,227
Tenant-owner rights	74,307	67,278	61,677
Tenant-owner associations	52,704	54,839	55,199
Private multi-family dwellings	21,232	23,465	26,496
Municipal multi-family dwellings	606	3,728	4,796
Commercial properties	3,693	5,034	7,128
Other	1,720	1,189	759
Provision for probable loan losses	-242	-291	-336
Total	**261,445**	**258,739**	**255,946**

Saving

In April 2007, the Issuer introduced savings products for private customers. During 2009, savings products were also made available to corporate customers and tenant-owner associations. Total deposits amounted to SEK 60,610 million as at 31 December 2014 (SEK 45,869 million as at 31 December 2013).

Funding

Short-term funding

The Issuer mainly finances its short-term funding needs through two commercial paper programmes: the Swedish commercial paper programme and the Euro commercial paper programme. The US commercial paper programme previously in place was terminated during 2014 and the last outstanding amounts were redeemed in 2014. The Issuer is also active in the repo- and deposit markets for short term liquidity needs on a daily basis.

Long-term funding

The Issuer issues its long-term non-covered debt through a euro medium term note 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 the Issuer's subsidiary, SCBC, through the EMTCN Programme and the Swedish mortgage 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.

Debt securities in issue	Group			Parent Company		
	2014 (unaudited)	2013	2012	2014 (unaudited)	2013	2012
			SEK million			
Total debt securities in issue	**243,168**	**243,870**	**253,897**	**68,182**	**91,316**	**101,782**
of which covered bonds	174,986	152,656	152,874	–	–	-

Loan Losses

The table below shows the loan loss rate as a percentage and the share of doubtful loan receivables as a percentage at the end of each year for each of the years 2009 to 2013.

Years ended 31st December	Share of doubtful loan receivables	Loan loss rate
	per cent.	
2009	0.01	0.06
2010	0.01	0.02
2011	0.00	0.00
2012	0.01	0.01
2013	0.00	-0.00

Capital Ratios

As at 31 December 2014, the SBAB Group's total capital ratio without transitional regulations amounted to 44.7 per cent. (35.6 per cent. as at 31 December 2013) and its total capital ratio with transitional regulations amounted to 10.8 per cent. (10.5 per cent. as at 31 December 2013). As at 31 December 2014, the SBAB Group's Tier 1 capital ratio without transitional regulations amounted to 36.8 per cent. (30.6 per cent. as at 31 December 2013). As at 31 December 2014, the SBAB Group's CET1 capital ratio without transitional regulations amounted to 29.8 per cent. (23.3 per cent. as at 31 December 2013).

As at 31 December 2014, the Issuer's solo total capital ratio without transitional regulations amounted to 46.4 per cent. (57.1 per cent. as at 31 December 2013) and its solo total capital ratio with transitional regulations amounted to 44.2 per cent. (41.1 per cent. as at 31 December 2013). As at 31 December 2014, the Issuer's solo Tier 1 capital ratio without transitional regulations amounted to 36.9 per cent. (48.1 per cent. as at 31 December 2013). As at 31 December 2014, the Issuer's solo CET1 capital ratio without transitional regulations amounted to 28.4 per cent. (35.3 per cent. as at 31 December 2013).

Liquidity Reserve

The Issuer's liquidity reserve mainly comprises securities. At 31 December 2014, the market value of these assets amounted to SEK 58.6 billion (SEK 48.0 billion as at 30 September 2014). Taking the Riksbank's haircuts into account, the value of the assets at 31 December 2014 was SEK 55.4 billion (SEK 45.2 billion as at 30 September 2014). The Issuer'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 5 and 20 of the 2014 Interim Report.

Regulatory Framework and Capital Requirements

The Issuer'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*). The Issuer is subject to the supervision of the SFSA and the regulations and guidelines issued by the SFSA.

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 1 January 2014, the CRD IV Regulation entered into force in Sweden. The Issuer is also subject to the Swedish Companies Act (Sw. *Aktiebolagslag (2005:551)*) and its Articles of Association.

Board of Directors and Management

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

Board of Directors

Bo Magnusson	Chairman
Jakob Grinbaum	Deputy Chairman
Karin Moberg	Board Member
Helen Vallin	Board Member, Employee Representative, SBAB
Anders Heder	Board Member, Employee Representative, SBAB
Per Anders Fasth	Board Member
Ebba Lindsö	Board Member
Lars Börjesson	Board Member
Kristina Ekengren	Board Member
Jane Lundgren Ericsson	Board Member

Executive Management

Klas Danielsson	Chief Executive Officer
Peter Svensén	Chief Risk Officer
Per O. Dahlstedt	Head of Corporate Clients and Tenant Owner Associations
Christine Ehnström	Chief Legal Counsel
Mikael Inglander	Chief Financial Officer
Robert Burén	Chief Information Officer
Elizabeth Sulj Jönsson	Head of Communications
Catharina Kandel	Head of HR
Bror-Göran Pettersson	Acting Head of Operations
Sarah Bucknell	Head of Retail
Håkan Höijer	Head of Retail Market (for a transitional period)

On 27 August 2014, the Board of Directors adopted a new organisational structure for its executive management team which took effect from 1 October 2014, incorporating the positions noted above. The position of Head of Retail Market will be included in the executive management team for a transitional period, and Elizabeth Sulj Jönsson will commence her role as Head of Communications in March 2015.

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

Auditors

KPMG AB

Hans Åkervall, Authorised Public Accountant (Lead Auditor).

TAXATION

Swedish Taxation

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

Non-resident holders of Notes

As used herein, a non-resident holder means a holder of Notes who is (a) an individual who is not a resident of Sweden for tax purposes and who has no connection to Sweden other than his/her investment in the Notes, or (b) an entity not organised under the laws of Sweden.

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

Individuals who are not resident in Sweden for tax purposes may be liable to capital gains taxation in Sweden upon disposal or redemption of certain financial instruments, depending on the classification of the particular financial instrument for Swedish income tax purposes, if they have been resident in Sweden or have lived permanently in Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption. Taxation may, however, be limited by an applicable tax treaty.

Resident holders of Notes

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

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

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

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

If the Notes are registered with Euroclear Sweden AB or held by a Swedish nominee in accordance with the Swedish Financial Instruments Accounts Act (SFS 1998:1479), Swedish preliminary taxes will generally be withheld by Euroclear Sweden AB or by the nominee on payments of amounts that are

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

EU Savings Tax Directive

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

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

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

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

The proposed financial transactions tax ("FTT")

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

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

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

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

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the "**Code**") (or any regulations thereunder or official interpretations thereof), an agreement described in Section 1471(b) of the Code or an intergovernmental agreement between the United States and another jurisdiction facilitating the

implementation thereof (or any law implementing such an intergovernmental agreement thereto) ("**FATCA**") impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service (the "**IRS**") to provide the IRS with certain information in respect of its account holders and investors and that is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer may be classified as an FFI.

In general, the withholding applies currently to certain payments from sources within the United States and will apply to certain payments from sources outside the United States (more specifically, "foreign passthru payments" (a term not yet defined)) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any non-U.S. obligations characterised as debt for U.S. federal tax purposes that are issued or materially modified after the "grandfathering date", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are published and (ii) any obligations characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. Because the Notes do not have a fixed maturity, they are not expected to qualify for grandfathering.

The United States and a number of other jurisdictions have entered into, or are in the process of negotiating, intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). The United States and Sweden have entered into such an agreement (the "**U.S.-Sweden IGA**") based on the "Model 1" IGA released by the United States. Under the U.S.-Sweden IGA, an FFI in Sweden would not be subject to withholding under FATCA on any payments it receives, unless the FFI is specifically identified by the IRS as not in compliance with the requirements of the U.S.-Sweden IGA and any implementing Swedish legislation. Under the U.S.-Sweden IGA, FFIs in Sweden are required to report certain information in respect of their account holders and investors to the Swedish Tax Authority. An FFI in Sweden currently is not required to withhold under FATCA (any such withholding being "**FATCA Withholding**") from payments it makes (unless it has separately agreed to do so in respect of certain U.S. source income).

Notwithstanding the foregoing, there can be no assurances that the Issuer or financial institutions through which payments on the Notes are made will not be required to withhold under FATCA if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, an FFI in an IGA jurisdiction, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

If an amount in respect of FATCA Withholding were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

Whilst the Notes are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the Common Depositary, given that each of the entities in the payment chain beginning with the Issuer and ending with the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and the U.S.-Sweden IGA, all of which are subject to change or may be implemented in a materially different form.

EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN IN

CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited and Swedbank AB (publ) (the "**Managers{** XE "Managers" **}**") have, in a subscription agreement dated 12 March 2015 (the "**Subscription Agreement{** XE "Subscription Agreement" **}**") and made between the Issuer and the Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Series A Notes at their issue price of 100 per cent. of their principal amount, and for the Series B Notes at their issue price of 100 per cent. of their principal amount. The Issuer has also agreed to reimburse the Managers for certain of their expenses incurred in connection with the management of the issue of the Notes. The Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

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

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented, warranted and undertaken that:

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

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

Sweden

Each Manager has agreed that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act (*Lag (1991:980) om handel med finansiella instrument*).

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

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

GENERAL INFORMATION

Authorisation

1. The issue of the Notes has been authorised by resolutions of the Board of Directors of the Issuer dated 24 April 2014 and 17 December 2014.

Listing and Admission to Trading

2. The listing of the Notes on the Official List will be expressed as a percentage of their principal amount (excluding accrued interest). It is anticipated that such listing of the Notes on the Official List and admission of the Notes to trading on the Regulated Market of the London Stock Exchange is expected to be granted on or about 16 March 2015 subject only to the issue of the Temporary Global Note. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the date of the transaction. The total expenses related to the admission to trading are expected to be £2,975.

Legal and Arbitration Proceedings

3. There are no 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 Prospectus 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.

Significant/Material Change

4. There has been no significant change in the financial or trading position of the Issuer or the SBAB Group since 31 December 2014 and there has been no material adverse change in the prospects of the Issuer or the SBAB Group since 31 December 2013.

Auditors

5. The financial statements of the Issuer in respect of the financial year ended 31 December 2012 were audited by Öhrlings PricewaterhouseCoopers AB. The auditor in charge was Catarina Ericsson. The financial statements of the Issuer in respect of the financial year ended 31 December 2013 were audited by KPMG AB, with Hans Åkervall 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 24 April 2014, the registered public accounting firm KPMG AB was elected as auditor. The auditor in charge is Hans Åkervall.

   Each of the above-mentioned auditors in charge is a member of FAR, the professional institute for authorised public accountants, approved public accountants 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.

Documents on Display

6. 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:

   (a) the Articles of Association of the Issuer (with an English translation thereof);

   (b) the audited consolidated and non-consolidated financial statements of the Issuer for the financial years ended 31 December 2013 and 31 December 2012, in each case together with the audit reports thereon (with an English translation thereof);

(c) the 2014 Interim Report, together with the review report thereon (with an English translation thereof);

(d) a copy of this Prospectus; and

(e) the Agency Agreements, the Deeds of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons.

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

In addition, copies of this Prospectus, any supplements to this Prospectus and any documents incorporated by reference 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.

Series A Notes - Yield

7. On the basis of the issue price of the Series A Notes of 100 per cent. of their principal amount, the gross real yield of such Notes is 3.8245 per cent. on an annual basis for the period from (and including) the Issue Date to (but excluding) the First Call Date.

The yield is calculated at the Issue Date as the yield to the First Call Date on the basis of the Issue Price. It is not an indication of future yield.

ISIN and Common Code

8. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The International Securities Identification Number ("**ISIN**") of the Series A Notes is XS1202975386 and the common code is 120297538. The ISIN of the Series B Notes is XS1202987985 and the common code is 120298798.

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

ISSUER

SBAB Bank AB (publ)
Löjtnantsgatan 21
P.O. Box 27308
SE-102 54 Stockholm

FISCAL AGENT

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL

PAYING AGENT

The Bank of New York Mellon (Luxembourg) S.A
Vertigo Building
Polaris – 2-4 rue Eugène Ruppert
L-2453 Luxembourg

LEGAL ADVISERS

To the Issuer as to English law:

Ashurst LLP
Broadwalk House
5 Appold Street
London EC2A 2HA

To the Issuer as to Swedish law:

Mannheimer Swartling Advokatbyrå AB
Norrlandsgatan 21
P.O. Box 1711
SE-111 87 Stockholm

To the Managers as to English law:

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

AUDITORS TO THE ISSUER

KPMG AB
Tegelbacken 4A
P.O. Box 16106
SE-103 23 Stockholm