

# SBAB BANK

## SBAB BANK AB (publ)

(Incorporated with limited liability in the Kingdom of Sweden)

€13,000,000,000

### Euro Medium Term Note Programme

On 6th November, 1992, SBAB Bank AB (publ) (formerly Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ) and Statens Bostadsfinansieringsaktiebolag, SBAB (publ)) (the "Issuer" or "SBAB") entered into a U.S.\$2,000,000,000 Euro Medium Term Note Programme as subsequently amended. This Offering Circular supersedes all previous offering circulars. Any Notes to be issued after the date hereof under the Programme are issued subject to the provisions set out herein. This does not affect any Notes issued prior to the date hereof.

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

Notes may be issued in bearer form ("Bearer Notes"), in registered form ("Registered Notes") or in uncertificated and dematerialised book entry form registered in the Norwegian Central Securities Depository, the *Verdipapirsentralen* or VPS ("VPS Notes" and the "VPS", respectively). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €13,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement), subject to increase as described herein.

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

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

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

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will be set out in a final terms document (the "Final Terms") which, with respect to Notes to be listed on the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange and, with respect to Notes to be listed on the NASDAQ OMX Stockholm AB (the "Stockholm Stock Exchange"), will be delivered to the Stockholm Stock Exchange, in each case on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue Notes which are not listed or admitted to trading on any stock exchange or market.

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

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event a supplement to this Offering Circular or further offering circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The long-term/short-term funding ratings of SBAB 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"). The covered bond rating of AB Sveriges Säkerställda Obligationer (publ) (The Swedish Covered Bond Corporation), a wholly-owned subsidiary of SBAB, are Aaa from Moody's and AAA from 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"). The Programme has the following ratings from Moody's: (P)A2 (Unsubordinated Notes with a maturity of one year or more); (P)P-1 (Unsubordinated Notes with a maturity of less than one year); (P)A3 (Dated Subordinated Notes); and (P)Baa2 (Capital Contribution Securities). The Programme has the following ratings from Standard & Poor's: A+ (Unsubordinated Notes with a maturity of one year or more); A-1 (Unsubordinated Notes with a maturity of less than one year); and A (Dated Subordinated Notes). Notes issued under the Programme may be rated or unrated. When an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Any person (an "Investor") intending to acquire or acquiring any Notes from any person (an "Offeror") should be aware that, in the context of an offer to the public as defined in section 102B of the FSMA, the Issuer may be responsible to the Investor for this Offering Circular under section 90 of the FSMA only if the Issuer has authorised that Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not authorised by the Issuer, the Investor should check with the Offeror whether anyone is responsible for this Offering Circular for the purposes of section 90 of the FSMA in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Offering Circular and/or who is responsible for its contents it should take legal advice.

**Arranger and Dealer**

**BofA Merrill Lynch**

The date of this Offering Circular is 3rd November, 2011.

**This Offering Circular comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “Prospectus Directive”).**

**The Issuer (the “Responsible Person”) accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. This paragraph should be read in conjunction with the final paragraph on the front page of this Offering Circular.**

**Subject as provided in the applicable Final Terms, the only persons authorised to use this Offering Circular in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers and the persons named in or identifiable from the applicable Final Terms as the Financial Intermediaries, as the case may be.**

**AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE NOTES TO AN INVESTOR BY AN OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALERS) IN CONNECTION WITH THE OFFER OR SALE OF THE NOTES AND, ACCORDINGLY, THIS OFFERING CIRCULAR AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.**

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

**Save for the Issuer, no other party has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the Programme or any Notes. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Programme or any Notes.**

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

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

connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published financial statements of the Issuer incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

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

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

This Offering Circular has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Offering Circular as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by

final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer has authorised, nor does it authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

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

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

#### U.S. INFORMATION

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

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

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

#### NOTICE TO NEW HAMPSHIRE RESIDENTS

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

**PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

#### **AVAILABLE INFORMATION**

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

#### **SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

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

#### **PRESENTATION OF FINANCIAL INFORMATION**

All references in this document to “*SEK*” or “*Swedish krona*” refer to the currency of the Kingdom of Sweden, to “*U.S. dollars*”, “*U.S.\$*”, “*USD*” and “*\$*” refer to the currency of the United States of America, to “*Japanese Yen*”, “*JPY*” and “*Yen*” refer to the currency of Japan, to “*€*”, “*EUR*” and “*euro*” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended (the “*Treaty*”), to “*Sterling*” and “*£*” refer to the currency of the United Kingdom; to “*CHF*” refer to Swiss Francs and to “*NOK*” and “*Norwegian kroner*” refer to the currency of the Kingdom of Norway.

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**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a 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 relevant Tranche of 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 relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and regulations.**

## SUMMARY OF THE PROGRAMME AND TERMS AND CONDITIONS OF THE NOTES

This Summary must be read as an introduction to this Offering Circular and any decision to invest in any Notes should be based on a consideration of this Offering Circular as a whole, including any documents incorporated by reference. Civil liability in respect of this Summary will attach to the Responsible Person in any Member State of the European Economic Area in which the relevant provisions of the Prospectus Directive have been implemented but only if this Summary, including any translation hereof, is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular. Where a claim relating to information contained in this Offering Circular is brought before a court in such a Member State of the European Economic Area, the plaintiff may, under the national legislation of that Member State, be required to bear the costs of translating this Offering Circular before the legal proceedings are initiated.

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

**Issuer:** SBAB Bank AB (publ) (“SBAB”).

SBAB is a wholly state-owned public limited liability company and joint-stock banking company. The interest of the Kingdom of Sweden is represented by the Swedish Ministry of Finance. SBAB operates as an independent profit-making company regulated as a banking company under the Swedish Act on Banking and Financing Activities (Sw. *Lag (2004:297) om bank- och finansieringsrörelse*) and is subject to the supervision of the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the “Swedish FSA”).

SBAB was registered in the Kingdom of Sweden on 21st December, 1984. Since its registration it has had its registered address in Stockholm. SBAB’s organisation number is 556253-7513. The registered postal address of SBAB is P.O. Box 27308, SE-102 54 Stockholm and the telephone number is +46 8 614 4300. The visiting address of SBAB is Löjtnantsgatan 21, SE-115 50 Stockholm.

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

**Description:** Euro Medium Term Note Programme

**Arranger:** Merrill Lynch International

**Dealers:** Merrill Lynch International and any other Dealers appointed in accordance with the Programme Agreement.

Notes may also be issued to third parties other than Dealers on the basis of enquiries made by such third parties to the Issuer.

<b>Certain Restrictions:</b>	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time including the following restriction applicable at the date of this Offering Circular.
	<b>Notes having a maturity of less than one year</b>
	Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent.
<b>Principal Paying Agent:</b>	The Bank of New York Mellon, London Branch
<b>Registrar:</b>	The Bank of New York Mellon, New York Branch
<b>VPS Trustee:</b>	Norsk Tillitsmann ASA or any other VPS Trustee as specified in the applicable Final Terms.
<b>Programme Size:</b>	Up to €13,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Distribution:</b>	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies:</b>	Euro, Sterling, U.S. dollars, Yen, Swedish krona, Norwegian kroner, Swiss Francs and any other currency agreed between the Issuer and the relevant Dealer, subject to any applicable legal or regulatory restrictions.
<b>Redenomination:</b>	The applicable Final Terms may provide that certain Notes may be redenominated in euro.
<b>Maturities:</b>	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
	The Issuer may issue Capital Contribution Securities which have no stated maturity.



**Issue Price:** Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

**Form of Notes:** The Notes will be issued either (i) in bearer form, (ii) in registered form, or (iii) in the case of VPS Notes, in uncertificated and dematerialised book entry form registered in the VPS. Bearer Notes may be issued initially in temporary global form or permanent global form depending on TEFRA designation. Registered Notes will not be exchangeable for Bearer Notes and *vice versa*. Bearer Notes may be issued in new global note (“NGN”) form or classic global note (“CGN”) form.

VPS Notes will not be evidenced by any physical note or document of title. Entitlements to VPS Notes will be evidenced by the crediting of VPS Notes to accounts with the VPS.

The Issuer may also issue Notes to be cleared through the Swedish Central Depository & Clearing Organisation, Euroclear Sweden AB in which case amendments to the Terms and Conditions of such Notes will be made at the relevant time.

**Fixed Rate Notes:** Interest on Fixed Rate Notes will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms).

**Floating Rate Notes:** Floating Rate Notes will bear interest at a rate determined:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer,

as indicated in the applicable Final Terms.

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

**Other Types of Notes:** Index Linked Notes, Dual Currency Notes and Zero Coupon Notes may also be issued under the Programme.

**Redemption:**

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

Subordinated Notes may be redeemed upon the occurrence of a Capital Event and, if so specified in the applicable Final Terms, upon the occurrence of a Tax Event or a Regulatory Event.

Capital Contribution Securities, which have no stated maturity, may be redeemed upon the occurrence of a Tax Event or a Capital Event and, if so specified in the applicable Final Terms, upon the occurrence of a Regulatory Event or an Accounting Event.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

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

No redemption or purchase of Subordinated Notes or Capital Contribution Securities may be made without the prior consent of the Swedish FSA (unless, in the case of Subordinated Notes, such prior consent is not required under the rules of the Swedish FSA at the relevant time).

**Denomination of Notes:**

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the time of issue).

<b>Taxation:</b>	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within the Kingdom of Sweden, subject as provided in Condition 7 of the Terms and Conditions of the Notes. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7 of the Terms and Conditions of the Notes, be required to pay additional amounts to cover the amounts so deducted.
<b>Cross-default:</b>	The terms of Unsubordinated Notes will contain a cross-default provision as further described in Condition 9 of the Terms and Conditions of the Notes.
<b>Status of Unsubordinated Notes:</b>	Unsubordinated Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank <i>pari passu</i> (save for certain obligations required to be preferred by law) with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
<b>Status and Subordination of Subordinated Notes:</b>	Subordinated Notes will constitute unsecured and subordinated obligations of the Issuer. In the event of the voluntary or involuntary liquidation ( <i>likvidation</i> ) or bankruptcy ( <i>konkurs</i> ) of the Issuer, the rights of the holders of any Subordinated Notes to payments on or in respect of such Notes will rank in accordance with the provisions of Condition 3(b). See Condition 3(b).
<b>Status and Subordination of Capital Contribution Securities:</b>	Capital Contribution Securities will constitute unsecured and subordinated obligations of the Issuer. In the event of the voluntary or involuntary liquidation ( <i>likvidation</i> ) or bankruptcy ( <i>konkurs</i> ) of the Issuer, the rights of the holders of any Capital Contribution Securities to payments on or in respect of such Notes will rank in accordance with the provisions of Condition 3(c). See Condition 3(c).
<b>Limitations on Payments of Interest in respect of Capital Contribution Securities:</b>	To the extent that accumulated unappropriated earnings ( <i>disponibla vinstmedel</i> ) (as defined in Condition 4(f)) of the Issuer are insufficient to pay or to provide for payment in full of all accrued but unpaid interest and the claims of holders of other Capital Instruments (as defined in Condition 3(c)) which have fallen or are scheduled to fall due in the same fiscal year, the Issuer will make partial payment of all accrued but unpaid interest and such other claims <i>pro rata</i> to the extent of such unappropriated earnings ( <i>disponibla vinstmedel</i> ). In addition, the Issuer may be required to cancel an interest payment in respect of the Capital Contribution Securities if requested by the Swedish FSA according to the financial and solvency situation of the Issuer.

Furthermore, if Optional Cancellation of Interest is specified in the applicable Final Terms as applying, in addition to the mandatory interest cancellation provisions described above, the Issuer may elect to cancel any payment of interest (other than a Mandatory Interest Payment (as defined in Condition 4(f))).

Any accrued interest not paid in accordance with the mandatory interest cancellation provisions of Condition 4(f) or (if applicable) pursuant to an Optional Cancellation will be lost. See Condition 4(f).

**Subordinated Notes - Special Event Redemption:**

Upon the occurrence of a Capital Event or, if so specified in the applicable Final Terms, a Tax Event or a Regulatory Event (each as defined in Condition 6(l)) but subject to the prior consent of the Swedish FSA (if required by the Swedish FSA at the relevant time), the Issuer may, at its option, redeem all, but not some only, of the Subordinated Notes of such Series at the amount specified in, or determined in the manner specified in, the applicable Final Terms together with interest, if any, accrued to but excluding the date of redemption. See Condition 6(l).

**Capital Contribution Securities - Special Event Redemption:**

Upon the occurrence of a Tax Event, a Capital Event or, if so specified in the applicable Final Terms, a Regulatory Event or an Accounting Event (as defined in Condition 6(l)) but subject to the prior consent of the Swedish FSA, the Issuer may, at its option, redeem all, but not some only, of the Capital Contribution Securities of such Series at the amount specified in, or determined in the manner specified in, the applicable Final Terms together with interest, if any, accrued to but excluding the date of redemption. See Condition 6(l).

**Substitution or Variation:**

The Issuer may, subject to the approval of the Swedish FSA, substitute or vary the terms of Subordinated Notes (if the applicable Final Terms specify that Condition 6(m)(i) applies) or Capital Contribution Securities so that they remain, or become, Qualifying Securities, as provided in Condition 6(m).

**Events of Default in relation to Subordinated Notes:**

Holders of Subordinated Notes shall only be entitled to accelerate the Notes in certain limited circumstances set out in Condition 9(b). In the event of any such acceleration, the holder may claim payment in respect of the Notes only in the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer.

**Events of Default in relation to Capital Contribution Securities:**

Holders of Notes which are Capital Contribution Securities shall only be entitled to accelerate the Notes in certain limited circumstances relating to the insolvency or liquidation of the Issuer, as set out in Condition 9(c). In the event of any such acceleration, the holder may claim payment in respect of the Notes only in the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer but may take no other action in respect thereof.

**Listing and Admission to Trading:** Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market.

Notes may also be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or relevant listing authority as may be agreed between the Issuer and the relevant Dealer in relation to each Series including, without limitation, the Stockholm Stock Exchange. Notes which are neither listed nor admitted to trading on any stock exchange or market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

**Governing Law:** The Notes and any non-contractual obligations arising out of or in connection with the Notes shall be governed by, and construed in accordance with, English law save for (i) Conditions 3(b) and 3(c) of the Terms and Conditions of the Notes which will be governed by, and construed in accordance with, Swedish law and (ii) the registration of VPS Notes in the VPS as well as the recording and transfer of ownership to, and other interests in, VPS Notes and Condition 14(b) which will be governed by, and construed in accordance with, Norwegian law. The VPS Trustee Agreement and VPS Agency Agreement will be governed by, and construed in accordance with, Norwegian law.

VPS Notes must comply with the relevant regulations of the VPS and the holders of VPS Notes will be entitled to the rights and are subject to the obligations and liabilities which arise under the relevant Norwegian regulations and legislation.

**Selling Restrictions:** There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the Kingdom of Sweden, the Kingdom of Norway, the United Kingdom and France) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes.

**United States Selling Restrictions:** Regulation S, category 2. TEFRA C/TEFRA D/TEFRA not applicable, as specified in the applicable Final Terms.

**Risk Factors:** There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These include risks relating to the Kingdom of Sweden, risks relating to the Swedish mortgage market (such as credit risk associated with borrowers' creditworthiness and the value of mortgaged properties), risks relating to the Issuer itself (such as regulatory changes, competition, changes in the economic

climate, both nationally and internationally, changes regarding taxation, interest rate developments, inflation, political changes and changes in the financial markets) and risks relating to the Issuer's collateral through the performance of the real estate and housing market.

In addition, there are certain factors which are material for the purpose of assessing the market risks relating to an investment in Notes issued under the Programme. These include the suitability of such an investment by an investor, risks related to the structure of a particular issue of Notes and certain other factors. Subordinated Notes and Capital Contribution Securities are subordinated obligations of the Issuer and there is a significant risk that an investor in such 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. Holders of Capital Contribution Securities could suffer further direct and materially adverse consequences, including cancellation of interest on a non-cumulative basis and conversion of such interest or principal into conditional capital contributions.

## **RISK FACTORS**

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

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

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

### **Economic and business risks**

#### ***Risks relating to the Kingdom of Sweden***

Financial instruments issued by the Kingdom of Sweden are rated “Aaa” (long-term) and “P-1” (short-term) by Moody’s and “AAA” (long-term) and “A-1+” (short-term) by S&P. Strong public finances and a competitive export sector, combined with a well educated labour force and high standards 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. 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. 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 the Swedish mortgage market***

The Swedish mortgage market is dominated by a few institutions, consisting of banks, bank-owned mortgage companies and one state-owned mortgage company, i.e. SBAB. In recent years, low real interest rates, stable 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. 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.

#### ***Risks relating to disruptions in the global credit markets and economy***

Since the second half of 2007, conditions in the global financial markets have been difficult. Financial markets are subject to periods of historic volatility which may impact the Issuer’s ability to raise debt in a similar manner, and at a similar cost, to the funding raised in the past. Challenging market conditions may result in greater volatility and reduced liquidity, widening of credit spreads and lack of price transparency in credit markets, which may affect the Issuer. Changes in 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 in the markets 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 Issuer's business. Adverse changes in the credit quality of the Issuer's borrowers and counterparties due to, for example, a general deterioration in the Swedish, European or global economic conditions, or arising from systemic risks in the financial systems, could affect the recoverability and value of its assets and require an increase in the Issuer's provision for bad and doubtful debts and other provisions.

### *Market Risk*

The most significant market risks the Issuer faces are interest rate, foreign exchange and bond 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. In principle, the Issuer shall not, as a main rule, be exposed to exchange rate fluctuations. Funding in currencies other than SEK will therefore be hedged or invested in matching currencies. Investments will be currency hedged through financing in the corresponding currency or by entering into currency swap contracts. However, certain currency risks can arise due to mismatch in interest rate flows. Against this background, a liquid derivative market enabling the Issuer to swap foreign currencies is essential. Further, the performance of financial markets may cause changes in the value of the Issuer's liquidity portfolio.

The Issuer has implemented risk management methods to mitigate and control these and other market risks to which the Issuer is exposed and exposures are constantly measured and monitored. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Issuer's financial performance and business operations.

### *Operational Risk*

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

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

### *Liquidity Risk*

The inability of a financial institution, including the Issuer, to anticipate and provide for unforeseen decreases or changes in funding sources could have consequences on such institution's ability to meet its



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.

#### *Subordinated funding to SCBC*

As a part of the Issuer's activities, the Issuer sells mortgage loans to its subsidiary AB Sveriges Säkerställda Obligationer AB (publ) (with the parallel trade name The Swedish Covered Bond Corporation) ("SCBC"). The purchase price for the mortgage loans acquired by SCBC is paid by SCBC through the issuance of subordinated vendor notes, which 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 Act on 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 "*Information Relating to the Issuer – The Swedish Covered Bond Corporation*" for more information relating to SCBC.

#### *Impact of Regulatory Changes*

The Issuer's business is subject to regulation and regulatory supervision. Any significant regulatory developments could have an effect on how the Issuer conducts its business and on the Issuer's results of operations. The Issuer is subject to financial services laws, regulations, administrative actions and policies in each location in which the Issuer operates. This supervision and regulation, in particular in the Kingdom of Sweden, if changed, could materially affect the Issuer's business, the products and services it offers or the value of its assets. In the aftermath of the global economic crisis, many initiatives for regulatory changes have been taken.

#### ***Risks relating to the Issuer's collateral***

Given that a considerable part of the Issuer's loans are granted with mortgages or tenant-owners' rights as collateral, the credit risk is partly related to the performance of the real estate and housing market. 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.

#### **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

#### ***The Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which such investor's financial activities are principally denominated;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some 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 their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments 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.

#### ***Risks related to the structure of a particular issue of Notes***

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

##### *Notes subject to optional redemption by the Issuer*

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

The Issuer may be expected to redeem 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.

See also "*Subordinated Notes: Special Event Redemption*", "*Perpetual nature of Capital Contribution Securities: Special Event Redemption*" and "*Call options may not be exercised*" below.

##### *Index Linked Notes and Dual Currency Notes*

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "*Relevant Factor*"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;

- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, potential investors should consult their financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of their particular circumstances.

#### *Partly Paid Notes*

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

#### *Variable rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

#### *Fixed/Floating Rate Notes*

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

### *Notes issued at a substantial discount or premium*

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

### *The Issuer's obligations under Subordinated Notes and Capital Contribution Securities are subordinated*

The Issuer's obligations under Subordinated Notes and Capital Contribution Securities are unsecured and subordinated. Although Subordinated Notes and Capital Contribution Securities may pay a higher rate of interest than comparable Notes which are not subordinated or which are subordinated but not so deeply, there is a significant risk that an investor in Subordinated Notes or Capital Contribution Securities will lose all or some of his investment in the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer.

#### *(a) Subordinated Notes*

Notes specified in the applicable Final Terms as Subordinated Notes will constitute unsecured and 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 holders of such Notes to payments on or in respect of such Notes shall rank (i) *pari passu* without any preference among such Subordinated Notes, (ii) at least *pari passu* with all other present and future Subordinated Indebtedness (as defined below) of the Issuer except Subordinated Indebtedness expressed to rank junior to such Subordinated Notes, (iii) senior to any subordinated obligation of the Issuer which either constitutes a Capital Contribution Security or is expressed to rank equally with, or junior to, a Capital Contribution Security, (iv) in priority to payments to holders of all classes of share capital (including preference shares (if any)) of the Issuer in their capacity as such holders, and (v) junior in right of payment to the payment of any present or future claims of depositors and other unsubordinated creditors of the Issuer. "*Subordinated Indebtedness*" means any obligation of the Issuer which by its terms is, or is expressed to be, subordinated in the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer to the claims of depositors and all other unsubordinated creditors of the Issuer. See Condition 3(b).

#### *(b) Capital Contribution Securities - Utilisation and conversion: Write-down of principal*

The Issuer's obligations under Capital Contribution Securities are unsecured and deeply subordinated. In the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, the rights of the holders of any Capital Contribution Securities to payments on or in respect of such Capital Contribution Securities, whether or not the whole or any part of the principal amount of the Capital Contribution Securities (including Accrued Interest as defined in Condition 3(c)(i)) has been made available to avoid the Issuer being obliged to enter into liquidation or to avoid or remedy any breach of Applicable Banking Regulations (as defined in Condition 3(c)(i)) and such amount has been converted into conditional capital contributions as described in Condition 3(c), shall rank: (i) *pari passu* without any preference among such Capital Contribution Securities; (ii) at least *pari passu* with all other outstanding Capital Instruments (as defined in Condition 3(c)(i)) and *pari passu* with the claims of any other subordinated creditors the claims of which are expressed to rank *pari passu* with the Capital Contribution Securities, whether or not so converted as described in Condition 3(c); (iii) in priority to payments to holders of all classes of share capital (including preference shares (if any)) of the Issuer in their capacity as such holders; and (iv) junior in right of payment to the payment of any present or future claims of (A) depositors and other unsubordinated creditors of the Issuer, and (B) except as expressed in (ii) above, subordinated creditors of the Issuer in respect of Subordinated Indebtedness, as further described in Condition 3(c)(i).

In addition, to the extent that may be required in order (i) to avoid the Issuer being obliged to enter into liquidation (*likvidation*) or (ii) to avoid or remedy any breach of Applicable Banking Regulations (unless

the Swedish FSA has expressly permitted the Issuer not to avoid or remedy such breach through utilisation and conversion), the shareholder(s) of the Issuer may elect to utilise the principal amount of any Capital Contribution Securities (together with Accrued Interest, such Accrued Interest to be entered as a liability before it can be appropriated) by writing down the principal amount (together with Accrued Interest) by the amount required (i) to avoid liquidation (*likvidation*) and to restore capital to a level which is equal to the registered share capital of the Issuer or (ii) to avoid or remedy any breach of Applicable Banking Regulations and converting such amount into a conditional capital contribution as further described in Condition 3(c)(ii). The rights of the Noteholders in respect of the principal amount and Accrued Interest so converted will thereupon be converted into rights of providers of conditional capital contributions as set out in Condition 3(c)(ii).

Utilisation of the principal amount of the Capital Contribution Securities (together with Accrued Interest) for the purpose of avoiding the Issuer being obliged to enter into liquidation (*likvidation*) or avoiding or remedying any breach of Applicable Banking Regulations shall be made prior to the utilisation for the same purpose of Subordinated Indebtedness issued by the Issuer other than Subordinated Indebtedness which either constitutes Capital Instruments or which is expressed to rank *pari passu* with the Capital Contribution Securities.

Interest will not accrue on the principal and Accrued Interest so converted and Noteholders shall not be entitled to any compensation for such loss of interest. Reconversion and reinstatement as debt of any portion of the amount so converted may only be made out of unappropriated earnings (*disponibla vinstmedel*) of the Issuer and shall first be made in respect of senior ranking Subordinated Indebtedness issued by the Issuer.

#### *Restrictions on Interest Payments in respect of Capital Contribution Securities*

Payments of interest in any fiscal year are limited to, and may not exceed, the accumulated unappropriated earnings (*disponibla vinstmedel*) (as defined in Condition 4(f)(iii)) of the Issuer. To the extent that accumulated unappropriated earnings (*disponibla vinstmedel*) are insufficient to pay or to provide for payment in full of all accrued but unpaid interest on the Capital Contribution Securities and the claims of holders of other Capital Instruments of the Issuer, which have fallen or are scheduled to fall due in the same fiscal year, the Issuer will make partial payment of all accrued but unpaid interest and such other claims *pro rata* to the extent of such unappropriated earnings (*disponibla vinstmedel*).

In addition, in respect of any payment of interest, the Issuer may be required to cancel such interest payment in respect of the Capital Contribution Securities on the relevant Interest Payment Date if requested by the Swedish FSA according to the financial and solvency situation of the Issuer.

Furthermore, if Optional Cancellation of Interest is specified in the applicable Final Terms as applying, in addition to the mandatory interest cancellation provisions described above, the Issuer may elect to cancel any payment of interest (other than a Mandatory Interest Payment (as defined in Condition 4(f))).

If, and to the extent that unappropriated earnings (*disponibla vinstmedel*) are not available or the Swedish FSA requests the Issuer to cancel a payment of interest as described above or (if such provision is applicable to the relevant Capital Contribution Securities) the Issuer elects to make an Optional Cancellation, and the Issuer makes partial payment of, or does not pay, accrued but unpaid interest, the right of holders of Capital Contribution Securities to receive such accrued but unpaid interest will be lost. See Condition 4(f).

Any loss of interest as described above will be likely to have an adverse effect on the market price of the Capital Contribution Securities. In addition, as a result of the interest restriction provision of the Capital Contribution Securities, the market price of the Capital Contribution Securities may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such interest restrictions and may be more sensitive generally to adverse changes in the Issuer's financial condition.

### *Subordinated Notes: Special Event Redemption*

Upon the occurrence of a Capital Event or, if so specified in the applicable Final Terms, a Tax Event or a Regulatory Event but subject to the prior consent of the Swedish FSA (if required by the Swedish FSA at the relevant time), the Issuer may, at its option, redeem, as provided in Condition 6(l), all but not some only of the Subordinated Notes, as applicable, at the amount specified in, or determined in the manner specified in, the applicable Final Terms together with interest, if any, accrued to but excluding the date of redemption.

There can be no assurance that holders of Subordinated Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the Subordinated Notes of the Issuer.

### *Perpetual nature of Capital Contribution Securities: Special Event Redemption*

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

Upon the occurrence of a Tax Event, a Capital Event or, if so specified in the applicable Final Terms, a Regulatory Event or an Accounting Event but subject to the prior consent of the Swedish FSA, the Issuer may, at its option, redeem, as provided in Condition 6(l), all but not some only of the Capital Contribution Securities, as applicable, at the amount specified in, or determined in the manner specified in, the applicable Final Terms together with interest, if any, accrued to but excluding the date of redemption.

There can be no assurance that holders of Capital Contribution Securities will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the Capital Contribution Securities of the Issuer.

### *Call options may not be exercised*

In addition to the call rights described above under “*Subordinated Notes: Special Event Redemption*” and “*Perpetual nature of Capital Contribution Securities: Special Event Redemption*”, Subordinated Notes and Capital Contribution Securities may contain provisions allowing the Issuer to call them after a minimum period of, for example, five years. To exercise such a call option the Issuer must obtain the prior consent of the Swedish FSA.

Holders of such Notes have no rights to call for the redemption of such Notes and should not invest in such Notes in the expectation that such a call will be exercised by the Issuer. Any decisions by the Issuer as to whether it will exercise calls in respect of such Notes will be taken at the absolute discretion of the Issuer with regard to factors such as the economic impact of exercising such calls, regulatory capital requirements and prevailing market conditions. Holders of such Notes should be aware that they may be required to bear the financial risks of an investment in such Notes for a period of time in excess of the minimum period and, in the case of Capital Contribution Securities, for an indefinite period of time.

### *Events of Default in relation to Subordinated Notes and Capital Contribution Securities*

Holders of Subordinated Notes shall only be entitled to accelerate the Notes in certain limited circumstances set out in Condition 9(b). In the event of any such acceleration, the holder may claim payment in respect of the Subordinated Notes only in the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer.

Holders of Notes which are Capital Contribution Securities shall only be entitled to accelerate the Notes in certain limited circumstances relating to the insolvency or liquidation of the Issuer, as set out in Condition 9(c). In the event of any such acceleration, the holder may claim payment in respect of the Capital Contribution Securities only in the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer but may take no other action in respect thereof.

#### *No Voting Rights*

Capital Contribution Securities are non-voting. Consequently, holders of such Notes cannot influence, *inter alia*, any decisions by the Issuer's shareholder(s) to write down the principal amount (together with Accrued Interest) of the Capital Contribution Securities by the amount required to avoid liquidation or avoid or remedy any breach of Applicable Banking Regulations or any other decisions by the Issuer's shareholder(s) concerning the capital structure of the Issuer.

#### *Substitution or Variation of Subordinated Notes and Capital Contribution Securities*

The Issuer may, subject to the approval of the Swedish FSA and without any requirement for the consent or approval of the Noteholders, substitute or vary the terms of Subordinated Notes (if the applicable Final Terms specify that Condition 6(m)(i) applies) or Capital Contribution Securities so that they remain, or become, Qualifying Securities, as provided in Condition 6(m).

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

#### ***Risks related to Notes generally***

##### *Meetings of Noteholders*

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

##### *Modifications*

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

- (a) any modification (except as described in Condition 14(a)) of the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Receipts, the Coupons, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

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

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

- (i) the VPS Trustee may in certain circumstances, without the consent of the holders of the VPS Notes, make decisions binding on all holders relating to the Terms and Conditions, the VPS Trustee Agreement or the relevant VPS Agency Agreement including amendments which

are not, in the VPS Trustee's opinion, materially prejudicial to the interests of the holders of the VPS Notes; and

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

#### *Changes to the Capital Requirements Directive*

The European Capital Requirements Directive (2006/48/EC and 2006/49/EC, the "CRD") was implemented in Sweden in 2006 by the Capital Adequacy and Large Exposures Act (Sw. *Lag (2006:1371) om kapitaltäckning och stora exponeringar*) and regulations of the Swedish FSA. The amendments made to the CRD in 2009 (known as "CRD II"), which include new rules regarding the definition of capital, were required to be implemented in each European member state from the beginning of 2011.

Subsequent to the finalisation of CRD II, the Basel Committee on Banking Supervision (the "Basel Committee") put forward a number of proposed changes to the Basel II framework. On 17th December, 2009, the Basel Committee published for consultation a package of proposals for new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions (the so-called "Basel III" proposals). On 16th December, 2010 and on 13th January, 2011, the Basel Committee issued its final guidance on Basel III. The Basel III reforms require Tier 1 and Tier 2 capital instruments to be more loss-absorbing. The implementation of the Basel III reforms will begin on 1st January, 2013, however the requirements are subject to a series of transitional arrangements and will be phased in over a period of time.

The press release dated 13th January, 2011 entitled "Minimum requirements to ensure loss absorbency at the point of non-viability" included the following statements:

"The terms and conditions of all non-common Tier 1 and Tier 2 instruments issued by an internationally active bank must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of the trigger event unless:

- (a) the governing jurisdiction of the bank has in place laws that (i) require such Tier 1 and Tier 2 instruments to be written off upon such event, or (ii) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss;
- (b) a peer group review confirms that the jurisdiction conforms with clause (a); and
- (c) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to loss under clause (a) in this paragraph.

The trigger event is the earlier of: (1) a decision that a write-off, without which the firm would become non-viable, is necessary, as determined by the relevant authority; and (2) the decision to make a public sector injection of capital, or equivalent support, without which the firm would have become non-viable, as determined by the relevant authority."

The terms of any Subordinated Notes or Capital Contribution Securities do not contain any such provision. There can be no assurance that current Swedish legislation or any amendment or supplementary legislation will be confirmed in due course by a peer group review (as referred to in clause (b) above) to conform with clause (a) above so that such Subordinated Notes or Capital Contribution Securities would be subject to being written down or fully loss absorbing as set out in clause (a) in the above paragraph. If the Swedish FSA at the relevant time (i) discloses that a peer group review has confirmed that the Swedish legislation conforms with clause (a) above and (ii) discloses that it does not require a change to the terms and conditions of any non-common Tier 1 and Tier 2 instruments to include a provision that requires either that they be written off or converted into equity upon the occurrence of a trigger event (which they may require even if Swedish legislation is deemed by a peer group review to conform with clause (a) in the above



paragraph), then the Issuer will notify holders of any affected Subordinated Notes and Capital Contribution Securities in accordance with their terms that, going forward, such instruments are confirmed as subject to loss as set out in clause (a) in the above paragraph.

Furthermore, there can be no assurance that, prior to its implementation in 2013, the Basel Committee will not amend the package of reforms described above.

On 20th July, 2011, the European Commission adopted a legislative package implementing the Basel III agreement within the EU (known as “*CRD IV*”) which is expected to be finalised by the end of 2011 or the beginning of 2012, with entry into force of the new legislation on 1st January, 2013. The European Commission and/or the Swedish FSA may implement the package of reforms, including the terms which capital securities are required to have, in a manner that is different from that which is currently envisaged, or may impose more onerous requirements on Swedish financial institutions.

The terms of the Subordinated Notes and the Capital Contribution Securities include a right for the Issuer to redeem all (but not some only) of a Series of Notes if, as a result of certain changes or prospective changes to the laws or regulations of the Kingdom of Sweden, the relevant Subordinated Notes or Capital Contribution Securities are or would be ineligible for inclusion in the Tier 2 capital of the Issuer in the case of Subordinated Notes or the Tier 1 capital of the Issuer in the case of Capital Contribution Securities, but only where such changes of law were unforeseeable as at the Issue Date thereof. Accordingly, holders should be aware that it is not anticipated that the Issuer would be entitled to redeem any Series of Subordinated Notes or Capital Contribution Securities issued after the date of this Offering Circular due to changes which are currently foreseeable as being introduced in order to implement Basel III.

The introduction of new rules in Sweden reflecting CRD II and CRD IV could limit the Issuer's ability to effectively manage its capital requirements. These and other changes to capital adequacy and liquidity requirements imposed on the Issuer may require the Issuer to raise additional tier 1, core tier 1 and tier 2 capital by way of further issuances of securities and could result in existing tier 1 and tier 2 securities ceasing to count towards the SBAB Group's regulatory capital, either at the same level as present or at all. Any failure by the Issuer to maintain any increased regulatory capital requirements or to comply with any other requirements introduced by regulators could result in intervention by regulators or the imposition of sanctions, which may have a material adverse effect on the Issuer's profitability and results and may also have other effects on the Issuer's financial performance and on the pricing of the Notes, both with or without the intervention by regulators or the imposition of sanctions. Prospective investors in the Notes should consult their own advisers as to the consequences of the implementation of CRD II and the proposed CRD IV in Sweden.

#### *U.S. Foreign Account Tax Compliance Withholding*

The Issuer and other non-U.S. financial institutions through which payments on the Notes are made, may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31st December, 2014 in respect of any Notes issued after 18th March, 2012 (and any Notes which are treated as equity for U.S. federal tax purposes, whenever issued) pursuant to the U.S. Foreign Account Tax Compliance Act (“*FATCA*”). This withholding tax may be triggered if (i) the Issuer is a foreign financial institution (“*FFI*”) (as defined by *FATCA*), which enters into and complies with an agreement with the U.S. Internal Revenue Service (“*IRS*”) to provide certain information on its account holders (a term which includes the holders of its debt or equity interests that are not regularly traded on an established securities market) (making the Issuer a “participating *FFI*”), (ii) the Issuer has a positive “passthru percentage” (as defined by *FATCA*), and (iii)(A) an investor does not provide information sufficient for the participating *FFI* to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States account” of such Issuer, or (B) any *FFI* through which payment on such Notes is made is not a participating *FFI*.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of a holder's failure to comply with these rules or as a result of the presence in the payment chain of a non-participating FFI, 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 of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Notes should consult their own tax advisors on how these rules may apply to payments they receive under the Notes.

The application of FATCA to Notes issued after 18th March, 2012 (or whenever issued, in the case of Notes treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a supplement to the Offering Circular, as applicable.

#### *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

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 Directive.

#### *Change of law*

The Terms and Conditions of the Notes are based on English law and (i) in respect of Conditions 3(b) and 3(c), Swedish law and (ii) in respect of the registration of VPS Notes in the VPS as well as the recording and transfer of ownership to, and other interests in, VPS Notes and Condition 14(b), Norwegian law, in each case, in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English, Swedish or Norwegian law or administrative practice after the date of issue of the relevant Notes.

#### *Notes where denominations involve integral multiples: definitive Bearer Notes*

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Bearer Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Bearer Note in respect of such holding (should definitive Bearer Notes be printed) and would need to purchase a principal amount of Bearer Notes such that its holding amounts to a Specified Denomination.

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

### ***Risks related to the market generally***

#### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. 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. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

#### *Exchange rate risks and exchange controls*

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

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

#### *Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes. Investments in Notes with floating interest involve a risk of interest rate changes.

#### *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. For the avoidance of doubt, the Issuer does not commit to ensure that any specific rating of the Notes or the programme will be upheld nor that the credit rating agencies 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). Certain information with respect to the credit rating agencies and ratings is set out on the front page of this Offering Circular and, in respect of any Series of Notes which is rated by one or more credit rating agencies, additional information may be disclosed in the relevant Final Terms.

#### *European Monetary Union (EMU)*

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

#### ***Legal investment considerations may restrict certain investments***

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

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the audited consolidated and non-consolidated financial statements of the Issuer for the financial year ended 31st December, 2009 (on pages 28-80 inclusive of the Annual Report 2009) and for the financial year ended 31st December, 2010 (on pages 23-75 inclusive of the Annual Report 2010), in each case together with the audit reports thereon;
- (b) the unaudited consolidated and non-consolidated Interim Report of the Issuer for the period ended 30th September, 2011; and
- (c) the section “*Terms and Conditions of the Notes*” from the following Offering Circulars relating to the Programme: (i) Offering Circular dated 27th September, 2001 (pages 23-51 inclusive); (ii) the Offering Circular dated 25th September, 2002 (pages 23-51 inclusive); (iii) the Offering Circular dated 25th September, 2003 (pages 23-51 inclusive); (iv) the Offering Circular dated 6th October, 2004 (pages 24-53 inclusive); (v) the Offering Circular dated 18th October, 2005 (pages 33-60 inclusive); (vi) the Offering Circular dated 8th November, 2006 (pages 37-70 inclusive); (vii) the Offering Circular dated 8th November, 2007 (pages 51-85 inclusive); (viii) the Offering Circular dated 7th November, 2008 (pages 51-85 inclusive); (ix) the Offering Circular dated 6th November, 2009 (pages 63-108 inclusive), and (x) the Offering Circular dated 4th November, 2010 (pages 65-105 inclusive).

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

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

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

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg and will be available for viewing on the Issuer’s website at [www.sbab.se](http://www.sbab.se).

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

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes. The Issuer has undertaken to the Dealers in the Programme Agreement (as

defined in “*Subscription and Sale and Transfer and Selling Restrictions*”) that it will comply with section 87G of the FSMA.

## FORM OF THE NOTES

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

### Bearer Notes

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

- (i) if the Bearer Global Notes are intended to be issued in new global note (“*NGN*”) form, as specified in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the “*Common Safekeeper*”) for Euroclear Bank SA/NV (“*Euroclear*”) and Clearstream Banking, *société anonyme* (“*Clearstream, Luxembourg*”); or
- (ii) if the Bearer Global Notes are not intended to be issued in NGN form but are intended to be issued in classic global note (“*CGN*”) form, be delivered on or prior to the original issue date of the Tranche to a common depository (the “*Common Depository*”) for, Euroclear and Clearstream, Luxembourg.

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

On and after the date (the “*Exchange Date*”) which, in respect of each Tranche in respect of which a Temporary Bearer Global Note is issued, is 40 days after the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note if the Permanent Bearer Global Note is issued in CGN form)

without any requirement for certification. The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or (ii) only upon the occurrence of an Exchange Event.

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

The following legend will appear on all Bearer Notes which have an original maturity of 365 days or more and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

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

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

### **Registered Notes**

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



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

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

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

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

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

#### *Transfer of Interests*

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

## VPS Notes

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

Settlement of sale and purchase transactions in respect of VPS Notes in the VPS will take place in accordance with market practice at the time of the transaction. Transfers of interests in the relevant VPS Notes will take place in accordance with the Norwegian Securities Registry Act 2002 (*verdipapirregisterloven*) (the “*VPS Act*”) and the rules and procedures for the time being of the VPS.

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

## General

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS number assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

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

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

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

Where any Note is represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes or the Maturity Date (if any) has occurred and, in either case, payment in full of the amount due has not been made in accordance with the provisions of the Global Note then, unless within the period of seven days commencing on the relevant due date payment in full of the amount due in respect of the Global Note is received by the bearer or the registered holder, as the case may be, in accordance with the provisions of the Global Note, holders of an interest in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and DTC on and subject to the terms of a deed of covenant (the "*Deed of Covenant*") dated 3rd November, 2011 and executed by the Issuer. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

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

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

## FORMS OF FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than €100,000 (or its equivalent in another currency).*

[Date]

### **SBAB BANK AB (publ)**

*(Incorporated with limited liability in the Kingdom of Sweden)*

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

[The Offering Circular referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented Directive 2003/71/EC (the “*Prospectus Directive*”) (each, a “*Relevant Member State*”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in paragraph 34 of Part A below, provided such person is one of the persons mentioned in paragraph 34 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.]<sup>1</sup>

[The Offering Circular referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented Directive 2003/71/EC (the “*Prospectus Directive*”) (each, a “*Relevant Member State*”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.]<sup>2</sup>

## **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Offering Circular dated [date] which constitutes a base prospectus for the purposes of Directive 2003/71/EC (the “*Prospectus Directive*”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only

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<sup>1</sup> Consider including this legend where a non-exempt offer of Notes is anticipated.

<sup>2</sup> Consider including this legend where only an exempt offer of Notes is anticipated.

available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular is available for viewing at [address] and [website] and copies may be obtained from [address].

*[The following alternative language applies if the first Tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “Conditions”) set forth in the Offering Circular dated [original date] which are incorporated by reference in the Offering Circular dated [current date] and are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (the “Prospectus Directive”) and must be read in conjunction with the Offering Circular dated [current date] which constitutes a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular dated [current date]. Copies of the Offering Circular are available for viewing at [address] [and] [website] and copies may be obtained from [address].]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

*[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.]*

*[If the Notes have a maturity of less than one year, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]*

1. (i) Series Number: [ ]  
(ii) Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
2. Specified Currency or Currencies: [ ]
3. Aggregate Nominal Amount:  
– Tranche: [ ]  
– Series: [ ]
4. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]

*(Pursuant to the Norwegian Issues Regulation of 1996 No. 1247, VPS Notes cannot be issued at a discount of more than an amount equal to an effective interest rate of 0.1 per cent. per annum calculated up to maturity, or calculated up to the date on which the interest rate on the VPS Notes is scheduled to be changed (if such change applies). The provisions do not apply to VPS Notes with a term shorter than two years or to VPS Notes*

*denominated in a currency other than NOK.)*

5. (i) Specified Denomination(s): [      ]  
*(N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €1,000 minimum denomination is not required.)*
- (N.B. In the case of Registered Notes, this means the minimum integral amount in which transfers can be made*
- (ii) Calculation Amount: [      ]  
*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations.)*
- (Not applicable to VPS Notes)*
6. (i) Issue Date: [      ]
- (ii) Interest Commencement Date: [      ]
7. Maturity Date: *[Fixed rate – specify date/Floating rate – Interest Payment Date falling in [specify month]]*
8. Interest Basis: [[      ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR/STIBOR] +/- [      ] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Dual Currency Interest]  
[specify other]  
*(further particulars specified below)*
9. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency Redemption]  
[Partly Paid]  
[Instalment]  
[specify other]
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to Commission Regulation (EC) No 809/2004 (the “Prospectus Regulation”) will apply.)*

10. Change of Interest Basis or Redemption/  
Payment Basis: [Specify details of any provision for change of Notes  
into another Interest Basis or Redemption/Payment  
Basis]
11. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
12. Status of the Notes: [Unsubordinated Notes/Subordinated Notes/Capital  
Contribution Securities]

*If Subordinated Notes include:*

- (i) Reset Date (if any): [None/give details]
- (ii) Special Event Redemption and  
amounts payable on redemption  
therefor:
- Tax Event: [Applicable/Not Applicable – if applicable, specify  
the amount payable on redemption for a Tax Event]
  - Capital Event: [Specify the amount payable on redemption for a  
Capital Event]
  - Regulatory Event: [Applicable/Not Applicable – if applicable, specify  
the amount payable on redemption for a Regulatory  
Event]
- [For the purposes of the definition of Regulatory  
Event, the Capital Inclusion Percentage shall be [ ]  
per cent. (specify percentage, if Regulatory Event  
applicable)]
- (iii) Variation or Substitution instead of  
Redemption: [Applicable – Condition 6(m)(i) applies/Not  
Applicable]

*If Capital Contribution Securities include:*

- (i) Reset Date (if any): [None/give details]
- (ii) Special Event Redemption and  
amounts payable on redemption  
therefor:
- Tax Event: [Specify the amount payable on redemption for a Tax  
Event]
  - Capital Event: [Specify the amount payable on redemption for a  
Capital Event]
  - Regulatory Event: [Applicable/Not Applicable – if applicable, specify  
the amount payable on redemption for a Regulatory  
Event]

[For the purposes of the definition of Regulatory Event, the Capital Inclusion Percentage shall be [ ] per cent. (*specify percentage, if Regulatory Event applicable*)]

– Accounting Event: [Applicable/Not Applicable – *if applicable, specify the amount payable on redemption for an Accounting Event*]

(iii) Optional Cancellation of Interest: [Applicable – Condition 4(f)(ii) applies/  
Not Applicable – Condition 4(f)(i) applies]

Definition of Mandatory Interest Payment: [Paragraph (ii) of the definition of Mandatory Interest Payment [applies] [does not apply] – *Paragraph (ii) should apply for debt accounting in relation to the Capital Contribution Securities*]

13. Method of distribution: [Syndicated/Non-syndicated]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]

(ii) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]/[*specify other*]  
*(N.B. This will need to be amended in the case of long or short coupons)*

(iii) Fixed Coupon Amount(s): [ ] per Calculation Amount  
*(Applicable to Notes in definitive form)*

(iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]  
*(Applicable to Notes in definitive form)*

(v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or *specify other*]

(vi) Determination Date(s): [ ] in each year [*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)*]



- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/give details]
15. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/specify other]
- (iii) Additional Business Centre(s): [ ]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [ ]  
(In the case of VPS Notes, insert name and address of Calculation Agent and define as "Calculation Agent")
- (vi) Screen Rate Determination:
- Reference Rate: [ ]  
(Either LIBOR, EURIBOR, STIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
  - Interest Determination Date(s): [ ]  
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR and second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Stockholm prior to the start of each Interest Period if STIBOR)
  - Relevant Screen Page: [ ]  
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination: [ ]

- Floating Rate Option: [    ]
- Designated Maturity: [    ]
- Reset Date: [    ]
- (viii) Margin(s): [ +/- ] [    ] per cent. per annum
- (ix) Minimum Rate of Interest: [    ] per cent. per annum
- (x) Maximum Rate of Interest: [    ] per cent. per annum
- (xi) Day Count Fraction: [    ]
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Terms and Conditions: [    ]

16. **Zero Coupon Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield: [    ] per cent. per annum
  - (ii) Reference Price: [    ]
  - (iii) Any other formula/basis of determining amount payable: [    ]
  - (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 6(e)(iii) and 6(j) apply/specify other]  
*(Consider applicable day count fraction if not U.S. dollar denominated)*

17. **Index Linked Interest Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Index/Formula: [Give or annex details]
  - (ii) Calculation Agent responsible for calculating the interest due: [Give name and address]
  - (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [Include a description of market disruption or settlement disruption events and adjustment provisions]
  - (iv) Specified Period(s)/Specified Interest Payment Dates: [    ]

- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/*specify other*]
- (vi) Additional Business Centre(s): [       ]
- (vii) Minimum Rate of Interest: [       ] per cent. per annum
- (viii) Maximum Rate of Interest: [       ] per cent. per annum
- (ix) Day Count Fraction: [       ]

**18. Dual Currency Interest Note Provisions**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give or annex details]
- (ii) Calculation Agent, if any, responsible for calculating the interest payable: [Give name and address]
- (iii) Provisions applicable where calculation or by reference to Rate of Exchange impossible or impracticable: [Include a description of market disruption settlement disruption events and adjustment provisions]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [       ]

**PROVISIONS RELATING TO REDEMPTION**

**19. Issuer Call**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [       ]
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[       ] per Calculation Amount/*specify other*/see Appendix]
- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount: [       ]
  - (b) Maximum Redemption Amount: [       ]

(iv) Notice period (if other than as set out in the Terms and Conditions): [ ]  
*(N.B. If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*

20. **Investor Put**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Optional Redemption Date(s): [ ]

(ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/see Appendix]

(iii) Notice period (if other than as set out in the Terms and Conditions): [ ]  
*(N.B. If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*

21. **Final Redemption Amount**

[[ ] per Calculation Amount/specify other/see Appendix]  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Regulation will apply.)*

22. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if not required or if different from that set out in Condition 6(e)):

[[ ] per Calculation Amount/specify other/see Appendix]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

23. Form of Notes:

(i) Form: [Bearer Notes:

[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an

Exchange Event].]

[Temporary Bearer Global Note exchangeable for definitive Bearer Notes on and after the Exchange Date.]

[Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event].]

[Registered Notes:

[Regulation S Global Note (U.S.\$ [ ] nominal amount) registered in the name of a nominee of a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]

[Rule 144A Global Note (U.S.\$ [ ] nominal amount)]

[VPS Notes:

VPS Notes issued in uncertificated and dematerialised book entry form. See further item [9] of Part B below]

(ii) New Global Note:

[Yes]/[No]

*(If VPS Notes, insert "No")*

24. Additional Financial Centre(s) or other special provisions relating to Payment Days:

[Not Applicable/give details]  
*(Note that this item relates to the place of payment and not Interest Period end dates to which items 15(iii) and 17(vi) relate)*

25. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):

[Yes/No. *If yes, give details*]

26. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

[Not Applicable/give details]  
*(N.B. A new form of Temporary Bearer Global Note and/or Permanent Bearer Global Note may be required for Partly Paid issues)*

27. Details relating to Instalment Notes; amount of each instalment, date on which each payment is to be made:

[Not Applicable/give details]

28. Other final terms:

[Not Applicable/give details]

*(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*

29. Redenomination: Redenomination [not] applicable *(if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)*

## DISTRIBUTION

30. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names and addresses and underwriting commitments]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers)*
- (ii) Date of [Subscription] Agreement: [ ]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name(s)]
31. If non-syndicated, name and address of Dealer: [Name and address]
32. Total commission and concession: [ ] per cent. of the Aggregate Nominal Amount
33. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable]
34. Non-exempt Offer: [Not Applicable] [An offer of the Notes may be made by the Managers [and [specify names [and addresses] of other financial intermediaries making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. “other parties authorised by the Managers”) or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (together with the Managers, the “Financial Intermediaries”) other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) – which must be jurisdictions where the Offering Circular and any supplements have been passported (in addition to the jurisdiction where approved and published)] (“Public Offer Jurisdictions”) during the period from [specify date] until [specify date or a formula such as “the Issue Date” or “the date which falls [ ] Business Days thereafter”] (“Offer Period”). See further paragraph 10 of Part B below.

*(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the Offering Circular (and any supplement) has been notified/passported.)*

35. Additional selling restrictions: [Not Applicable/give details]

**PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on *[specify relevant regulated market (for example, the London Stock Exchange’s regulated market) and, if relevant, admission to an official list (for example, the Official List of the UK Listing Authority)]* of the Notes described herein] pursuant to the €13,000,000,000 Euro Medium Term Note Programme of SBAB Bank AB (publ).

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. *[[Relevant third party information, for example in compliance with Annex XII to the Prospectus Regulation in relation to an index or its components]* has been extracted from *[specify source]*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....  
*Duly authorised signatory*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market (for example, the London Stock Exchange’s regulated market) and, if relevant, admission to an official list (for example, the Official List of the UK Listing Authority)] with effect from [        ].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market (for example, the London Stock Exchange’s regulated market) and, if relevant, admission to an official list (for example, the Official List of the UK Listing Authority)] with effect from [        ].]

[Not Applicable.]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading)*

### 2. RATINGS

[[The Notes to be issued [have been rated]/[are expected to be rated]]/[The following ratings reflect the ratings assigned to Notes of this type issued under the Programme generally]: [insert details] by [insert credit rating agency name(s)].]

*(Include here a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)*

*(The above disclosure should reflect the rating allocated to Notes issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

[[Insert the legal name of the relevant CRA entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).]

[[Insert the legal name of the relevant non-EU CRA entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended).]

[[Insert the legal name of the relevant non-EU CRA entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). However, the application for registration under the CRA Regulation of [insert the legal name of the relevant EU CRA entity that applied for registration], which is established in the European Union and is registered under the CRA Regulation, disclosed the intention to endorse credit ratings of [insert the legal name of the relevant non-EU CRA entity]. While notification of the corresponding endorsement decision has not yet been provided by the relevant competent authority, the European Securities and Markets Authority has indicated that a transitional period ending on 31 January 2012 (which may be extended to 30 April 2012) shall apply with respect to ratings intended to be endorsed.]

[[Insert the legal name of the relevant non-EU CRA entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). The ratings [[have been]/[are expected to be]] endorsed by [insert the legal name of the relevant EU-registered CRA entity] in accordance with the CRA Regulation. [Insert the legal name of the relevant EU CRA entity] is established in the European Union and registered under the CRA Regulation.]



[[Insert the legal name of the relevant non-EU CRA entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”), but it [is]/[has applied to be] certified in accordance with the CRA Regulation.]

[[Insert the legal name of the relevant CRA entity] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[Insert the legal name of the relevant non-EU CRA entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). However, the application for registration under the CRA Regulation of [insert the legal name of the relevant EU CRA entity that applied for registration], which is established in the European Union, disclosed the intention to endorse credit ratings of [insert the legal name of the relevant non-EU CRA entity].]

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. - *Amend as appropriate if there are other interests*]

*(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer: [ ]  
*(See “Use of Proceeds” wording in Offering Circular – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*]

[(ii) Estimated net proceeds: [ ]  
*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii) Estimated total expenses: [ ]  
*(Expenses are required to be broken down into each principal intended “use” and presented in order of priority of such “uses”.)*  
*(N.B.: If the Notes are derivative securities to which Annex XII of the Prospectus Regulation applies (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)*

### 5. YIELD (Fixed Rate Notes only)

Indication of yield: [ ]

[Calculated as *[include details of method of calculation in summary form]* on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

**6. HISTORIC INTEREST RATES** (*Floating Rate Notes only*)

Details of historic [LIBOR/EURIBOR/STIBOR/other] rates can be obtained from [Reuters].]

**7. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING** (*Index Linked Notes only*)

*(If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.)*

*(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Regulation applies.)*

*(Need to include details of where past and future performance and volatility of the index/formula can be obtained.)*

*(Where the underlying is an index, need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.)*

*(Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Regulation.)*

*(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information].

**8. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT** (*Dual Currency Notes only*)

*(If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.)*

*(N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Regulation applies.)*

*(Need to include details of where past and future performance and volatility of the relevant rates can be obtained.)*

*(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*

## 9. OPERATIONAL INFORMATION

- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme (together with the address of each such for the purpose of performing its obligations under the clearing system) and the relevant identification number(s): [Not Applicable/give name(s) and number(s)/VPS, Norway. The Issuer shall be entitled to obtain certain information from the register maintained by the VPS issue of VPS Notes. The VPS Agent shall be entitled to obtain such information as is required to perform its duties under the VPS Agency Agreement and the rules and regulations of, and applicable to, the VPS.]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any) or in the case of VPS Notes, the VPS Agent and the VPS Trustee: [ ]
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes]/[No]
- [Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the New Safekeeping Structure (NSS),] *[include this text for Registered Notes which are to be held under the NSS]* and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *(Include this text if “Yes” selected in which case the Bearer Notes must be issued in NGN form)*

## 10. TERMS AND CONDITIONS OF THE OFFER

- Offer Price: [Issue Price/Not Applicable/specify]
- [Conditions to which the offer is subject:] [Not Applicable/give details]
- [Description of the application process:] [Not Applicable/give details]
- [Details of the minimum and/or maximum amount of application:] [Not Applicable/give details]

[Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:]	[Not Applicable/ <i>give details</i> ]
[Details of the method and time limits for paying up and delivering the Notes:]	[Not Applicable/ <i>give details</i> ]
[Manner in and date on which results of the offer are to be made public:]	[Not Applicable/ <i>give details</i> ]
[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:]	[Not Applicable/ <i>give details</i> ]
[Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:]	[Not Applicable/ <i>give details</i> ]
[Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:]	[Not Applicable/ <i>give details</i> ]
[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:]	[Not Applicable/ <i>give details</i> ]
[Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:]	[None/ <i>give details</i> ]

**[BLUE SKY LEGENDS]**

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least €100,000 (or its equivalent in another currency).

[Date]

**SBAB BANK AB (publ)**

*(Incorporated with limited liability in the Kingdom of Sweden)*

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

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Offering Circular dated [date] which constitutes a base prospectus for the purposes of Directive 2003/71/EC (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular is available for viewing at [address] and [website] and copies may be obtained from [address].

*[The following alternative language applies if the first Tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “Conditions”) set forth in the Offering Circular dated [original date] which are incorporated by reference in the Offering Circular dated [current date] and are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (the “Prospectus Directive”) and must be read in conjunction with the Offering Circular dated [current date] which constitutes a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular dated [current date]. Copies of the Offering Circular are available for viewing at [address] [and] [website] and copies may be obtained from [address].]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

*[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.]*

*[If the Notes have a maturity of less than one year, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]*

1. (i) Series Number: [ ]
- (ii) Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
2. Specified Currency or Currencies: [ ]

3. Aggregate Nominal Amount:
- Tranche: [     ]
  - Series: [     ]
4. Issue Price: [     ] per cent. of the Aggregate Nominal Amount  
[plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
- (Pursuant to the Norwegian Issues Regulation of 1996 No. 1247, VPS Notes cannot be issued at a discount of more than an amount equal to an effective interest rate of 0.1 per cent. per annum calculated up to maturity, or calculated up to the date on which the interest rate on the VPS Notes is scheduled to be changed (if such change applies). The provisions do not apply to VPS Notes with a term shorter than two years or to VPS Notes denominated in a currency other than NOK.)*
5. (i) Specified Denomination(s): [     ]
- (N.B. Where multiple denominations above €100,000 (or equivalent) are being used, the following sample wording should be followed: “€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000.”)*
- (N.B. In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.)*
- (ii) Calculation Amount: [     ]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations.)*
- (Not applicable to VPS Notes)*
6. (i) Issue Date: [     ]
- (ii) Interest Commencement Date: [     ]
7. Maturity Date: [Fixed rate – specify date/Floating rate - Interest Payment Date falling in [specify month]]
8. Interest Basis: [[     ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR/STIBOR] +/- [     ] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]

[Dual Currency Interest]  
[specify other]  
(further particulars specified below)

9. Redemption/Payment Basis:

[Redemption at par]  
[Index Linked Redemption]  
[Dual Currency Redemption]  
[Partly Paid]  
[Instalment]  
[specify other]

*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Regulation will apply.)*

10. Change of Interest Basis or Redemption/Payment Basis:

[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]

11. Put/Call Options:

[Investor Put]  
[Issuer Call]  
[(further particulars specified below)]

12. Status of the Notes:

[Unsubordinated Notes/Subordinated Notes/Capital Contribution Securities]

*If Subordinated Notes include:*

(i) Reset Date (if any):

[None/give details]

(ii) Special Event Redemption and amounts payable on redemption therefor:

– Tax Event:

[Applicable/Not Applicable – if applicable, specify the amount payable on redemption for a Tax Event]

– Capital Event:

[Specify the amount payable on redemption for a Capital Event]

– Regulatory Event:

[Applicable/Not Applicable – if applicable, specify the amount payable on redemption for a Regulatory Event]

[For the purposes of the definition of Regulatory Event, the Capital Inclusion Percentage shall be [ ] per cent. (specify percentage, if Regulatory Event applicable)]

(iii) Variation or Substitution instead of Redemption:

[Applicable – Condition 6(m)(i) applies/Not Applicable]

*If Capital Contribution Securities include:*

- (i) Reset Date (if any): [None/give details]
- (ii) Special Event Redemption and amounts payable on redemption therefor:
- Tax Event: [Specify the amount payable on redemption for a Tax Event]
  - Capital Event: [Specify the amount payable on redemption for a Capital Event]
  - Regulatory Event: [Applicable/Not Applicable – if applicable, specify the amount payable on redemption for a Regulatory Event]
- [For the purposes of the definition of Regulatory Event, the Capital Inclusion Percentage shall be [ ] per cent. (specify percentage, if Regulatory Event applicable)]
- Accounting Event: [Applicable/Not Applicable – if applicable, specify the amount payable on redemption for an Accounting Event]
- (iii) Optional Cancellation of Interest: [Applicable – Condition 4(f)(ii) applies/  
Not Applicable – Condition 4(f)(i) applies]
- Definition of Mandatory Interest Payment: [Paragraph (ii) of the definition of Mandatory Interest Payment [applies] [does not apply] – Paragraph (ii) should apply for debt accounting in relation to the Capital Contribution Securities]
13. Method of distribution: [Syndicated/Non-syndicated]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
  - (ii) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]/[specify other]  
(N.B. This will need to be amended in the case of long or short coupons)
  - (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount  
(Applicable to Notes in definitive form)
  - (iv) Broken Amount(s): [ ] per Calculation Amount, payable on the



- (Applicable to Notes in definitive form)
- Interest Payment Date falling [in/on] [ ]
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or *specify other*]
- (vi) Determination Date(s): [ ] in each year [*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)*]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/*give details*]
15. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/*specify other*]
- (iii) Additional Business Centre(s): [ ]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [ ]  
*(In the case of VPS Notes, insert name and address of Calculation Agent and define as "Calculation Agent")*
- (vi) Screen Rate Determination:
- Reference Rate: [ ]  
*(Either LIBOR, EURIBOR, STIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)*

- Interest Determination Date(s): [     ] *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR and second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Stockholm prior to the start of each Interest Period if STIBOR)*
  
- Relevant Screen Page: [     ] *(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
  
- (vii) ISDA Determination: [     ]

  - Floating Rate Option: [     ]
  - Designated Maturity: [     ]
  - Reset Date: [     ]

- (viii) Margin(s): [ +/- ] [     ] per cent. per annum
- (ix) Minimum Rate of Interest: [     ] per cent. per annum
- (x) Maximum Rate of Interest: [     ] per cent. per annum
- (xi) Day Count Fraction: [     ]
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Terms and Conditions: [     ]
  
- 16. **Zero Coupon Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
  - (i) Accrual Yield: [     ] per cent. per annum
  - (ii) Reference Price: [     ]
  - (iii) Any other formula/basis of determining amount payable: [     ]

- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 6(e)(iii) and 6(j) apply/specify other] (Consider applicable day count fraction if not U.S. dollar denominated)
17. **Index Linked Interest Note Provisions** [Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Index/Formula: [Give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [Give name and address]
- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [Include a description of market disruption or settlement disruption events and adjustment provisions]
- (iv) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/specify other]
- (vi) Additional Business Centre(s): [ ]
- (vii) Minimum Rate of Interest: [ ] per cent. per annum
- (viii) Maximum Rate of Interest: [ ] per cent. per annum
- (ix) Day Count Fraction: [ ]
18. **Dual Currency Interest Note Provisions** [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give or annex details]
- (ii) Calculation Agent, if any, responsible for calculating the interest payable: [Give name and address]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [Include a description of market disruption or settlement disruption events and adjustment provisions]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]

## PROVISIONS RELATING TO REDEMPTION

19. **Issuer Call** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/see Appendix]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ]
- (b) Maximum Redemption Amount: [ ]
- (iv) Notice period (if other than as set out in the Terms and Conditions): [ ]  
*(N.B. If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*
20. **Investor Put** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/see Appendix]
- (iii) Notice period (if other than as set out in the Terms and Conditions): [ ]  
*(N.B. If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*
21. **Final Redemption Amount** [[ ] per Calculation Amount/specify other/see Appendix]

*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Regulation will apply.)*

22. Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if not required or if different from that set out in Condition 6(e)): [[ ] per Calculation Amount/specify other/see Appendix]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes:

(i) Form:

[Bearer Notes:

[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event].]

[Temporary Bearer Global Note exchangeable for definitive Bearer Notes on and after the Exchange Date.]

[Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event].]

*(N.B. The exchange upon notice option should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5(i) includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for definitive Bearer Notes.)*

[Registered Notes:

[Regulation S Global Note (U.S.\$ [ ] nominal amount) registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]

[Rule 144A Global Note (U.S.\$ [ ] nominal amount)]

[VPS Notes:

VPS Notes issued in uncertificated and dematerialised book entry form. See further item [8] of Part B below]

(ii) New Global Note:

[Yes]/[No]

*(If VPS Notes, insert "No")*

24. Additional Financial Centre(s) or other special provisions relating to Payment Days:

[Not Applicable/give details]

*(Note that this item relates to the place of payment and not Interest Period end dates to which items 15(iii) and 17(vi) relate)*

25. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):

[Yes/No. If yes, give details]

26. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

[Not Applicable/give details]

*(N.B. A new form of Temporary Bearer Global Note and/or Permanent Bearer Global Note may be required for Partly Paid issues)*

27. Details relating to Instalment Notes; amount of each instalment, date on which each payment is to be made:

[Not Applicable/give details]

28. Other final terms:

[Not Applicable/give details]

*(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*

29. Redenomination:

Redenomination [not] applicable *(if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)*

## DISTRIBUTION

30. (i) If syndicated, names of Managers:

[Not Applicable/give names]

*(If the Notes are derivative securities to which Annex XII of the Prospectus Regulation applies, include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers)*

(ii) Date of [Subscription] Agreement: [ ]  
(The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Regulation applies)

(iii) Stabilising Manager(s) (if any): [Not Applicable/give name(s)]

31. If non-syndicated, name of relevant Dealer: [Not Applicable/give name]

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

33. Additional selling restrictions: [Not Applicable/give details]

### **PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue and admission to trading on [*specify relevant regulated market (for example, the London Stock Exchange's regulated market) and, if relevant, admission to an official list (for example, the Official List of the UK Listing Authority)*] of the Notes described herein] pursuant to the €13,000,000,000 Euro Medium Term Note Programme of SBAB Bank AB (publ).

### **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [[*Relevant third party information, for example in compliance with Annex XII to the Prospectus Regulation in relation to an index or its components*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....

*Duly authorised signatory*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market (for example, the London Stock Exchange’s regulated market) and, if relevant, admission to an official list (for example, the Official List of the UK Listing Authority)] with effect from [ ].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market (for example, the London Stock Exchange’s regulated market) and, if relevant, admission to an official list (for example, the Official List of the UK Listing Authority)] with effect from [ ].]

[Not Applicable]

- (ii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

[[The Notes to be issued [have been rated]/[are expected to be rated]]/[The following ratings reflect the ratings assigned to Notes of this type issued under the Programme generally]: [insert details] by [insert credit rating agency name(s)].]

*(The above disclosure should reflect the rating allocated to Notes issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

[[Insert the legal name of the relevant CRA entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).]

[[Insert the legal name of the relevant non-EU CRA entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended).]

[[Insert the legal name of the relevant non-EU CRA entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). However, the application for registration under the CRA Regulation of [insert the legal name of the relevant EU CRA entity that applied for registration], which is established in the European Union and is registered under the CRA Regulation, disclosed the intention to endorse credit ratings of [insert the legal name of the relevant non-EU CRA entity]. While notification of the corresponding endorsement decision has not yet been provided by the relevant competent authority, the European Securities and Markets Authority has indicated that a transitional period ending on 31 January 2012 (which may be extended to 30 April 2012) shall apply with respect to ratings intended to be endorsed.]

[[Insert the legal name of the relevant non-EU CRA entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). The ratings [[have been]/[are expected to be]] endorsed by [insert the legal name of



*the relevant EU-registered CRA entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU CRA entity*] is established in the European Union and registered under the CRA Regulation.]

[[*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “*CRA Regulation*”), but it [is]/[has applied to be] certified in accordance with the CRA Regulation.]

[[*Insert the legal name of the relevant CRA entity*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “*CRA Regulation*”). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU CRA entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU CRA entity*].]

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. - *Amend as appropriate if there are other interests*]

*(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer: [ ]]

[(ii) Estimated net proceeds: [ ]]

[(iii) Estimated total expenses: [ ]]

*(N.B.: Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Regulation applies, in which case[(i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in [(i), disclosure of net proceeds and total expenses at [(ii)] and [(iii)] above are also required.)*

### 5. YIELD (*Fixed Rate Notes only*)

Indication of yield: [ ]

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

**6. PERFORMANCE OF INDEX/FORMULA AND OTHER INFORMATION CONCERNING THE UNDERLYING** (*Index Linked Notes only*)

*(Need to include details of where past and future performance and volatility of the index/formula can be obtained.)*

*(Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.)*

*(Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Regulation.)*

*(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

*(N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Regulation applies.)*

**7. PERFORMANCE OF RATE[S] OF EXCHANGE** (*Dual Currency Notes only*)

*(Need to include details of where past and future performance and volatility of the relevant rates can be obtained.)*

*(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*

*(N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Regulation applies.)*

**8. OPERATIONAL INFORMATION**

- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme (together with the address of each such clearing system) and the relevant identification number(s): [Not Applicable/give name(s) and number(s)/VPS, Norway. The Issuer shall be entitled to obtain certain information from the register maintained by the VPS for the purpose of performing its obligations under the issue of VPS Notes. The VPS Agent shall be entitled to obtain such information as is required to perform its duties under the VPS Agency Agreement and the rules and regulations of, and applicable to, the VPS.]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional [ ]

Paying Agent(s) (if any) or, in the case of VPS Notes, the VPS Agent and the VPS Trustee:

- (vi) Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes]/[No]

[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the New Safekeeping Structure (NSS),] *[include this text for Registered Notes which are to be held under the NSS]* and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *(Include this text if “Yes” selected in which case the Bearer Notes must be issued in NGN form)*

**[BLUE SKY LEGENDS]**

## TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a Series (as defined below) of Notes issued by SBAB Bank AB (publ) (the "Issuer"). The Notes (other than VPS Notes (as defined below)) will be issued pursuant to the Agency Agreement (as defined below). VPS Notes will be issued in accordance with and subject to a trust agreement (such trust agreement as amended and/or supplemented and/or restated from time to time, the "VPS Trustee Agreement") dated 7th November, 2008 made between the Issuer and Norsk Tillitsmann ASA (the "VPS Trustee", which expression shall include any successor as VPS Trustee). The VPS Trustee acts for the benefit of the holders for the time being of the VPS Notes, in accordance with the provisions of the VPS Trustee Agreement and these Terms and Conditions.

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

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

- (i) in relation to any Notes represented by a global Note (a "Global Note"), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Note;
- (iii) any definitive Notes issued in exchange for a Global Note; and
- (iv) uncertificated and dematerialised Notes in book entry form registered in the Norwegian Central Securities Depository, the Verdipapirsentralen ("VPS Notes" and the "VPS", respectively).

The Notes (other than the VPS Notes, save to the extent provided therein), the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "Agency Agreement") dated 3rd November, 2011, and made between the Issuer, The Bank of New York Mellon, London Branch as issuing and principal paying agent and agent bank (the "Principal Paying Agent", which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the "Paying Agents", which expression shall include any additional or successor paying agents), The Bank of New York Mellon, New York Branch as exchange agent (the "Exchange Agent", which expression shall include any successor exchange agent) and as registrar (the "Registrar", which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the "Transfer Agents", which expression shall include any additional or successor transfer agents).

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

Interest bearing definitive Bearer Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (“*Coupons*”) and, if indicated in the applicable Final Terms, talons for further Coupons (“*Talons*”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts (“*Receipts*”) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms which supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. Except in the case of a VPS Note, the Final Terms for this Note shall be attached to, or endorsed on, this Note. References to the “*applicable Final Terms*” are, except in the case of a VPS Note, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note and, in the case of a VPS Note, to Part A of the Final Terms provided to the VPS Agent, the VPS Trustee and the VPS in connection with such VPS Notes.

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

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

The Noteholders (other than holders of VPS Notes), the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the “*Deed of Covenant*”) dated 3rd November, 2011 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below) or, as the case may be, the common service provider.

Copies of the Agency Agreement, a deed poll (the “*Deed Poll*”) dated 6th October, 2004 and made by the Issuer and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent, the Registrar and the other Paying Agents and Transfer Agents (together referred to as the “*Agents*”). Copies of the VPS Agency Agreement and the VPS Trustee Agreement will be available for inspection during normal business hours at the specified office of the VPS Agent and at the registered office for the time being of the VPS Trustee. Copies of Final Terms are available from the registered office of the Issuer and the specified office of each of the Agents (save that Final Terms relating to Notes which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under Directive 2003/71/EC (the “*Prospectus Directive*”) will only be available for inspection by a holder of such Notes and such holder must produce evidence satisfactory to the Issuer and/or the Agent as to its holding of Notes and identity). In addition, copies of each Final Terms relating to Notes

which are admitted to trading on the London Stock Exchange's regulated market will be available on the website of the London Stock Exchange. Copies of each Final Terms relating to Notes which are admitted to trading on any other regulated market in the European Economic Area or offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will be published in accordance with Article 14 of the Prospectus Directive and the rules and regulations of the relevant regulated market. Copies of each Final Terms relating to any other Notes will only be available for inspection by a holder of such Notes upon production of evidence satisfactory to the Issuer, Trustee or Issue and Paying Agent as to the identity of such holder. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant, the VPS Agency Agreement, the VPS Trustee Agreement and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement and, in the case of VPS Notes, the VPS Agency Agreement and the VPS Trustee Agreement.

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

## **1. FORM, DENOMINATION AND TITLE**

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

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

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note or a Partly Paid Note or a combination of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

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

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

For so long as any of the Notes is represented by a Global Note in bearer form (a "*Bearer Global Note*") or a Regulation S Global Note (as defined below) held on behalf of Euroclear Bank SA/NV ("*Euroclear*") and/or Clearstream Banking, société anonyme ("*Clearstream, Luxembourg*"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of

Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Regulation S Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “*Noteholder*” and “*holder of Notes*” and related expressions shall be construed accordingly.

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

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

Title to VPS Notes will pass by registration in the registers between the direct or indirect accountholders at the VPS in accordance with the Norwegian Securities Registry Act 2002 (*verdipapirregisterloven*) (the “*VPS Act*”) and the rules and procedures of the VPS. The holder of a VPS Note will be the person evidenced as such by a book entry in the records of the VPS. The person evidenced (including any nominee) as a holder of the VPS Notes shall be treated as the holder of such VPS Notes for the purposes of payment of principal or interest on such Notes and for all other purposes. The expressions “*Noteholders*” and “*holder of Notes*” and related expressions shall, in each case, be construed accordingly. Any references in these Terms and Conditions to Coupons, Talons, Receipts, Receiptholders, Couponholders, Global Notes and Notes in definitive form (or, in each case, similar expressions) shall not apply to VPS Notes.

## **2. TRANSFERS OF REGISTERED NOTES**

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

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

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

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

(c) *Registration of transfer upon partial redemption*

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

(d) *Costs of registration*

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

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

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

- (i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a "*Transfer Certificate*"), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonable believes is a QIB in a transaction meeting the requirements of Rule 144A; or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,



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

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

(f) *Transfers of interest in Legended Notes*

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

- (i) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S; or
- (ii) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

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

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

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

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

(h) *Definitions*

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

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

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

“*QIB*” means a “qualified institutional buyer” within the meaning of Rule 144A;

“*Regulation S*” means Regulation S under the Securities Act;

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

“Rule 144A” means Rule 144A under the Securities Act;

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

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

### 3. STATUS OF THE NOTES

#### (a) Status – Unsubordinated Notes

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

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

#### (b) Status – Subordinated Notes

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

The Notes and the Receipts and Coupons relating to them constitute and will constitute unsecured and 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 holders of any Notes to payments on or in respect of such Notes shall rank:

- (i) *pari passu* without any preference among the Notes;
- (ii) at least *pari passu* with all other present and future Subordinated Indebtedness (as defined below) of the Issuer except Subordinated Indebtedness expressed to rank junior to the Notes;
- (iii) senior to any subordinated obligation of the Issuer which either constitutes a Capital Contribution Security or is expressed to rank equally with, or junior to, a Capital Contribution Security;
- (iv) in priority to payments to holders of all classes of share capital (including preference shares (if any)) of the Issuer in their capacity as such holders; and
- (v) junior in right of payment to the payment of any present or future claims of depositors and other unsubordinated creditors of the Issuer.

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

For the purposes of these Terms and Conditions, “Subordinated Indebtedness” means any obligation of the Issuer which by its terms is, or is expressed to be, subordinated in the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer to the claims of depositors and all other unsubordinated creditors of the Issuer.

The Issuer reserves the right to issue or incur other subordinated obligations in the future, provided, however, that any such subordinated obligations may not, in the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, rank ahead of the Notes. Such subordinated obligations may include securities ("*Capital Contribution Securities*") ranking *inter se* as provided in the applicable Final Terms with a right to periodic non-cumulative payments or other distributions which are limited by reference to amounts available in accordance with applicable laws for distribution to the Issuer's shareholder(s) and which may be redeemed by the Issuer in circumstances where the classification of such instruments for regulatory capital purposes has changed and/or in certain other circumstances, all as provided in such Final Terms.

(c) *Status – Capital Contribution Securities*

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

- (i) The Notes and Coupons relating to them constitute and will constitute unsecured and 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 holders of any Notes to payments on or in respect of such Notes, whether or not the whole or any part of the principal amount of the Notes (including Accrued Interest (as defined below)) has been made available to avoid the Issuer being obliged to enter into liquidation or to avoid or remedy any breach of Applicable Banking Regulations and such amount has been converted into conditional capital contributions as described below, shall rank:
  - (aa) *pari passu* without any preference among the Notes;
  - (bb) at least *pari passu* with all other outstanding Capital Instruments (as defined below) and *pari passu* with the claims of any other subordinated creditors the claims of which are expressed to rank *pari passu* with the Notes, whether or not so converted as described below;
  - (cc) in priority to payments to holders of all classes of share capital (including preference shares (if any)) of the Issuer in their capacity as such holders; and
  - (dd) junior in right of payment to the payment of any present or future claims of (A) depositors and other unsubordinated creditors of the Issuer, and (B) except as expressed in (bb) above, subordinated creditors of the Issuer in respect of Subordinated Indebtedness.

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

For the purposes of this Condition 3(c):

"*Accrued Interest*" means interest accrued from and including the immediately preceding Interest Payment Date or, if none, the Interest Commencement Date, to but excluding the date on which the principal amount of the Notes (together with Accrued Interest) is utilised to avoid the Issuer being obliged to enter into liquidation or to avoid or remedy any breach of Applicable Banking Regulations in accordance with Condition 3(c)(ii).

"*Applicable Banking Regulations*" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Sweden including,

without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy adopted by the Swedish Financial Supervisory Authority (the “*Swedish FSA*”), from time to time, and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or to the Issuer and its subsidiaries (the “*SBAB Group*”).

“*Capital Instruments*” means any subordinated and undated debt instruments of the Issuer, the right to periodic interest or other payments in respect of which are non-cumulative and limited by reference to the unappropriated earnings (*disponibla vinstmedel*) of the Issuer according to its current adopted balance sheet and which rank *pari passu*, as to payments in the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, with the Notes and includes (without limitation and for the avoidance of doubt) the Notes.

(ii) Utilisation and Conversion

To the extent that may be required in order (i) to avoid the Issuer being obliged to enter into liquidation (*likvidation*) or (ii) to avoid or remedy any breach of Applicable Banking Regulations (unless the Swedish FSA has expressly permitted the Issuer not to avoid or remedy such breach through utilisation and conversion), the shareholder(s) of the Issuer, by resolution passed at a general meeting, may decide that the principal amount of the Notes (together with Accrued Interest, such Accrued Interest to be entered as a liability before it can be appropriated) will be utilised by writing down the principal amount (together with Accrued Interest) by the amount required (i) to avoid liquidation (*likvidation*) (“*Liquidation Avoidance Conversion*”) and to restore capital to a level which is equal to the registered share capital of the Issuer or (ii) to avoid or remedy any breach of Applicable Banking Regulations (“*Regulatory Breach Avoidance Conversion*”), and converting such amount (the “*Converted Amount*”) into a conditional capital contribution (*villkorat kapitaltillskott*). The rights of the Noteholders in respect of the principal amount and Accrued Interest so converted will thereupon be converted into rights of providers of conditional capital contributions as set out below.

Upon utilisation of the Converted Amount (as described above), the Issuer shall give notice to the Noteholders in accordance with Condition 13 and, so long as the Notes are listed on a stock exchange (or any other relevant authority), to that stock exchange (or other relevant authority).

Interest will not accrue on the Converted Amount but will continue to accrue on the balance of the non-converted amount (if any).

Utilisation of the principal amount of the Notes (together with Accrued Interest) for the purpose of avoiding the Issuer being obliged to enter into liquidation (*likvidation*) or avoiding or remedying any breach of Applicable Banking Regulations shall be made prior to the utilisation for the same purpose of Subordinated Indebtedness issued by the Issuer other than Subordinated Indebtedness which either constitutes Capital Instruments or which is expressed to rank *pari passu* with the Notes. In the case of any Liquidation Avoidance Conversion, utilisation of the principal amount of the Notes (together with Accrued Interest) shall be made *pro rata* to the principal amount (and accrued but unpaid interest) of all Capital Instruments outstanding at the time of such utilisation. In the case of any Regulatory Breach Avoidance Conversion, utilisation of the principal amount of the Notes (together with Accrued Interest) shall be made *pro rata* to the principal amount (and accrued but unpaid interest) of all Capital Instruments which contain provisions permitting a Regulatory Breach Avoidance Conversion outstanding at the time of such utilisation. Utilisation of the principal amount of the Notes (and Accrued Interest) as aforesaid may only be made

provided (A) that the Swedish FSA shall have given its approval thereto and (B) the Articles of Association of the Issuer shall, in connection with the implementation of such decision, have been amended by the incorporation of a duly registered Article substantially to the following effect (unless the same is provided for under Swedish law or unless the Articles of Association have previously been amended in connection with a prior such utilisation of the Notes or of other Capital Instruments for the purpose of a Liquidation Avoidance Conversion or a Regulatory Breach Avoidance Conversion and such Article has not since been amended):

“Until an amount equal to the portion of the principal amount of the Notes (together with Accrued Interest) which has been converted to a conditional capital contribution (*villkorat kapitaltillskott*) has been reinstated as debt in full in the balance sheet of the Issuer, or such amount has been redeemed (such redemption having been approved by the Swedish FSA), the Issuer may neither distribute dividends or otherwise make payments to its shareholder(s) (except (i) in respect of claims that, in bankruptcy (*konkurs*) or liquidation (*likvidation*), would have priority in right of payment over undated non-cumulative subordinated obligations or (ii) in connection with the distribution of assets in the event of merger as provided by law) nor redeem any capital contributions that may have been made by its shareholder(s) (*aktieägartillskott*). Notwithstanding the foregoing, the Issuer may, however, make payments to its shareholder(s), provided that, in connection with such payment, other measures are taken (i) to ensure that neither the share capital (including restricted reserves) nor the non-restricted reserves of the Issuer will be reduced as compared with the amount of the share capital (including restricted reserves) and of the non-restricted reserves prior to the payment decision or (ii) which will otherwise ensure that the interests of the Noteholders are not adversely affected in any respect as a result of such payment to the shareholder(s). Notwithstanding the conversion of the whole or any part of the principal amount of the Notes to a conditional capital contribution (*villkorat kapitaltillskott*) as described above, in the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, the rights of the holders of any Notes so converted to payments on or in respect of such Notes shall rank in accordance with the subordination provisions applying to the Notes immediately prior to such conversion, as set out in the Terms and Conditions of the Notes.”

Utilisation (as described above) of the principal of the Notes (together with Accrued Interest) shall not constitute an Event of Default under Condition 9.

(iii) Reconversion and Reinstatement

Reconversion and reinstatement as debt of the portion of the principal amount of the Notes (together with Accrued Interest) which has been converted into a conditional capital contribution (*villkorat kapitaltillskott*) may only be made out of unappropriated earnings (*disponibla vinstmedel*) of the Issuer according to its current adopted balance sheet and subject to a resolution of the shareholder(s) passed at a general meeting. Reconversion and reinstatement shall first be made in respect of senior ranking Subordinated Indebtedness issued by the Issuer.

Reconversion and reinstatement as debt of the principal amount of the Notes (together with Accrued Interest) which has been converted into a conditional capital contribution (*villkorat kapitaltillskott*) shall be made *pro rata* with any amounts converted in respect of other Capital Instruments ranking *pari passu* with the Notes or Subordinated Indebtedness which is expressed to rank *pari passu* with the Notes.

Upon reconversion and reinstatement as debt of the principal amount of the Notes (together with Accrued Interest) which has been converted into a conditional capital contribution (*villkorat kapitaltillskott*) as described above, the Issuer shall give notice to Noteholders in accordance with Condition 13 and, so long as the Notes are listed on a stock exchange (or any other relevant authority), to that stock exchange (or other relevant authority).

(iv) Redemption after Conversion

If the Issuer has so made available and converted the principal amount of the Notes or any part thereof (together with Accrued Interest) to avoid liquidation (*likvidation*) and to restore equity to a level that is equal to the registered share capital of the Issuer or for the purpose of a Regulatory Breach Avoidance Conversion, on any redemption of the Notes (such redemption having been approved by the Swedish FSA), the whole of the original principal amount of the Notes (and not part only) shall be redeemed at a redemption price equal to the original principal amount of the Notes (less the principal amount of all Notes which have been purchased and cancelled as provided in Condition 6(i)) and Accrued Interest to the date of such redemption paid in full.

(v) General

During any period(s) in which part of the principal amount of the Notes has been made available and converted as aforesaid, interest shall accrue on the balance of the principal amount of the Notes at the appropriate rate of interest.

If and to the extent that the Converted Amount has been reconverted and reinstated as debt in the balance sheet of the Issuer, interest thereon shall start to accrue again and become payable in accordance with the terms of the Notes, as from the date of such reinstatement.

The principal amount of the Notes (together with Accrued Interest) may be utilised and converted and reconverted and reinstated as described above on one or more occasions.

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

#### 4. INTEREST

(a) *Interest on Fixed Rate Notes*

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

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

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

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

- (i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount; or
- (iii) in the case of Fixed Rate Notes which are VPS Notes, the aggregate outstanding nominal amount of the Fixed Rate Notes,

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

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

- (i) if “*Actual/Actual (ICMA)*” is specified in the applicable Final Terms:
  - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “*Accrual Period*”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year; or
  - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; or
- (ii) if “*30/360*” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

If no Day Count Fraction for Fixed Rate Notes is specified in the applicable Final Terms then the Day Count Fraction for such Notes shall be “*30/360*” for Notes denominated in U.S. dollars and “*Actual/Actual (ICMA)*” for all other Notes.

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

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

(b) *Interest on Floating Rate Notes and Index Linked Interest Notes*

(i) *Interest Payment Dates*

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

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

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

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

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



In this Condition, “*Business Day*” means a day which is both:

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

(ii) *Rate of Interest*

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

(A) *ISDA Determination for Floating Rate Notes*

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

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“*LIBOR*”) or the Euro-zone inter-bank offered rate (“*EURIBOR*”) or the Stockholm inter-bank offered rate (“*STIBOR*”) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

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

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

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

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

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

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR, or Stockholm time, in the case of STIBOR on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or, in the case of VPS Notes, the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or the Calculation Agent, as the case may be, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

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

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR, EURIBOR or STIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

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

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

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

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

The Principal Paying Agent, in the case of Floating Rate Notes other than Floating Rate Notes which are VPS Notes, and the Calculation Agent, in the case of Index Linked Interest Notes and Floating Rate Notes which are VPS Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for

the relevant Interest Period. In the case of Index Linked Interest Notes other than Index Linked Interest Notes which are VPS Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same. In the case of Index Linked Interest Notes and Floating Rate Notes which, in each case, are VPS Notes, the Calculation Agent will notify the VPS Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

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

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount; or
- (C) in the case of Floating Rate Notes or Index Linked Interest Notes which, in either case, are VPS Notes, the aggregate outstanding nominal amount of the VPS Notes,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

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

- (i) if "*Actual/Actual*" or "*Actual/Actual – ISDA*" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "*Actual/365 (Fixed)*" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "*Actual/365 (Sterling)*" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "*Actual/360*" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

The Principal Paying Agent or, in the case of VPS Notes, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and, in the case of VPS Notes, the VPS, the VPS Trustee and the VPS Agent (by no later than the first day of each Interest Period) and notice thereof is to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph (v), the expression “*London Business Day*” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London. The notification of any rate or amount, if applicable, shall be made to the VPS in accordance with and subject to the rules and regulations of the VPS for the time being in effect.

(vi) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying

Agents, the VPS Agent, the VPS Trustee and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable), the VPS Agent or the VPS Trustee, as the case may be, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Dual Currency Interest Notes*

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

(d) *Interest on Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

(e) *Accrual of interest*

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for its redemption unless either payment of principal is improperly withheld or refused or, in the case of Subordinated Notes or Capital Contribution Securities, the consent of the Swedish FSA for such payment (if required) has not been given or, having been given, has been withdrawn and not replaced and such payment is not made. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) the date on which the full amount of the moneys payable has been received by the Principal Paying Agent or the VPS Agent, as the case may be, and notice to that effect has been given in accordance with Condition 13.

(f) *Limitations on Payment of Interest and Cancellation of Payment of Interest in respect of Capital Contribution Securities*

(i) *Capital Contribution Securities without Optional Cancellation of Interest*

This Condition 4(f)(i) is applicable in relation to Notes specified in the applicable Final Terms as Capital Contribution Securities where “Optional Cancellation of Interest” is specified in the applicable Final Terms as not applying.

Payments of interest in any fiscal year are limited to, and may not exceed, the accumulated unappropriated earnings (*disponibla vinstmedel*) of the Issuer. To the extent that accumulated unappropriated earnings (*disponibla vinstmedel*) are insufficient to pay or to provide for payment in full of all accrued but unpaid interest on the Notes and the claims of holders of other Capital Instruments which have fallen or are scheduled to fall due in the same fiscal year, the Issuer will make partial payment of all accrued but unpaid interest and such other claims *pro rata* to the extent of such unappropriated earnings (*disponibla vinstmedel*), subject to the Swedish FSA not requesting a Swedish FSA Required Cancellation (as defined below).

In addition, in respect of any Fixed Interest Period or Interest Period, as the case may be, the Issuer may be required to cancel an interest payment in respect of the Notes on the relevant Interest Payment Date if requested by the Swedish FSA according to the financial and solvency situation of the Issuer (“*Swedish FSA Required Cancellation*”).

If, and to the extent that, in respect of any payment of interest, (a) unappropriated earnings (*disponibla vinstmedel*) are not available to satisfy the Issuer's payment obligations in full in respect of such payment of interest or (b) the Swedish FSA requests a Swedish FSA Required Cancellation (such payment of interest (or part thereof) not to be paid by reason of (a) or (b), a "*Compulsory Cancellation Interest Payment*") and the Issuer makes partial payment of, or does not pay, accrued but unpaid interest, the right of Noteholders to receive accrued but unpaid interest in respect of any such Fixed Interest Period or Interest Period, as the case may be, will be lost. The Issuer will have no obligation to make such payments of unpaid interest or to pay interest thereon, whether or not payments of interest in respect of subsequent Fixed Interest Periods or Interest Periods, as the case may be, are made, and such unpaid interest will not be deemed to have "accrued" or been earned for any purpose. Any Compulsory Cancellation Interest Payment as described above shall not constitute an Event of Default under Condition 9.

If the Issuer does not have sufficient unappropriated earnings (*disponibla vinstmedel*) to pay the accrued interest on the Notes from time to time or in the event of a Swedish FSA Required Cancellation, the Issuer shall give notice prior to the relevant Interest Payment Date to the Noteholders in accordance with Condition 13 and, so long as the Notes are listed on a stock exchange (or any other relevant authority), to that stock exchange (or other relevant authority) (which the Issuer shall use its best efforts to ensure is not more than 14 nor less than five Business Days' prior notice).

(ii) Capital Contribution Securities with Optional Cancellation of Interest

This Condition 4(f)(ii) is applicable in relation to Notes specified in the applicable Final Terms as Capital Contribution Securities where "Optional Cancellation of Interest" is specified in the applicable Final Terms as applying.

The Issuer may, in respect of any Fixed Interest Period or Interest Period, as the case may be, elect to cancel any payment of interest other than a Mandatory Interest Payment (as defined below) which is otherwise scheduled to be paid on the relevant Interest Payment Date (such cancellation an "*Optional Cancellation*") by giving not more than 14 nor less than five Business Days' notice prior to the relevant Interest Payment Date to the Noteholders in accordance with Condition 13 and, so long as the Notes are listed on a stock exchange (or any other relevant authority), to that stock exchange (or other relevant authority).

"*Mandatory Interest Payment*" means a payment of interest (to the extent it is not a Compulsory Cancellation Interest Payment (as defined below)):

- (i) where at any time since the last annual general meeting of the Issuer's shareholder(s), (a) the Issuer declared or paid a dividend on any share capital of the Issuer in accordance with the Swedish Companies Act, or (b) the Issuer redeemed, repurchased or otherwise acquired any of its share capital (with the exception of repurchases of share capital for the purposes of making shares available to cover any employee stock option programme or other similar arrangements); or
- (ii) if the applicable Final Terms specify that "paragraph (ii) of the definition of Mandatory Interest Payment applies", in respect of which, on the relevant Interest Payment Date, the Notes have ceased to be eligible to qualify (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital) as regulatory capital for the Issuer under Applicable Banking Regulations.

Payments of interest in any fiscal year are limited to, and may not exceed, the accumulated unappropriated earnings (*disponibla vinstmedel*) of the Issuer. To the extent that accumulated unappropriated earnings (*disponibla vinstmedel*) are insufficient to pay or to provide for payment in full of all accrued but unpaid interest on the Notes and the claims of holders of other Capital Instruments which have fallen or are scheduled to fall due in the same fiscal year, the Issuer will make partial payment of all accrued but unpaid

interest and such other claims *pro rata* to the extent of such unappropriated earnings (*disponibla vinstmedel*), subject to the Issuer not electing to make an Optional Cancellation (if applicable) and to the Swedish FSA not requesting a Swedish FSA Required Cancellation (as defined below).

In addition, in respect of any Fixed Interest Period or Interest Period, as the case may be, the Issuer may be required to cancel an interest payment in respect of the Notes on the relevant Interest Payment Date if requested by the Swedish FSA according to the financial and solvency situation of the Issuer (“*Swedish FSA Required Cancellation*”).

If, and to the extent that, in respect of any payment of interest, (a) the Issuer elects to make an Optional Cancellation, (b) unappropriated earnings (*disponibla vinstmedel*) are not available to satisfy the Issuer's payment obligations in full in respect of such payment of interest or (c) the Swedish FSA requests a Swedish FSA Required Cancellation (such payment of interest (or part thereof) not to be paid by reason of (b) or (c), a “*Compulsory Cancellation Interest Payment*”) and the Issuer makes partial payment of, or does not pay, accrued but unpaid interest, the right of Noteholders to receive accrued but unpaid interest in respect of any such Fixed Interest Period or Interest Period, as the case may be, will be lost. The Issuer will have no obligation to make such payments of unpaid interest or to pay interest thereon, whether or not payments of interest in respect of subsequent Fixed Interest Periods or Interest Periods, as the case may be, are made, and such unpaid interest will not be deemed to have “accrued” or been earned for any purpose. Any Optional Cancellation or Compulsory Cancellation Interest Payment as described above shall not constitute an Event of Default under Condition 9.

If the Issuer does not have sufficient unappropriated earnings (*disponibla vinstmedel*) to pay the accrued interest on the Notes from time to time or in the event of a Swedish FSA Required Cancellation, the Issuer shall give notice prior to the relevant Interest Payment Date to the Noteholders in accordance with Condition 13 and, so long as the Notes are listed on a stock exchange (or any other relevant authority), to that stock exchange (or other relevant authority) (which the Issuer shall use its best efforts to ensure is not more than 14 nor less than five Business Days' prior notice).

(iii) Definitions

For the purposes of these Terms and Conditions, “*unappropriated earnings (disponibla vinstmedel)*” of the Issuer shall mean, at any time, that amount which, under the laws of the Kingdom of Sweden (including under all corporate and bank regulatory laws, rules and regulations relating to minimum capital requirements) from time to time in force, is available as of the end of the immediately preceding fiscal year according to the audited balance sheet of the Issuer for such fiscal year to be distributed by the Issuer to its shareholder(s). The amount of unappropriated earnings (*disponibla vinstmedel*) shall, however, never exceed the amount available for distribution under the Swedish Companies Act (*Aktiebolagslagen 2005:551*).

In these Terms and Conditions, in the case of Notes which are specified in the applicable Final Terms as Capital Contribution Securities, reference to “*interest*” shall be read to include Accrued Interest (as defined in Condition 3(c)(i) above), unless the context requires otherwise.

(g) *VPS Notes – Calculation Agent*

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in respect of the VPS Notes and for so long as any such VPS Note is outstanding. Where more than one Calculation Agent is appointed in respect of the VPS Notes, references in these Terms and Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Terms and Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or to calculate any Interest Amount or to comply with any other requirement, the Issuer shall (with the prior approval of the VPS Trustee) appoint a leading bank or investment banking firm engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the



calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## 5. PAYMENTS

### (a) *Method of payment*

Subject as provided below:

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

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

### (b) *Presentation of definitive Bearer Notes, Receipts and Coupons*

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

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under

Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

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

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

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

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

(d) *Payments in respect of Registered Notes*

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the “*Register*”) (A) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (B) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, “*Designated Account*” means the account (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and “*Designated Bank*” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian or New Zealand dollars, shall be Sydney or Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

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

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

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

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

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

(e) *General provisions applicable to payments*

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

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

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S.

dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(f) *Payment Day*

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

- (i) 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:
  - (A) in the case of Notes in definitive form only, the relevant place of presentation;
  - (B) each Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian or New Zealand dollars, shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and
- (iii) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

In these Terms and Conditions, “*euro*” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended (the “*Treaty*”).

(g) *VPS Notes*

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

(h) *Interpretation of principal and interest*

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

- (i) any additional amounts which may be payable with respect to principal under Condition 7;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6(e)(iii)); and
- (vii) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

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

## **6. REDEMPTION AND PURCHASE**

### **(a) *Redemption at maturity***

Unless previously redeemed or purchased and cancelled as specified below, each Note which is not a Capital Contribution Security will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date. Notes which are specified in the applicable Final Terms as Capital Contribution Securities have no final maturity and are only redeemable or repayable in accordance with the following provisions of this Condition 6 or Condition 9.

### **(b) *Redemption for tax reasons***

If as a result of any actual or proposed change in, or amendment to, the laws of the Kingdom of Sweden, or the regulations of any taxing authority therein or thereof, or in or to the application of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes, on the occasion of the next payment due in respect of the Notes the Issuer would be required to pay additional amounts as provided or referred to in Condition 7, the Issuer may, subject as provided in Condition 6(k), at its option at any time (in the case of Notes which are neither Floating Rate Notes, Index Linked Interest Notes nor Dual Currency Interest Notes) or on any Interest Payment Date (in the case of Floating Rate Notes, Index Linked Interest Notes or Dual Currency Interest Notes), having given not less than 30 or more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), redeem all the Notes, but not some only, each at its Early Redemption Amount referred to in this Condition 6 together with interest, if any, accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be required to pay such additional amounts were a payment in respect of the Notes then due.

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

If Issuer Call is specified in the applicable Final Terms, the Issuer may, subject as provided in Condition 6(k), having given:

- (i) not less than 30 nor more than 60 days' notice (or such lesser period as may be stated in the applicable Final Terms) to the Noteholders in accordance with Condition 13; and

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

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

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

This Condition 6(d) is applicable in relation to Notes specified in the applicable Final Terms as Unsubordinated Notes.

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

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

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

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

- (ii) If Investor Put is specified in the applicable Final Terms and this Note is specified in the applicable Final Terms as unsubordinated, upon the holder of this Note giving to the Issuer in accordance with Condition 13 not more than 60 nor less than 30 days' notice or such lesser amount as may be set out in the applicable Final Terms (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem subject to, and in accordance with, the terms specified in the applicable Final Terms this Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with accrued interest. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.
- (iii) If this Note is in definitive form, to exercise the right to require redemption of this Note pursuant to Condition 6(d)(i) or (ii) the holder of this Note must deliver such Note at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly completed and signed Option Notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.

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

(e) *Early Redemption Amounts*

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

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is a Subordinated Note or a Capital Contribution Security or which is payable in a Specified Currency other than that in which the Note are denominated, at the amount set out in, or determined in the manner set out in, the applicable Final Terms or, if no such amount or manner is set out in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the “*Amortised Face Amount*”) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

“RP” means the Reference Price;

“AY” means the Accrual Yield expressed as a decimal; and

“y” is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360).

or on such other calculation basis as may be specified in the applicable Final Terms.

(f) *Instalments*

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(g) *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

(h) *Purchases*

The Issuer may, subject as provided in the following paragraph and in Condition 6(k), at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

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



(i) *Cancellation*

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

(j) *Late payment on Zero Coupon Notes*

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

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

(k) *Redemption or Purchase of Subordinated Notes and Capital Contribution Securities only with Prior Approval*

In the case of Notes specified in the applicable Final Terms as being Subordinated Notes or Capital Contribution Securities, no redemption or purchase of such Notes may be made without the prior consent of the Swedish FSA (unless, in the case of Subordinated Notes, such prior consent is not required under the rules of the Swedish FSA at the relevant time).

(l) *Redemption upon Tax Event, Capital Event, Regulatory Event or Accounting Event – Subordinated Notes and Capital Contribution Securities*

This Condition 6(l) is applicable in relation to Notes specified in the applicable Final Terms as Subordinated Notes or Capital Contribution Securities.

Upon the occurrence of:

- (i) a Tax Event, in the case of Subordinated Notes where Tax Event is specified as being applicable in the applicable Final Terms and in all cases of Capital Contribution Securities;
- (ii) a Capital Event, in the case of Capital Contribution Securities and in the case of Subordinated Notes;
- (iii) a Regulatory Event, in the case of Subordinated Notes where Regulatory Event is specified as being applicable in the applicable Final Terms and in the case of Capital Contribution Securities where Regulatory Event is specified as being applicable in the applicable Final Terms; or
- (iv) an Accounting Event, in the case of Capital Contribution Securities where Accounting Event is specified as being applicable in the applicable Final Terms,

(but subject to Condition 6(k)) the Issuer may at its option at any time (in the case of Notes which are neither Floating Rate Notes, Index Linked Interest Notes nor Dual Currency Interest Notes) or on any

Interest Payment Date (in the case of Floating Rate Notes, Index Linked Interest Notes or Dual Currency Interest Notes), if a Reset Date is specified in the applicable Final Terms, in each case, before the Reset Date, and otherwise before redemption of the Notes having given not less than 30 or more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), redeem all the Notes, but not some only, at the amount specified in, or determined in the manner specified in, the applicable Final Terms together with interest, if any, accrued to but excluding the date of redemption.

For the purposes of these Terms and Conditions:

An "*Accounting Event*" means an opinion of a recognised international accounting firm has been delivered to the Issuer, stating that on or after the Issue Date, the obligations in respect of the Capital Contribution Securities must not or must no longer be recorded as liabilities in the Issuer's consolidated financial statements prepared in accordance with Applicable Accounting Standards; and such categorisation cannot be avoided by the Issuer taking reasonable measures available to it (including variation and substitution).

"*Applicable Accounting Standards*" means International Financial Reporting Standards (IFRS) or any other accounting standards that may replace IFRS for the purposes of preparing the annual consolidated financial statements of the Issuer.

A "*Capital Event*" means the determination by the Issuer after consultation with the Swedish FSA that, as a result of any amendment to, clarification of, or change (including any announced prospective change) in the laws or treaties (or any regulations thereunder) of the Kingdom of Sweden or any political subdivision thereof, where such amendment, clarification or change was unforeseeable at the Issue Date of the first Tranche of the Notes, all of the Notes are not eligible for inclusion in the Tier 1 capital of the Issuer in the case of Capital Contribution Securities or the Tier 2 capital of the Issuer in the case of Subordinated Notes (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital). For the avoidance of doubt, a Capital Event shall not arise where some only of the Notes are not eligible (including where such ineligibility is the result of transitional regulatory arrangements or, in the case of Subordinated Notes, arises under applicable regulations due to the Notes being in their final five years to maturity) for inclusion in the Tier 1 capital of the Issuer in the case of Capital Contribution Securities or the Tier 2 capital of the Issuer in the case of Subordinated Notes.

A "*Regulatory Event*" means the determination by the Issuer after consultation with the Swedish FSA that all or at least the Capital Inclusion Percentage (as specified in the applicable Final Terms) of the Notes are not eligible (including where such ineligibility is the result of transitional regulatory arrangements) for inclusion in the Tier 1 capital of the Issuer in the case of Capital Contribution Securities or the Tier 2 capital of the Issuer in the case of Subordinated Notes (save where such non-qualification is only as a result of (a) any applicable limitation on the amount of such capital or (b) in the case of Subordinated Notes, any decreasing eligibility of the Notes under applicable regulations due to the Notes being in their final five years to maturity).

A "*Tax Event*" means the receipt by the Issuer of an opinion of counsel in the Kingdom of Sweden (experienced in such matters) to the effect that, as a result of (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws or treaties (or any regulations thereunder) of the Kingdom of Sweden or any political subdivision or taxing authority thereof or therein affecting taxation, (ii) any governmental action or (iii) any amendment to, clarification of, or change in the official position or the interpretation of such governmental action or any interpretation or pronouncement that provides for a position with respect to such governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification, or change is effective or such pronouncement or decision is announced on or after the Issue Date of the first Tranche of the

Notes, there is more than an insubstantial risk that (A) the Issuer is, or will be, subject to more than a *de minimis* amount of other taxes, duties or other governmental charges or civil liabilities with respect to the Notes or (B) the treatment of any of the Issuer's items of income or expense with respect to the Notes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by a taxing authority, which subjects the Issuer to more than a *de minimis* amount of additional taxes, duties or other governmental charges.

“*Tier 1 capital*” means Tier 1 capital (Sw. *primärt kapital*) as defined in Chapter 3 of the Swedish Capital Adequacy and Large Exposures Act (Sw. *Lag (2006: 1371) om kapitaltäckning och stora exponeringar*), as amended or replaced.

“*Tier 2 capital*” means Tier 2 capital (Sw. *supplementärt kapital*) as defined in Chapter 3 of the Swedish Capital Adequacy and Large Exposures Act (Sw. *Lag (2006: 1371) om kapitaltäckning och stora exponeringar*), as amended or replaced.

(m) *Variation or Substitution instead of Redemption*

(i) *Subordinated Notes*

This Condition 6(m)(i) is applicable in relation to Notes specified in the applicable Final Terms as Subordinated Notes and where this Condition 6(m)(i) is specified as being applicable in the applicable Final Terms and references to “Notes” in this Condition shall be construed accordingly.

The Issuer may, subject to the approval of the Swedish FSA (unless such prior consent is not required under the rules of the Swedish FSA at the relevant time), (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable) at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Securities (as defined below) provided that such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities that are inconsistent with the redemption provisions of the Notes.

“*Qualifying Securities*” means, for the purpose of this Condition 6(m)(i), 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 (1) include a ranking at least equal to that of the Notes, (2) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Notes, (3) have the same redemption rights as the Notes (although they need not contain all of the rights of the Issuer under Condition 6(1)), (4) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation and (5) are assigned (or maintain) the same or higher credit ratings as were assigned to the Notes immediately prior to such variation or substitution; and
- (B) are listed on a recognised stock exchange if the Notes were listed immediately prior to such variation or substitution.

(ii) *Capital Contribution Securities*

This Condition 6(m)(ii) is applicable in relation to Notes specified in the applicable Final Terms as Capital Contribution Securities and references to “Notes” in this Condition shall be construed accordingly.

The Issuer may, subject to the approval of the Swedish FSA, (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable) at any time either substitute all (but not some only) of the Notes subject to reinstatement as debt in full following any utilisation and conversion pursuant to Condition 3(c) for, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Securities (as defined below) provided that such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities that are inconsistent with the redemption provisions of the Notes.

“*Qualifying Securities*” means, for the purpose of this Condition 6(m)(ii), 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 (1) include a ranking at least equal to that of the Notes, (2) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Notes, (3) have the same redemption rights as the Notes, (4) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation and (5) are assigned (or maintain) the same or higher credit ratings as were assigned to the Notes immediately prior to such variation or substitution; and
- (B) are listed on a recognised stock exchange if the Notes were listed immediately prior to such variation or substitution.

## 7. TAXATION

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for, or on account of, any present or future taxes or duties of whatever nature imposed or levied by, or on behalf of, the Kingdom of Sweden (or any political subdivision or any authority in the Kingdom of Sweden having power to tax) unless the withholding or deduction of such taxes is required by law. In that event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts 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, Receipt or Coupon presented for payment:

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

- (iii) in the Kingdom of Sweden; or
- (iv) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5); or
- (v) 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
- (vi) by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

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

## **8. PRESCRIPTION**

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

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

## **9. EVENTS OF DEFAULT**

### **(a) *Unsubordinated Notes***

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

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

- (i) default is made in the payment of principal and/or interest on the Notes or any of them on the due date and such default continues for a period of 10 days after written notice has been given by any Noteholder to the Principal Paying Agent; or
- (ii) default is made by the Issuer in the performance or observance of any other obligation, condition or provision binding on it under the Notes (other than any obligation for the payment of any principal or interest in respect of the Notes) and such default continues for 30 days after written notice of such failure, requiring the Issuer to remedy the same, shall first have been given to the Principal Paying Agent by any Noteholder; or
- (iii) an order is made or an effective resolution is passed for the dissolution or liquidation of the Issuer (except for the purposes of a merger, reconstruction or amalgamation under which the continuing entity effectively assumes the entire obligation of the Issuer under the Notes) or the Issuer is adjudicated or found bankrupt or insolvent by any competent court; or

- (iv) the Issuer stops payment or (except for the purposes of such a merger, reconstruction or amalgamation as is referred to in sub-paragraph (iii) above) ceases or threatens to cease to carry on the whole or substantially the whole of its business, or is unable to pay its debts as they fall due, or an encumbrancer takes possession or a receiver is appointed of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress or execution or other process is levied or enforced upon or sued out against a substantial part of the chattels or property of the Issuer and is not in any such case discharged within 30 days, or any order is made or effective resolution passed by the Issuer applying for or granting a suspension of payments or appointing a liquidator, receiver or trustee of the Issuer or of a substantial part of its undertaking or assets; or
- (v) any indebtedness for borrowed money of the Issuer becomes, or is declared, due and payable prior to its scheduled maturity as a result of a default thereunder or any such indebtedness for borrowed money or interest thereon is not paid when due or within any applicable grace period therefor or any guarantee or indemnity given by the Issuer in respect of any borrowed money is not honoured when due and called upon or within any applicable grace period therefor provided that any such event shall not constitute an Event of Default (1) unless the indebtedness for borrowed money or the liability of the Issuer under the guarantee or indemnity concerned exceeds U.S.\$20,000,000 (or its equivalent in any other currency) or (2) if the liability of the Issuer in respect of such indebtedness for borrowed money or under the guarantee or indemnity is being contested by the Issuer in good faith,

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

(b) *Subordinated Notes*

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

The holder of any Note (or, in the case of VPS Notes, the VPS Trustee) may, by notice to the Principal Paying Agent and the Issuer, declare his Note to be due and payable, and such Note shall accordingly, subject to this Condition 9(b) become due and payable at its Early Redemption Amount (as described in Condition 6(e)) together with accrued interest, if any, to the date of payment, if any of the following circumstances (each a “*Subordinated Event of Default*”) has occurred and is continuing:

- (i) the Issuer shall default in the payment of principal in respect of any Note which has become due and payable in accordance with these Terms and Conditions; or
- (ii) the Issuer shall default for a period of 14 days in the payment of interest due on any Note on an Interest Payment Date or any other date on which the payment of interest is compulsory; or
- (iii) a court or agency or supervisory authority in the Kingdom of Sweden (having jurisdiction in respect of the same) shall have instituted a proceeding or entered a decree or order for the appointment of a receiver or liquidator in any insolvency, rehabilitation, readjustment of debt, marshalling of assets and liabilities or similar arrangements, involving the Issuer or all or substantially all of its property, or for the winding up or liquidation of its affairs, and such proceedings, decree or order shall not have been vacated or shall have remained in force, undischarged or unstayed for a period of 60 days; or

- (iv) the Issuer shall file a petition to take advantage of any insolvency statute or voluntarily suspend payment of its obligations.

If a Note has been declared due and payable under this Condition 9(b) the holder may claim payment in respect of the Note only in the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer and may therefore institute such steps, including the obtaining of a judgment against the Issuer for any amount due in respect of the Note, as it thinks desirable with a view to having the Issuer put into liquidation (*likvidation*) or declared bankrupt (*konkurs*).

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

No remedy against the Issuer, other than proving or claiming in the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer in the Kingdom of Sweden or elsewhere, shall be available to the Noteholders, Receipholders or Couponholders in respect of the Notes, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its obligations or undertakings with respect to the Notes.

(c) *Capital Contribution Securities*

This Condition 9(c) is applicable in relation to Notes specified in the applicable Final Terms as Capital Contribution Securities and references to “Notes” in this Condition shall be construed accordingly.

The holder of any Note (or, in the case of VPS Notes, the VPS Trustee) may, by notice to the Principal Paying Agent and the Issuer, declare his Note to be due and payable, and such Note shall accordingly, subject to this Condition 9(c) become due and payable at its Early Redemption Amount (as described in Condition 6(e)) together with accrued interest, if any, to the date of payment if any of the following circumstances (each a “*Capital Contribution Event of Default*” and, together with an Unsubordinated Event of Default and a Subordinated Event of Default, an “*Event of Default*”) has occurred and is continuing:

- (i) a court or agency or supervisory authority in the Kingdom of Sweden (having jurisdiction in respect of the same) shall have instituted a proceeding or entered a decree or order for the appointment of a receiver or liquidator in any insolvency, bankruptcy, rehabilitation, readjustment of debt, marshalling of assets and liabilities or similar arrangements involving the Issuer or all or substantially all of its property, or for the winding up or liquidation of its affairs, and such proceedings, decree or order shall not have been vacated or shall have remained in force, undischarged or unstayed for a period of 60 days; or
- (ii) the Issuer shall file a petition to take advantage of any insolvency statute or voluntarily suspend payment of its obligations.

If a Note has been declared due and payable under this Condition 9(c) the holder may claim payment in respect of the Note only in the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer but may take no other action in respect thereof.

If the Issuer shall, despite there being unappropriated earnings (*disponibla vinstmedel*) available to make such payment, default in the payment of interest due on any Note on an Interest Payment Date, the holder of any Note shall be entitled to pursue all rights and remedies against the Issuer which the holder of an ordinary share of the Issuer could pursue in respect of a dividend in respect of such ordinary shares which has been declared but not paid by the Issuer.

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

No remedy against the Issuer, other than as provided in the preceding paragraphs of this Condition 9(c) or proving or claiming in the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer in the Kingdom of Sweden or elsewhere, shall be available to the Noteholders, Receiptholders or Couponholders in respect of the Notes, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its obligations or undertakings with respect to the Notes.

#### **10. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

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

#### **11. AGENTS**

The names of the initial Agents and their initial specified offices are set out below.

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

- (i) there will at all times be a Principal Paying Agent and a Registrar;
- (ii) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);
- (iii) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City;
- (iv) the Issuer will ensure that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (v) there will at all times be a Paying Agent in a jurisdiction within continental Europe other than the Kingdom of Sweden; and
- (vi) in the case of VPS Notes, there will at all times be a VPS Agent authorised to act as an account holding institution with the VPS and one or more Calculation Agent(s) where the Terms and Conditions of the relevant VPS Notes so require.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5. Any variation, termination, appointment or change shall



only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13 provided that no such variation, termination, appointment or change shall take effect (except in the case of insolvency) within 30 days before the due date for any payment in respect of any Note or any related Receipt or Coupon.

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

## **12. EXCHANGE OF TALONS**

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

## **13. NOTICES**

### **(a) *Notes other than VPS Notes***

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Bearer Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

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

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

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the principal paying

Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

(b) *VPS Notes*

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

#### **14. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER**

(a) *Notes other than VPS Notes*

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

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

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

- (i) any modification (except as mentioned above) of the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

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

Any modification to these Terms and Conditions in relation to the Notes of any Series that are Subordinated Notes or Capital Contribution Securities is subject to the prior consent of the Swedish FSA (unless, in the case of Subordinated Notes, such prior consent is not required under the rules of the Swedish FSA at the relevant time).

(b) *VPS Notes*

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

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

The VPS Trustee Agreement provides that:

- (i) the VPS Trustee may in certain circumstances, without the consent of the holders of the VPS Notes, make decisions binding on all holders relating to the Terms and Conditions, the VPS Trustee Agreement or the VPS Agency Agreement including amendments which are not, in the VPS Trustee’s opinion, materially prejudicial to the interests of the holders of the VPS Notes; and
- (ii) the VPS Trustee may reach decisions binding for all holders of VPS Notes.

Any modification to these Terms and Conditions in relation to the VPS Notes of any Series that are Subordinated Notes or Capital Contribution Securities is subject to the prior consent of the Swedish FSA (unless, in the case of Subordinated Notes, such prior consent is not required under the rules of the Swedish FSA at the relevant time).

## **15. FURTHER ISSUES**

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

## **16. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

(a) *Governing law*

The Agency Agreement, the Deed Poll, the Deed of Covenant, the Notes, the Receipts and the Coupons and any non-contractual obligations arising therefrom or in connection therewith shall be governed by, and construed in accordance with, English law except that (i) the provisions relating to subordination contained in Conditions 3(b) and 3(c) shall be governed by, and construed in accordance with, the laws of

the Kingdom of Sweden and (ii) the registration of VPS Notes in the VPS as well as the recording and transfer of ownership to, and other interests in, VPS Notes and Condition 14(b) shall be governed by, and construed in accordance with, Norwegian law. The VPS Trustee Agreement is, and the VPS Agency Agreement shall be, governed by and construed in accordance with Norwegian law.

(b) *Submission to jurisdiction*

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

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

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

(c) *Appointment of Process Agent*

The Issuer appoints the Swedish Trade Council at its registered office at Winchester House, 259-269 Old Marylebone Road, London NW1 5RA as its agent for service of process, and undertakes that, in the event of the Swedish Trade Council ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

(d) *Waiver of immunity*

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

(e) *Other documents*

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

## **17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

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

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for the general financing of the Issuer's and the SBAB Group's business activities. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## INFORMATION RELATING TO THE ISSUER

### Introduction

SBAB Bank AB (publ) (“*SBAB*”), is a wholly state-owned public limited liability company and joint-stock banking company. The interest of the Kingdom of Sweden is represented by the Swedish Ministry of Finance. SBAB operates as an independent profit-making company regulated as a banking company under the Swedish Act on Banking and Financing Activities (Sw. *Lag (2004: 297) om bank- och finansieringsrörelse*) and is subject to the supervision of the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the “*Swedish FSA*”).

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

SBAB was established for the purpose of acquiring the requisite capital to finance Government-backed residential mortgages and commenced its operations on 1st July, 1985. Prior to this, Government-backed residential mortgages were financed directly via the Government budget. The SBAB Group consists of SBAB, the wholly-owned subsidiary AB Sveriges Säkerställda Obligationer AB (publ) (with the parallel trade name The Swedish Covered Bond Corporation) (“*SCBC*”) and the partly-owned FriSpar Bolån AB (“*FriSpar*”). SCBC’s main purpose is to issue Säkerställda Obligationer pursuant to the Swedish Act on Säkerställda Obligationer (Sw. *Lag (2003:1223) om utgivning av säkerställda obligationer*) and conducting activities related thereto. FriSpar’s main activity is to provide housing finance in the southern part of Sweden. SBAB owns 51 per cent. of the shares in FriSpar and Sparbanken Öresund AB is the other owner of FriSpar. References herein to the “*SBAB Group*” are to SBAB and its subsidiaries.

### Accounting Principles

The financial information relating to 2006-2010 in this section “*Information Relating to the Issuer*” has been extracted without adjustment from SBAB’s audited financial statements for the financial year ended 31st December, 2010. From 1st January, 2007, the consolidated accounts have been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU. In addition to these accounting standards, the accounting regulatory code of the Swedish FSA (FFFS 2008:25), the Swedish FSA’s regulations and general guidelines regarding public disclosure of information regarding capital adequacy and risk management (FFFS 2007:5), 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 (the Swedish Financial Accounting Standards Council recommendation RR30:06 in respect of the annual report for 2007) Supplementary Accounting Rules for Groups are taken into consideration.

SBAB, i.e. the parent company of the SBAB Group, applies statutory IFRS, which means that the annual report has been prepared in compliance with IFRS with the additions and exceptions that ensue from the Swedish Financial Reporting Board’s recommendation RFR 2 Accounting for Legal Entities (the Swedish Financial Accounting Standards Council’s recommendation RR32:06 in respect of the annual report for 2007) and the Swedish FSA’s regulations and general guidelines on annual accounts of credit institutions and securities companies (FFFS 2008:25) and the Annual Accounts Act for Credit Institutions and Securities Companies (Sw. *Lag (1995:1559) om årsredovisning i kreditinstitut och värdepappersbolag*).

The main differences between the group’s and the parent company’s accounting policies are described on pages 48-49 of the Annual Report 2010.

## Activities

SBAB's main business operations consist of efficient and profitable lending in the Swedish residential mortgage market aimed at individuals, tenant-owner associations and companies. SBAB may also finance e.g. acquisitions of offices and other commercial properties, but in relation to the SBAB Group's total loan portfolio, lending to commercial properties is not significant. Besides mortgages and security over shares in tenant-owner associations, SBAB may also accept other collateral such as shares in limited liability companies. SBAB has a number of business partners that act as distribution channels for SBAB's products. In April 2007, SBAB 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 SBAB's plan to broaden its operations, unsecured loans were launched during 2010. As at 30th September, 2011, unsecured loans amounted to SEK 336 million.

## The Swedish Covered Bond Corporation

The Swedish Covered Bond Corporation, SCBC, is a wholly-owned subsidiary of SBAB. SCBC's activities are mainly focused on issuing covered bonds in the Swedish and international capital market. To this end, the company currently uses two funding programmes; the domestic bond programme in Sweden and the EMTCN programme in the international market. These two programmes have both been assigned the highest possible credit rating (Aaa/AAA) by the rating institutions Moody's and Standard & Poor's. Other programmes may be established and stand alone issues may be made from time to time.

SCBC does not conduct any lending operations, but acquires loans primarily from SBAB and will potentially also acquire loans from others. SCBC and SBAB entered into a master sale agreement on 2nd June, 2006 (the "*Master Sale Agreement*") (which took effect as of 5th May, 2006), pursuant to which SCBC acquired an initial portfolio of loans from SBAB and which provides for the continuous transfer of loans from SBAB to SCBC from time to time on the terms and conditions stated in that agreement. SBAB and SCBC have also entered into a Subordination Agreement, dated 2nd June, 2006 (which took effect as of 5th May, 2006) pursuant to which SBAB has agreed that all present and future claims that it has or may have against SCBC, except any claims that SBAB may have against SCBC under any derivative agreement entered into pursuant to the Act on Säkerställda Obligationer, will be subordinated to all unsubordinated claims against SCBC in SCBC's bankruptcy. The purchase price for the mortgage loans acquired pursuant to the Master Sale Agreement is paid by SCBC by the issue of subordinated vendor notes and will be repaid concurrently with the issue of covered bonds.

SCBC's loans and advances to the public as at 31st December, 2010 amounted to SEK 209,661 million (SEK 173,371 million as at 31st December, 2009).

## 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, from time to time, outstanding covered bonds 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 with 364 days unless terminated by SCBC or if a default under the agreement is outstanding and the Issuer gives SCBC notice 30 days prior to the relevant termination date that the agreement should not be extended.

## Lending

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

The SBAB Group's lending to the public at 31st December, 2010 amounted to SEK 249,103 million (SEK 225,976 million at 31st December, 2009).

## Loan portfolio by category of borrower

The table below shows the lending by type of property as at 31st December, 2009 and as at 31st December, 2010 for the SBAB Group:

	<i>31st December</i>	<i>31st December</i>
	<i>2010</i>	<i>2009</i>
	<i>(SEK million)</i>	
Single-family dwellings and holiday homes .....	93,386	86,588
Tenant-owner rights.....	56,231	49,500
Tenant-owner associations.....	55,153	49,018
Private multi-family dwellings.....	28,378	25,272
Municipal multi-family dwellings.....	7,363	8,178
Commercial properties.....	8,877	7,763
Other.....	67	–
Provision for probable loan losses.....	(352)	(343)
<b>Total</b> .....	<b>249,103</b>	<b>225,976</b>

Note:

The above information is taken from SBAB's annual report for the year ended 31st December, 2010 without material adjustment.

## Saving

In April 2007, SBAB introduced savings products for private customers. During 2009, the savings products were also made available to corporate customers and tenant-owner associations. Total deposits amounted to SEK 7,055 million as at 30th September, 2011 (SEK 6,083 million as at 31st December, 2010).

## Funding

### *Short-term funding*

SBAB mainly finances its short-term funding needs through three commercial paper programmes; the Swedish commercial paper programme (SVCP), the Euro Commercial Paper Programme (ECP) and the US Commercial Paper Programme (USCP). SBAB is also active in the repo- and deposit markets for short term liquidity needs on a daily basis.

### *Long-term funding*

SBAB issues its long-term non-covered debt through this Programme and may also issue on a stand alone basis or under additional programmes from time to time. The SBAB Group's covered funding is conducted through the covered EMTCN programme of its subsidiary, SCBC, and under SCBC's Swedish mortgage covered bond programme and may also be made on a stand alone basis or under additional programmes from time to time. During 2010, the SBAB Group issued a number of long-term transactions with a volume equivalent to SEK 103.9 billion distributed among the following currencies: CHF, EUR, NOK, JPY and SEK.

### *Government guaranteed funding*

On 29th October, 2008, the Swedish Parliament adopted the State Support for Credit Institutions Act (the "Act"). The Act grants the Swedish Government a wide margin of discretion to take measures it determines appropriate to support the Swedish financial system. The Act entered into force on 30th October, 2008. Under the Act, a guarantee facility was established to support certain credit institutions' medium-term funding, subject to satisfaction of certain requirements specified in the Act and the related regulations (for example, relating to the maturity of the funding instruments). The facility is administered by the Swedish



National Debt Office (Sw. *Riksgäldskontoret*) which issues the guarantees under the facility. The facility was originally available until 30th April, 2009, but was subsequently extended by the Government until it was cancelled for new issues on 30th June, 2011.

During February 2009, SBAB established a programme for the issuance of euro medium term notes guaranteed by the Kingdom of Sweden pursuant to the guarantee facility described above. On 29th October, 2009, the Issuer resolved that it would not extend its participation in the guarantee facility.

Notes issued under this Programme will not be guaranteed under the guarantee facility.

As at 30th September, 2011 the outstanding SEK equivalent of notes issued under the guaranteed programme was SEK 11.5 billion (SEK 15 billion at 31st December, 2010).

Debt securities in issue	Group		Parent Company	
	2010	2009	2010	2009
	<i>SEK million</i>			
<i>Financial liabilities at amortised cost:</i>				
Swedish kronor commercial paper programmes.....	9,649	14,343	9,649	14,343
Foreign currency commercial paper programmes .....	16,869	9,811	16,869	9,811
<b>Total</b> .....	<b>26,518</b>	<b>24,154</b>	<b>26,518</b>	<b>24,154</b>
<i>Financial liabilities in hedge accounting:</i>				
Bond loans in Swedish kronor.....	141,428	133,663	40,865	44,590
Bond loans in foreign currency .....	94,016	91,278	39,840	41,005
<b>Total</b> .....	<b>235,444</b>	<b>224,941</b>	<b>80,705</b>	<b>85,595</b>
<b>Total debt securities in issue</b> .....	<b>261,962</b>	<b>249,095</b>	<b>107,223</b>	<b>109,749</b>
<i>of which covered bonds</i> .....	<i>154,739</i>	<i>139,346</i>	–	–
<i>Debt securities in issue by remaining term, carrying amount:</i>				
At most 1 year.....	89,630	77,299	59,501	41,562
Longer than 1 year but at most 5 years .....	155,050	157,503	47,499	66,872
Longer than 5 years but at most 10 years.....	16,064	12,982	185	1,315
Longer than 10 years .....	1,218	1,311	38	–
<b>Total</b> .....	<b>261,962</b>	<b>249,095</b>	<b>107,223</b>	<b>109,749</b>
Average remaining term, years.....	2.2	1.9	1.0	1.4
Average remaining fixed-interest rate, years.....	1.9	1.6	0.7	0.7

## Loan Losses

The table below shows the loan loss rate as a percentage and the rate of doubtful loan receivables as a percentage at the end of each year for each of the years 2006 to 2010.

Years ended 31st December	Rate of	Loan loss
	doubtful loan receivables per cent.	rate per cent.
2006.....	0.03	0.00
2007.....	0.04	(0.01)
2008.....	0.02	0.01
2009.....	0.01	0.06
2010.....	0.01	0.02

## Capital Ratio

As at 30th September, 2011, the SBAB Group's capital adequacy ratio without transitional regulations amounted to 21.5 per cent. (22.4 per cent. as at 31st December, 2010) and its capital adequacy ratio with transitional regulations amounted to 10.4 per cent. (10.2 per cent. as at 31st December, 2010). As at 30th September, 2011, the SBAB Group's Tier 1 capital ratio without transitional regulations amounted to 17.7 per cent. (19.1 per cent. as at 31st December, 2010) and its Tier 1 capital ratio with transitional regulations amounted to 8.6 per cent. (8.7 per cent. as at 31st December, 2010).

## Liquidity Reserve

SBAB's liquidity reserve comprises assets in the liquidity portfolio as well as bank and loan facilities. At 30th September, 2011, the liquidity reserve amounted to SEK 42.2 billion (SEK 40.9 billion as at 31st December, 2010). SBAB's liquidity portfolio comprises liquid, interest-bearing securities with a high rating and is 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, please see page 31 of the Annual Report 2010.

## Regulatory Framework and Capital Requirements

SBAB's activities are regulated by the Swedish Act on Banking and Financing Activities (Sw. *Lag (2004:297) om bank- och finansieringsrörelse*) and SBAB is subject to the supervision of the Swedish FSA and the regulations and guidelines issued by the Swedish FSA.

In addition, the Swedish Act on Capital Adequacy and Large Exposures in Credit Institutions and Securities Companies (Sw. *Lag (2006:1371) om kapitaltäckning och stora exponeringar*) sets forth certain requirements concerning capital adequacy which are based on the Bank for International Settlements regulations and EU capital requirements. SBAB is also subject to the Swedish Companies Act (Sw. *Aktiebolagslag (2005:551)*) and its Articles of Association.

## Recent Developments

### *Interim Results January – September 2011*

The information under this heading "*Interim Results*" relates to the SBAB Group, unless otherwise stated, and is for the period January-September 2011.

Operating profit, excluding the net result of financial instruments, totalled SEK 606 million (SEK 859 million January - September, 2010)

Operating profit for the first nine months of 2011 amounted to SEK 67 million (SEK 425 million January – September, 2010).

Net interest income amounted to SEK 1,160 million (SEK 1,377 million January - September, 2010).

Total expenses before loan losses amounted to SEK 490 million (SEK 444 million January – September, 2010).

Loan losses remained very low and the net effect for the period was a positive SEK 20 million (negative SEK 39 million January – September, 2010).

During the first nine months of 2011, new lending to the retail market amounted to SEK 14,878 million (SEK 25,297 million January – September, 2010). The retail market portfolio declined and now totals SEK 147,823 million (SEK 149,492 million at 30th September, 2010).

New lending to the corporate market and tenant owner associations amounted to SEK 6,176 million (SEK 14,436 million January - September, 2010). The corporate market and tenant owner associations portfolio declined and now amounts to SEK 96,007 million (SEK 98,282 million at 30th September, 2010).

The information in this section is based on the most recently published Interim Report of SBAB for the nine months ended 30th September, 2011. The interim report is reviewed in accordance with the Swedish Standard on Review Engagements SÖG 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review has another direction and is substantially more limited in scope than an audit conducted in accordance with the Auditing Standard in Sweden (RS) and other generally accepted auditing practices.

#### *Government Bill relating to state ownership of companies*

On 1st March, 2007, the Swedish Government presented a Government Bill (Gov. Bill 2006/07:57) to the Swedish Parliament (Sw. *Riksdag*) whereby the Government proposed that the state ownership of companies should be reduced. The Government proposed that the sale process should start by reducing the ownership in six companies: Civitas Holding AB (publ) which owns Vasakronan AB (publ), Nordea Bank AB (publ), OMX AB (publ), SBAB, Telia Sonera AB (publ) and V&S Vin & Sprit AB (publ). The Government further proposed that authorisation would be given to undertake the following measures: to divest the whole or parts of the shareholding in the companies mentioned above, to receive shares and other forms of assets as payment besides cash, and subsequently to sell these shares or other assets. The Government Bill was approved by the Riksdag on 20th June, 2007. On 16th March, 2011, the Swedish Parliament (Sw. *Riksdag*) resolved to withdraw the previous authorisation from 20th June, 2007 given to the Swedish Government whereby the Government was authorised to reduce the Kingdom of Sweden's ownership of SBAB as well as in certain other state-owned companies. The resolution from 16th March, 2011 by the Swedish Parliament effectively means that the Government has no current authorisation to reduce its ownership interest in SBAB.

#### *Banking licence*

On 30th November, 2010, the Swedish FSA granted SBAB a licence to conduct banking operations. At an Extraordinary Shareholders' Meeting of SBAB on 16th March, 2011, it was resolved to adopt new Articles of Association of SBAB thereby permitting the company to conduct banking operations. In connection therewith, the name of the company was amended to "SBAB Bank AB (publ)". The new Articles of Association and the new name were registered with the Swedish Companies Registration Office with effect from 25th March, 2011.

#### *Change of CEO*

After more than seven years as CEO of SBAB, Eva Cederbalk will step down from her position of her own accord. On 31st October, 2011 Carl-Viggo Östlund was appointed as the new CEO of SBAB. Carl-Viggo Östlund was previously CEO of Nordnet AB (publ). Carl-Viggo Östlund will begin his position at 1st May, 2012 at the latest.

## BOARD OF DIRECTORS AND MANAGEMENT

The members of the Board of Directors and Executive Management, whose business addresses are at the registered address of SBAB, are as of 3rd November, 2011:

### Board of Directors

Arne Liljedahl	<i>Chairman</i>
Helena Levander	Partner and CEO, Nordic Investor Services AB
Hanna Lagercrantz	Desk Officer, Ministry of Finance
Jakob Grinbaum	Senior Advisor
Karin Moberg	Entrepreneur
Anna Christenson	Employee Representative, SBAB
Göran Thilén	Employee Representative, SBAB
Per Anders Fasth	Senior Advisor

### Executive Management

Eva Cederbalk	Chief Executive Officer
Per Balazsi	Chief Risk Officer
Fredrik Bergström	Head of Consumer Department
Per O. Dahlstedt	Head of Corporate Clients
Christine Ehnström	Chief Legal Counsel
Catharina Kandel	Human Resources Manager
Bo Andersson	Chief Information Officer
Christer Löfdahl	Chief Financial Officer
Marta Tiberg	Chief Communication Officer

SBAB has its registered address and postal address located at P.O. Box 27308, Löjtnantsgatan 21, SE-102 54 Stockholm. The visiting address is Löjtnantsgatan 21, SE-115 50 Stockholm.

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

### Auditors

Öhrlings PricewaterhouseCoopers AB  
Catarina Ericsson, Authorised Public Accountant, (Lead Auditor)

## BOOK-ENTRY CLEARANCE SYSTEMS

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

### **DTC book-entry System**

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

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

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

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

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

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

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

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

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

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

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

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

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

Payments in U.S. dollars of principal and interest in respect of a Rule 144A Global Note registered in the name of DTC's nominee will be made to the order of such nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC's nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Rule 144A Global Notes in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payments of principal, premium, if any, and interest, if any, on Notes to DTC are the responsibility of the Issuer.

#### **Transfers of Notes Represented by Registered Global Notes**

Transfers of any interests in Notes represented by a Registered Global Note will be effected in accordance with the customary rules and operating procedures of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Rule 144A Global Note to pledge such Notes to persons or entities that do not participate in the DTC system or to otherwise take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Rule 144A Global Note to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Fiscal Agent and any custodian ("*Custodian*") with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Fiscal Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the

transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.



## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealer appointed as at the date of this Offering Circular, being Merrill Lynch International, has, in an amended and restated programme agreement dated 3rd November, 2011 (the "*Programme Agreement*"), agreed with the Issuer a basis upon which it and all other Dealers appointed under the Programme Agreement from time to time or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the issue of Notes under the Programme. The price at which a Tranche of Notes will be purchased or subscribed and the commission or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription or purchase will be as agreed between the Issuer and the relevant Dealer at or prior to the time of the issue of the relevant Tranche.

### Transfer Restrictions

**As a result of the following restrictions, purchasers of Notes are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.**

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either: (a) it is a QIB purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (b) it is outside the United States and is not a U.S. person;
- (ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (iii) that, unless it holds an interest in a Regulation S Global Note and is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;
- (iv) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;
- (v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (vi) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT (i) IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND (ii) IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFORE, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON)”;

- (vii) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (a) (i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART”; and

- (viii) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of such acknowledgments, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$100,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$100,000 (or its foreign currency equivalent) of Registered Notes.

## **Selling Restrictions**

### **United States**

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

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (“*Regulation S Notes*”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each Dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$100,000 (or the approximate equivalent thereof in any other currency). To the extent that the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

### **Public offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “*Relevant Member State*”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “*Relevant Implementation Date*”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “*Non-exempt Offer*”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

## **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue or sale of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## **France**

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has only made and will only make an offer of Notes to the public in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* (AMF), on the date of its publication or, (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF, and ending at the latest on the date which is 12 months after the date of the approval of the prospectus, all in accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF; or
- (ii) it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Offering Circular, the applicable Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties, and/or (ii)

qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*. This Offering Circular has not been submitted for clearance to the AMF.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the “*FIEA*”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **The Kingdom of Sweden**

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

## **The Kingdom of Norway**

Each Dealer has confirmed and agreed, and each further Dealer appointed under the Programme will be required to confirm and agree, that it will not (directly or indirectly) offer for subscription or purchase or issue invitations to subscribe for or purchase or sell 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 Norwegian Securities Trading Act 2007 (*verdipapirhandelloven*). Notes denominated in Norwegian kroner may not be offered or sold in the Norwegian market without the Notes prior thereto having been registered in the VPS.

## **General**

Each Dealer has agreed and each other Dealer appointed under the Programme will be required to agree that it will comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and neither the Issuer nor any other Dealer shall have any responsibility therefor.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

## TAXATION

### Swedish Taxation

*The following summary outlines certain Swedish tax consequences of the acquisition, ownership and disposal of Notes. The summary is based on the laws of the Kingdom of Sweden as currently in effect and is intended to provide general information only. The summary is not exhaustive and does thus not address all potential aspects of Swedish taxation that may be relevant for a potential investor in the Notes and is neither intended to be nor should be construed as legal or tax advice. In particular, the summary does not address the rules regarding reporting obligations for, among others, payers of interest. Specific tax consequences may be applicable to certain categories of corporations, e.g. investment companies and life insurance companies, not described below. Investors should consult their professional tax advisors regarding the Swedish and foreign tax consequences (including the applicability and effect of double taxation treaties) of acquiring, owning and disposing of Notes in their particular circumstances.*

#### *Non-resident holders of Notes*

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

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

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

#### *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 private individuals (and estates of deceased individuals) that are resident holders of any Notes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable.

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 are withheld by Euroclear Sweden AB or by the nominee on payments of amounts that are considered to be interest for Swedish tax purposes to a private individual (or an estate of a deceased individual) that is a resident holder of any Notes.

### United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of persons (such as dealers) to whom

special rules may apply. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

### ***Payments of interest on the Notes***

Payments of interest on the Notes may be made without withholding on account of United Kingdom income tax.

However, Noteholders may wish to note that, in certain circumstances, HM Revenue & Customs (“HMRC”) has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder, or who either pays amounts payable on the redemption of Notes to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of such amounts payable on redemption of Notes where such amounts are paid on or before 5 April 2012. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.



## GENERAL INFORMATION

### Authorisation

The update and amendment of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of the Issuer passed on 4th May, 2011.

### Listing of Notes on the Official List

The admission of Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange's regulated market. The listing of the Programme in respect of the Notes is expected to be granted on or around 7th November, 2011.

### Listing of Notes on the Stockholm Stock Exchange and other regulated markets within the European Economic Area

Applications may also be made by the Issuer to the UK Listing Authority for the delivery of a certificate of approval by the UK Listing Authority to the competent authority of the Kingdom of Sweden and other European Economic Area Member States, pursuant to Article 18 of the Prospectus Directive in order for Notes to be offered to the public in Sweden and/or admitted to trading on the Stockholm Stock Exchange or offered to the public and/or admitted to trading on any other stock exchange or market in such other European Economic Area Member State.

### Documents Available

For the period of 12 months from the date of this Offering Circular, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg:

- (i) the Articles of Association of the Issuer (with an English translation thereof);
- (ii) the audited consolidated and non-consolidated financial statements of the Issuer for the financial years ended 31st December, 2009 and 31st December, 2010, in each case together with the audit reports thereon (with an English translation thereof);
- (iii) the unaudited consolidated and non-consolidated Interim Report of the Issuer for the period ended 30th September, 2011 (with an English translation thereof);
- (iv) a copy of this Offering Circular;
- (v) the Programme Agreement, the Agency Agreement, the Deed of Covenant, the Deed Poll, the Issuer-ICSDs Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (vi) any future offering circulars, prospectuses, information memoranda and supplements to this Offering Circular, any other documents incorporated herein or therein by reference and any Final Terms (save that Final Terms relating to Notes which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Notes and such

holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity); and

- (vii) in the case of each issue of Notes admitted to trading on the London Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Copies of the VPS Trustee Agreement and each VPS Agency Agreement will be available for inspection at the registered office of the Issuer, the specified office of each respective VPS Agent and at the registered office of the VPS Trustee.

In addition, copies of this Offering Circular, any supplements to this Offering Circular, any documents incorporated by reference and each Final Terms relating to Notes which are admitted to trading on the London Stock Exchange's regulated market will also be available for inspection on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/en-gb/pricesnews/marketnews/](http://www.londonstockexchange.com/en-gb/pricesnews/marketnews/). Final Terms relating to Notes which are either admitted to trading on a regulated market within the European Economic Area other than the London Stock Exchange's regulated market or offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will be published in accordance with Article 14 of the Prospectus Directive and the rules and regulations of the relevant regulated market.

### **Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of such Registered Notes, together with the relevant ISIN and common code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system (including Sicovam and/or Euroclear Sweden AB) the appropriate information will be specified in the applicable Final Terms.

The entities in charge of keeping the records in relation to each Tranche of Notes shall be Euroclear and/or Clearstream, Luxembourg and/or DTC and/or the VPS, as applicable. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels; the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg; and the address of DTC is 55 Water Street, New York, NY 10041-0099, USA. The address of the VPS is Biskop Gunnerus, Gate 14A, 0185, Oslo, Norway.

### **Issue price**

The issue price and amount of the Notes of any Tranche will be determined at the time of the offering of such Tranche in accordance with prevailing market conditions.

### **Significant or Material Change**

There has been no significant change in the financial position of the Issuer or the SBAB Group since 30th September, 2011 and there has been no material adverse change in the prospects of the Issuer or the SBAB Group since 31st December, 2010.

## **Litigation**

No member of the SBAB Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the SBAB Group.

## **Auditors**

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 14th April, 2011, the registered public accounting firm Öhrlings PricewaterhouseCoopers AB was elected as auditor. The financial statements of the Issuer in respect of the financial years ended 31st December, 2009 and 31st December, 2010 were audited by Öhrlings PricewaterhouseCoopers AB.

The above mentioned auditor 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.

The auditors have no material interest in the Issuer.

## **Dealers transacting with the Issuer**

The Dealer appointed as at the date of this Offering Circular, being Merrill Lynch International, and its affiliates, have engaged, and together with any other Dealers appointed from time to time and their affiliates may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and its affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities, Merrill Lynch International and its affiliates, and any other Dealers appointed from time to time and their affiliates, may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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