AB SVERIGES SÄKERSTÄLLDA OBLIGATIONER (publ)
(THE SWEDISH COVERED BOND CORPORATION)

(Incorporated with limited liability in the Kingdom of Sweden)

€10,000,000,000
Euro Medium Term Covered Note Programme

*On 20 June 2006, AB Sveriges Säkerställda Obligationer (publ) (The Swedish Covered Bond Corporation) (the **Issuer**) entered into a €10,000,000,000 Euro Medium Term Covered Note Programme as subsequently amended. This Prospectus (as defined below) supersedes all previous prospectuses relating to the Programme. Any Notes to be issued after the date hereof under the Programme are issued subject to the provisions set out herein. This does not affect any Notes issued prior to the date hereof.*

Under the €10,000,000,000 Euro Medium Term Covered Note Programme (the **Programme**) described in this Prospectus, the Issuer may from time to time issue notes (the **Notes**) in accordance with the Swedish Act (2003:1223) on Issuance of Covered Bonds (Sw: *Lag (2003:1223) om utgivning av säkerställda obligationer*) (the **Act on Säkerställda Obligationer**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €10,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement (as defined under "*Subscription and Sale and Selling Restrictions*")), subject to increase as described herein.

The Notes may be issued on a continuing basis to the Dealer specified under "*Overview 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 Prospectus 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.

Application has been made to the Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority** and the **FSMA**, respectively) for Notes issued during the period of 12 months from the date of this Prospectus 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 Prospectus 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 certain other information not contained herein which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*" below) of Notes will be set out in a final terms document (the **Final Terms**) which will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of the Notes of such Tranche.

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.

The Issuer has a long-term funding rating of AAA from Standard & Poor's Credit Market Services Europe Limited (**Standard & Poor's**) and Aaa from Moody's Investors Service Limited (**Moody's**). Notes issued under the Programme are expected on issue to be assigned credit ratings of AAA by Standard & Poor's and Aaa by Moody's. Each of Standard & Poor's and Moody's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). Details of the rating of any Series of Notes to be issued under the Programme will (if applicable) be specified in the applicable Final Terms. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating organisation.

The Issuer may also issue Swedish Benchmark Bonds (as defined herein), Australian Covered Bonds (as defined herein) and other securities pursuant to the Act on Säkerställda Obligationer from time to time.

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

Arranger and Dealer

Citigroup

The date of this Prospectus is 11 June 2013

This Prospectus (the **Prospectus**) comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**) but is not a prospectus for the purposes of Section 12(a)(2) or any other provision of, or rule under, the Securities Act.

The Issuer accepts responsibility for the information contained in this Prospectus and the Final Terms for any Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of Final Terms will be available from the registered office of the Issuer and the specified office of the Principal Paying Agent (as defined below) for the time being in London. Copies of Final Terms in relation to Notes to be listed on the London Stock Exchange will also be published on the website of the London Stock Exchange through a regulatory information service.

This Prospectus 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 Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Prospectus.

Save for the Issuer, no other party has verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger or any of the Dealers as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the Programme or any Notes. Neither the Arranger nor any Dealer accepts any liability in relation to the information contained or incorporated by reference in this Prospectus 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 Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Dealers.

Neither this Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Prospectus 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 Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

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

or to, or for the account or benefit of, United States persons (see "*Subscription and Sale and Selling Restrictions*").

This Prospectus 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 Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Arranger and the Dealers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or the Dealers which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus 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 Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus 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, the Republic of Italy and France) and Japan. See "*Subscription and Sale and Selling Restrictions*".

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

(a) has sufficient knowledge and experience to make an informed assessment of the (i) Terms and Conditions and Final Terms for the relevant Note and (ii) the benefits and risks of investing in the relevant Notes and based upon the information contained in this Prospectus or any applicable supplement;

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

(c) has sufficient financial resources and liquidity to bear the risks of an investment in the relevant Note, including possible currency exchange rate risks;

(d) thoroughly understands the Terms and Conditions and the Final Terms of the relevant Note and is familiar with the behaviour of the financial markets (in particular with the Swedish financial market); and

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

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

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved.

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

All references in this document to **SEK** 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**, **GBP** and **£** refer to the currency of the United Kingdom, to **CHF** refer to the currency of Switzerland, to **CAD** refer to the currency of Canada, to **DKK** refer to the currency of Denmark, to **NOK** refer to the currency of the Kingdom of Norway, to **AUD** refer to the currency of Australia and to **NZD** refer to the currency of New Zealand.

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

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, 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 such Stabilising Manager(s) will be required to undertake that any such stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and regulations.

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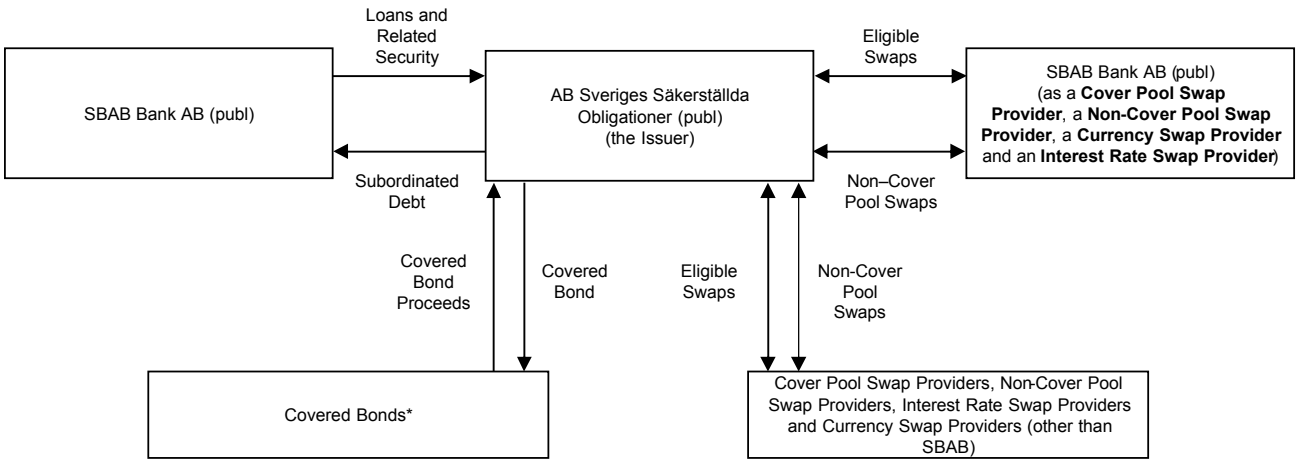
OVERVIEW OF THE PROGRAMME AND TERMS AND CONDITIONS OF THE NOTES

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

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

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

Structure Diagram



*Covered Bonds may be issued under the Programme, the Swedish Benchmark Bonds Programme, the Australian Covered Bond Issuance Programme or under any other programme or on a stand-alone basis.

Issuer: AB Sveriges Säkerställda Obligationer (publ) (The Swedish Covered Bond Corporation) (the **Issuer**).

The Issuer is a public limited liability company and is a wholly-owned subsidiary of SBAB Bank AB (publ) (**SBAB**). The Issuer was registered in the Kingdom of Sweden on 24 June 2003. The Issuer's organisation number is 556645-9755.

The Issuer holds a licence from the Swedish Financial Supervisory Authority (*Finansinspektionen*) (the **Swedish FSA**) to conduct financing business as a credit market company as well as a licence to issue covered bonds in accordance with the Swedish Act (2003:1223) on Issuance of Covered Bonds (Sw: *Lag (2003:1223) om utgivning av säkerställda obligationer*) (the **Act on Säkerställda Obligationer**).

	In addition to the Programme, the Issuer has established a programme (the **Swedish Benchmark Bonds Programme**) for the issuance of Swedish benchmark covered bonds (**Swedish Benchmark Bonds** and the holders thereof the **Swedish Benchmark Bondholders**) and a programme (the **Australian Covered Bond Issuance Programme**) for the issuance of covered bonds in Australia (**Australian Covered Bonds** and the holders thereof the **Australian Covered Bondholders**) and may from time to time establish other covered bond programmes or issue covered bonds on a stand-alone basis.
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 is regulated as a banking company under the Swedish Act on Banking and Financing Activities (Sw: *Lag (2004: 297) om bank- och finansieringsrörelse*) and is subject to the supervision of the Swedish FSA. SBAB also has a permit to receive and forward orders in fund units. SBAB was registered in the Kingdom of Sweden on 21 December 1984. SBAB's organisation number is 556253-7513.
Sellers:	Initially SBAB. The Issuer may, from time to time, enter into new sale agreements to purchase loans and related security from SBAB or other entities.
Servicer:	Pursuant to the terms of the Outsourcing Agreement (as defined under "*Information Relating to the Issuer*"), SBAB (in such capacity, the **Servicer**) has been appointed by the Issuer to service the loans and their related security. The Servicer will also provide cash management services to the Issuer, monitor compliance by the Issuer with the matching requirements under the Act on Säkerställda Obligationer and service all other parts of the ongoing business and daily operations of the Issuer.
Principal Paying Agent:	Citibank, N.A., London Branch.
VPS Trustee:	Norsk Tillitsmann ASA or any other VPS Trustee as specified in the applicable Final Terms.
Cover Pool Swap Provider:	The Issuer has entered into interest rate swaps with SBAB and may enter into additional interest rate swaps with SBAB or other third party counterparties (in such capacity, each, a **Cover Pool Swap Provider**) to convert SEK interest payments received by the Issuer in respect of assets (other than Eligible Swaps) registered to the Cover Pool (as defined under "*Overview of the Programme and Terms and Conditions of the Notes – Status of the Notes*" below) into floating payments linked to 3-month STIBOR (each, a **Cover Pool Swap**).

Non-Cover Pool Swap Provider:	The Issuer may enter into interest rate swaps with SBAB or other third party counterparties (in such capacity, each, a **Non-Cover Pool Swap Provider**) to convert SEK interest payments received by the Issuer in respect of assets not registered to the Cover Pool into floating payments linked to 3-month STIBOR (each, a **Non-Cover Pool Swap**).
Currency Swap Providers:	In addition to the Cover Pool Swaps, the Issuer may enter into currency swaps (each, a **Currency Swap**) from time to time with SBAB or other third party counterparties (in such capacity, each, a **Currency Swap Provider**) in order to hedge currency risks arising from (a) Covered Bonds which are issued in currencies other than SEK and (b) assets (other than loans and Eligible Swaps) which are registered to the Cover Pool and are denominated in currencies other than SEK.
Interest Rate Swap Providers:	In addition to the Cover Pool Swaps, the Issuer may enter into interest rate swaps (each, an **Interest Rate Swap**) from time to time with SBAB or other third party counterparties (in such capacity, each, an **Interest Rate Swap Provider)** in order to hedge the Issuer's interest rate risks in SEK and/or other currencies to the extent that they have not been hedged by a Cover Pool Swap or a Currency Swap. The Cover Pool Swap Providers, the Currency Swap Providers and the Interest Rate Swap Providers are together referred to as the **Eligible Swap Providers**; each Cover Pool Swap, each Currency Swap and each Interest Rate Swap are together referred to as the **Eligible Swaps**; the Eligible Swap Providers and the Non-Cover Pool Swap Providers are together referred to as the **Swap Providers** and the Eligible Swaps and the Non-Cover Pool Swaps are together referred to as the **Swaps**.
Description:	Euro Medium Term Covered Note Programme.
Arranger:	Citigroup Global Markets Limited.
Dealers:	Citigroup Global Markets Limited and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time.
Programme Size:	Up to €10,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement). The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed outside the United States to persons other than U.S. persons (as such terms are defined in Regulation S under the Securities Act) by way of private or public placement and on a syndicated or non-syndicated basis, subject to the restrictions set forth in "*Subscription and Sale and Selling Restrictions*" below.

Currencies:	Euro, Sterling, U.S. dollars, SEK, Yen, CHF, CAD, DKK, NOK, AUD, NZD and any other currency agreed between the Issuer and the relevant Dealer, subject to any applicable legal or regulatory restrictions.
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to a minimum maturity of 12 months and subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued at an issue price which is at par or at a discount to or premium over par.
Form of Notes:	The Notes will be issued either (i) in bearer form (and may be issued initially in temporary global form or permanent global form depending on TEFRA designation) or (ii) 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 global notes may or may not be issued in new global note (**NGN**) form. VPS Notes will not be evidenced by any physical note or document of title. Entitlements to VPS Notes will be evidenced by the crediting of VPS Notes to accounts with the VPS.
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or a combination thereof and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service, as indicated in the applicable Final Terms.

	The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption:	The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity, if any, (other than for taxation reasons) or that such Notes will be redeemable at the option of the Issuer upon giving notice to the Noteholders, 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.
Extendable Obligations:	The applicable Final Terms may also provide that the Issuer's obligations to pay the Final Redemption Amount of the applicable Series of Notes on their Maturity Date shall be deferred until the Extended Final Maturity Date (as defined under "*Terms and Conditions of the Notes*"), provided that any amount representing the amount due on the Maturity Date as set out in the applicable Final Terms (the **Final Redemption Amount**) due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date thereafter up to (and including) the relevant Extended Final Maturity Date. Such deferral will occur automatically if the Issuer fails to pay the Final Redemption Amount of the relevant Series of Notes on their Maturity Date. Interest will continue to accrue on any unpaid amount and will be payable on each Interest Payment Date falling after the Maturing Date up to (and including) the Extended Final Maturity Date.
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms), save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank or supervisory authority (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within the Kingdom of Sweden, unless the withholding or deduction of such taxes is required by law (see "*Taxation – Swedish Taxation*" below). Neither the Issuer nor any Paying Agent will be obliged to pay additional amounts in respect of any such deduction or withholding.
Status of the Notes:	The Notes are issued on an unconditional and unsubordinated basis and in accordance with the Act on Säkerställda Obligationer. The Notes, the Swedish Benchmark Bonds, the Australian Covered Bonds and any other securities issued by the Issuer in accordance with the Act on Säkerställda Obligationer (together, the **Covered Bonds**), together with the Issuer's obligations under the Eligible Swaps, have the benefit of priority of claim to a cover pool of certain registered eligible assets (the **Cover Pool**) upon bankruptcy of the Issuer. See also "*Summary of the Swedish Legislation Regarding Säkerställda Obligationer*" below. References in this Prospectus to **Covered Bondholders** are to the Noteholders, the Swedish Benchmark Bondholders, the Australian Covered Bondholders and the holders of any other securities issued by the Issuer in accordance with the Act on Säkerställda Obligationer.
Limited Activities:	For so long as the Notes are outstanding, the Issuer will covenant not to engage in any activity except for the issuance of Covered Bonds, entering into derivatives agreements and ancillary activities reasonably related thereto (including, without limitation, purchasing, owning, selling and managing loans and their related security and any other substitute assets) (the **Issuer Covenant**).
Overcollateralisation:	The Issuer is intending (although is not required by the Act on Säkerställda Obligationer or under the transaction documents relating to the Programme) to ensure that the nominal value of assets in the Cover Pool at all times exceeds the outstanding nominal value of the claims that may be made under the Covered Bonds (taking into account any possible derivative agreements) by at least 2 per cent. (the **Overcollateralisation Test**).
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.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes shall be governed by, and construed in accordance with, English law, save for (i) Condition 2 of the Terms and Conditions of the Notes (the **Conditions**) 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 13(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, the Republic of Italy 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 or D/TEFRA not applicable (as indicated in the applicable Final Terms).

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 Prospectus or in 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. As the Issuer is a wholly-owned subsidiary of SBAB, risks relating to SBAB may also, directly or indirectly, impact on the Issuer.

Economic and business risks

Risks relating to the Kingdom of Sweden

Financial instruments issued by the Kingdom of Sweden are rated Aaa (long-term) and P-1 (short-term) by Moody's and AAA (long-term) and A-1+ (short-term) by S&P as at the date of this Prospectus. Strong public finances and a competitive export sector, combined with a well educated labour force and a high standard of living, are circumstances that support the creditworthiness of Sweden. High tax rates, rigidities in labour and product markets and high unemployment are factors that may negatively influence the creditworthiness of Sweden. Further, Sweden may also be negatively affected by disruptions in the global economy and financial markets. Although Sweden has an ageing population, already implemented pension system reforms are considered to help insulate costs related thereto from the rest of the state finances.

Risks relating to the Swedish mortgage market

The Swedish mortgage market is dominated by a few institutions, consisting of banks, such as SBAB, and bank-owned mortgage companies. Low real interest rates, 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. However, loan growth has slowed down somewhat recently. One of the main risks related to the Swedish residential mortgage market is the credit risk associated with borrowers' creditworthiness, and their ability to pay under the mortgage loan, and with the value of the mortgaged properties. The relatively low risk profile among Swedish mortgage institutions reflects a high degree of lending to single-family homes, moderate loan-to-value ratios and relatively tight lending standards. The housing market has been strong for many years driven by low interest rates and low supply of new homes in growth regions. House prices may be negatively affected should, for example, the interest rates or the unemployment level rise quickly.

Concentration of location of mortgaged properties

At the date of this Prospectus, the vast majority of the Cover Pool consists of loans which are secured by mortgage certificates in properties located in Sweden, pledges of tenant-owners' rights in Sweden and loans guaranteed by the Kingdom of Sweden or Swedish municipalities. The value of the Cover Pool may therefore decline in the event of a general downturn in the value of property in Sweden or by a decline in the credit worthiness of the Kingdom of Sweden or Swedish municipalities.

Risks relating to disruptions in the global credit markets and economy

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.

Credit risk

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

Market risk

The most significant market risks the Issuer faces are interest rate, foreign exchange and bond 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 SBAB's and the Issuer's liquidity portfolio.

SBAB and the Issuer have 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.

Risks relating to the Issuer's business

The Issuer has acquired loan portfolios from SBAB, and may also acquire further loans from SBAB or other parties that the Issuer enters into sale and purchase agreements with. Accordingly, the Issuer is dependent on the business of SBAB and such other parties to originate loans to be acquired by it. The Issuer will therefore be affected by general economic and business conditions affecting both itself but which also may affect SBAB and such other parties, 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.

Outsourcing risk

For the purpose of achieving efficiency benefits, SBAB and the Issuer have agreed that SBAB shall undertake all services necessary for the Issuer to be able to carry out its business operations. According to the Outsourcing Agreement, SBAB shall perform all services that the Issuer, from time to time, may need to carry out its business operations. This leads to the Issuer being dependent on SBAB and its ability to fulfil its obligations under the Outsourcing Agreement in order for the Issuer's business operations to function properly.

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 the Issuer to anticipate and provide for unforeseen decreases or changes in funding sources could have consequences on the Issuer's ability to meet its payment obligations when they fall due and could result in an investor not being paid in a timely manner. Furthermore, if the Issuer's inability to meet its payment obligations when they fall due is not temporary it could mean that the Issuer might be considered as insolvent.

The Issuer is also subject to liquidity requirements in its capacity as a credit institution supervised by the Swedish FSA, including a statutory requirement to maintain sufficient liquidity to enable it to discharge its obligations as they fall due. The Swedish FSA has issued regulations on liquidity (Sw. FFFS 2012:6). Serious or systematic deviations from such regulations may lead to the Swedish FSA determining that the Issuer's business does not satisfy the statutory soundness requirement for credit institutions and could result in the Swedish FSA imposing sanctions against the Issuer.

Risks relating to the Issuer's collateral

Given that a considerable part of the Issuer's loans are granted with mortgage certificates (Sw: *pantbrev*) in properties located in Sweden or pledges of tenant-owners' rights (Sw: *bostadsrätt*) 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.

No due diligence

None of the Dealers, the Arranger and the Issuer has or will undertake any investigations, searches or other actions in respect of the loans and other assets comprising the Cover Pool and there may therefore be issues or concerns that would have been discovered during such investigation that therefore remain undetected.

Notes obligations of the Issuer only

The Notes will be solely obligations of the Issuer and will not be obligations of or guaranteed by any other entities. In particular, the Notes will not be obligations of, and will not be guaranteed by, the Kingdom of Sweden, SBAB, the Arranger, the Dealers, the Swap Providers, any company in the same group of companies as

such entities or any other party to the transaction documents relating to the Programme. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the Kingdom of Sweden, SBAB, the Arranger, the Dealers, the Swap Providers, any company in the same group of companies as such entities or any other party to the transaction documents relating to the Programme.

SBAB group account structure

Payments owing to the Issuer in respect of its assets will be received on behalf of the Issuer under the SBAB group account structure held with Skandinaviska Enskilda Banken AB (publ) (**SEB**). Payments will on a daily basis be credited to the relevant sub-ledgers of the Issuer in the SBAB group account structure. Therefore, SBAB has agreed with the Issuer, pursuant to the Outsourcing Agreement, that the Issuer will have a claim against SBAB for any amount credited to the Issuer's sub-ledgers and SBAB will be obliged to fully repay the Issuer upon first demand by the Issuer irrespective of whether or not SBAB receives payment of such amount from SEB or any other banking institution handling the SBAB group account structure. In addition, SBAB waives any circumstances which could release SBAB from its obligation to repay such funds to the Issuer. Accordingly, the Issuer is exposed to the credit risk of SBAB, and therefore indirectly to the credit risk of SEB.

Legal and regulatory risks relating to the Notes

Impact of legal and regulatory changes

The Issuer's business is subject to regulation and regulatory supervision. Any significant legal or regulatory developments could have an effect on how the Issuer conducts its business and on the Issuer's results of operations. 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.

Increased capital requirements and standards

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

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

The Basel Committee issued a comprehensive set of reform measures in December 2010 (**Basel III**). The aim of the framework is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, improve risk management and governance and strengthen financial institutions' transparency and disclosures. The framework raises both the quality and quantity of the capital base and increases capital requirements for certain positions. The minimum requirements for capital will be underpinned by a leverage ratio that serves as a backstop to the risk-based capital measures. In addition to the minimum requirements, there will also be buffer requirements in the form of both a capital conservation buffer, a countercyclical capital buffer and additional capital buffers for systemic importance, which may be on a global, European or domestic basis. The framework also introduces internationally harmonised minimum requirements for liquidity risk. As a result, the regulatory framework in the future will be very different from the current one and the changes could have a material impact on the Issuer's business.

Following the Basel III guidelines, the European Commission published on 20 July 2011 the corresponding proposed changes at the EU level to replace the amended Capital Requirements Directive (2006/48/EC and 2006/49/EC) with two legislative instruments: a directly applicable European Parliament and Council Regulation establishing the prudential requirements institutions need to respect and a European Council Directive (through an amendment of Directive 2002/87/EC) governing the access to deposit-taking activities (together, **CRD IV**).

To complement the CRD IV legislative package, on 6 June 2012, the European Commission published a legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms, known as the Recovery and Resolution Directive (the **RRD**). The purpose of the draft RRD is to provide authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The Basel Committee originally contemplated implementation of the Basel III reforms as of 1 January 2013. However, implementation of these reforms in the European Economic Area through CRD IV has been delayed. The most recent text of CRD IV was published on 16 April 2013 in the form approved by the European Parliament. The current schedule for the implementation of CRD IV is dependent on completion of the translation of the CRD IV text for publication in the European Official Journal by 30 June 2013, in which case implementation will be 1 January 2014. If the translation is published after 30 June 2013, CRD IV will be implemented from 1 July 2014.

For the foregoing reasons, the Issuer may need to obtain additional capital in the future. Such capital may not be available on attractive terms, or at all. The Issuer is unable to predict what regulatory requirements may be imposed in the future or accurately estimate the impact that any currently proposed regulatory changes may have on the Issuer's business, the products and services that it offers and the values of its assets. For example, if the Issuer is required to make additional provisions, increase its reserves or capital, or exit or change certain businesses as a result of the initiatives to strengthen the regulation of banks, this could adversely affect its results of operations or financial condition.

Withholding under the EU Savings Directive

Under EC Council Directive 2003/48/EC (the **EU Savings Directive**) 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 EU Savings 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 EU Savings Directive.

U.S. Foreign Account Tax Compliance Act (FATCA) Withholding

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

No gross-up

Under the Terms and Conditions of the Notes, all payments of principal and interest in respect of the Notes by the Issuer will be made without withholding or deduction for, or on account of, any withholding taxes imposed by the Kingdom of Sweden (or any political subdivision or any authority in the Kingdom of Sweden having power to tax) unless such withholding or deduction is required by law, in which case such withholding or deduction will be made by the Issuer.

In the event that any such withholding or deduction is required by law, the Terms and Conditions of the Notes do not require the Issuer to pay additional amounts in respect of such withholding or deduction.

Change of law and establishment of case law

The Terms and Conditions of the Notes are based on English law expect that (i) the provisions of the Notes under Condition 2 shall 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 13(b), shall be governed by Norwegian law. No assurance can be given as to the impact of any possible judicial decision or change to English, Swedish or Norwegian law or administrative practice after the date of issue of the relevant Notes and any such change could materially adversely impact the value of any Notes affected by it.

In particular, the Act on Säkerställda Obligationer is relatively new legislation in Sweden and for this reason there is no available case law on it. It is uncertain how the Act on Säkerställda Obligationer will be interpreted or whether changes or amendments will be made to the Act or appurtenant government ordinances or regulations issued by the Swedish FSA which will affect Notes issued under the Programme.

Non-compliance with matching rules

The Act on Säkerställda Obligationer contains matching rules which, *inter alia*, require that the nominal value and the present value of the assets registered to the Cover Pool respectively exceed the nominal value and the present value of liabilities which relate to the Covered Bonds issued from time to time. When conducting each such calculation the effect of any Eligible Swap shall also be taken into account. See "*Summary of the Swedish Legislation Regarding Säkerställda Obligationer – Matching requirements*" below for further details.

A breach of the matching requirements prior to the Issuer's bankruptcy in the circumstances where no additional assets are available to the Issuer or the Issuer lacks the ability to acquire additional assets could result in the Issuer being unable to issue further Covered Bonds.

If, following the Issuer's bankruptcy, the Cover Pool ceases to meet the requirements of the Act on Säkerställda Obligationer (including the matching requirements), and the deviations are not just temporary and minor, the Cover Pool may no longer be maintained as a unit and the continuous payment under the terms and conditions of the covered bonds and derivative contracts will cease. The Noteholders would in such case instead benefit from a priority right in the proceeds of a sale of the assets in the Cover Pool in accordance with general bankruptcy rules. This could result in the Noteholders receiving payment according to a schedule that is different from that contemplated by the terms and conditions of the covered bonds (with accelerations as well as delays) or that the Noteholders are not paid in full. However, the Noteholders and the Eligible Swap Providers would retain the benefit of the right of priority in the assets comprising the Cover Pool. Any residual claims of the Noteholders and the Eligible Swap Providers remain valid claims against the Issuer, but will rank *pari passu* with other unsecured and unsubordinated creditors of the Issuer.

Conflicting interests of other creditors

In the event of the Issuer's bankruptcy, the Act on Säkerställda Obligationer does not give clear guidance on certain issues, which may lead to a conflict between the Noteholders, any other Covered Bondholders and the Eligible Swap Providers on the one hand and other creditors of the Issuer on the other hand. Examples of such issues are (a) how proceeds from a loan partly registered to the Cover Pool should be distributed between the portion of such loan registered to the Cover Pool and the portion of such loan not registered to the Cover Pool and (b) how the proceeds of enforcement of a mortgage certificate should be distributed if this serves as collateral for two different loans ranking *pari passu* in the mortgage certificate where one such loan is not wholly or partly registered to the Cover Pool. The lack of clear guidance on these and similar issues may lead to unsecured creditors arguing that part of the proceeds from a loan and/or mortgage certificate should not be included in the Cover Pool or to any creditors with loans that rank *pari passu* in a mortgage certificate which also serves as collateral for a loan registered to the Cover Pool arguing that part of the proceeds from such mortgage certificate should not be included in the Cover Pool.

Payment of advance dividends post Issuer's bankruptcy

In the event of the Issuer's bankruptcy, an administrator-in-bankruptcy could make advance dividend payments to creditors other than the Noteholders, any other Covered Bondholders and the Eligible Swap Providers. The payment of advance dividends could result in Noteholders not being paid in a timely manner. It is likely that an administrator-in-bankruptcy would only authorise such advance dividend payments if satisfied that the Cover Pool contained significantly more assets than necessary to pay amounts owing to the Noteholders, any other Covered Bondholders and the Eligible Swap Providers before making such payment.

Additionally, the Issuer's estate would be entitled to have any advance dividend repaid should the Cover Pool subsequently prove to be insufficient to make payments to the Noteholders, any other Covered Bondholders and the Eligible Swap Providers as a result of the payment of advance dividends. The right to reclaim advance dividends may also be secured by a bank guarantee or equivalent security pursuant to the Swedish Bankruptcy Act (as amended) (Sw: *konkurslagen (1987:672)*).

Liquidity following bankruptcy

Upon a credit institution's bankruptcy, neither the credit institution nor its bankruptcy estate would have the ability to issue further covered bonds. Whilst there can be no assurance as to the actual ability of the bankruptcy estate to raise post-bankruptcy liquidity in other ways, the Act on Säkerställda Obligationer gives the administrators-in-bankruptcy an explicit and broad mandate to enter into loan, derivative, repo and other transactions on behalf of the bankruptcy estate with a view to attaining matching of cash flows, currencies, interest rates and interest periods between assets in the cover pool, covered bonds and derivative contracts. The

administrators-in-bankruptcy may also raise liquidity by selling assets in the cover pool in the market for example. If the bankruptcy estate is not able to raise sufficient liquidity, this could result in Noteholders not being paid in a timely manner.

Risk related to the market in general

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

Insufficient liquidity in the secondary market for the Notes may have a negative impact on their market value. If the marketplaces concerned are closed, or if temporary restrictions are imposed, it may be difficult or impossible to dispose of an investment in the Notes. Even if a secondary market does develop, its liquidity for the term of the Notes cannot be guaranteed, which may result in an investor in the Notes being unable to sell its holding at the price sought or unable to sell its holding at all.

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

The Issuer will pay the principal amount and interest of the Notes in the Specified Currency. This involves certain risks relating to currency conversion if an investor's financial activities are denominated principally in a currency or a currency unit other than the Specified Currency.

Exchange rate risks occur for the Issuer if the present value of assets and liabilities, including derivatives, in foreign currencies do not coincide. However, the risk is limited by the use of the Currency Swaps and by matching interest rate flow with the maturity of loan and other assets of the Issuer.

Interest rate risks

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

Interest rate risks occur when fixed interest periods or interest bases for assets and liabilities do not coincide. The Issuer has entered into, and may enter into additional Cover Pool Swaps and may also enter into Interest Rate Swaps to ensure that the risks do not exceed the credit limit approved by its board of directors and to ensure that matching is maintained in accordance with the Act on Säkerställda Obligationer.

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

Standard & Poor's and Moody's are expected on issue to assign credit ratings of AAA and Aaa, respectively, to Notes issued under the Programme. There are no guarantees that such ratings reflect the potential impact of all risks related to an investment in the Notes. Accordingly, a credit rating is not a recommendation to buy, sell or hold the relevant Notes and may be revised, suspended or withdrawn by the relevant rating agency at any time. Any such revision, suspension or withdrawal could adversely affect the market value of the relevant Notes. For the avoidance of doubt, the Issuer does not commit to ensure that any specific rating of the Notes or the Programme will be upheld nor that the rating agencies 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 European Union 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 cover of this Prospectus and if a Tranche of Notes is rated such rating will be disclosed in the applicable Final Terms.

Judicial considerations may restrict certain investments

The investment activities of certain investors are subject to rules and regulations and/or review or regulation by certain authorities. Each potential investor should consult its legal advisers or responsible supervisory authority in order to determine whether and to what extent the investor has the opportunity to invest in Notes.

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

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

Reliance on Swap Providers

If the Issuer fails to make timely payments of amount due or certain other events occur in relation to the Issuer under an Eligible Swap and any applicable grace period has expired, then the Issuer will have defaulted under such Eligible Swap. If the Issuer defaults under an Eligible Swap due to non-payment or otherwise, the relevant Eligible Swap Provider will not be obliged to make further payments under that Eligible Swap and may terminate that Eligible Swap. If an Eligible Swap Provider is not obliged to make payments, or if it exercises any right of termination it may have, or if it defaults in its obligation to make payments under an Eligible Swap or ceases to be an Eligible Swap Provider (as a result of a down-grade or otherwise), the Issuer may be exposed to (i) changes in currency exchange rates and in the associated interest rate rates on the currencies and (ii) changes in interest rates. Unless a replacement swap is entered into, the Issuer may have insufficient funds to make payments due on the Covered Bonds.

The Issuer may enter into Non-Cover Pool Swaps in respect of assets owned by the Issuer from time to time which are not registered in the Cover Pool. If the relevant Non-Cover Pool Swap Provider is not obliged to make payments, or if it exercises any right of termination it may have under the relevant Non-Cover Pool Swap Agreement (as defined under "*Terms and Conditions of the Notes*"), or if it defaults in its obligations to make payments under a Non-Cover Pool Swap, the Issuer will be exposed to changes in interest rates in respect of those assets which are not registered to the Cover Pool.

Termination payments for Swaps

If any of the Eligible Swaps or Non-Cover Pool Swaps are terminated, the Issuer may as a result be obliged to make a termination payment to the relevant Swap Provider. Any termination payment to be made by the Issuer to an Eligible Swap Provider will rank *pari passu* with payments due to the Covered Bondholders.

Risks related to the structure of a particular issue of Notes

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

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

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.

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

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

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

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their 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.

Extendable obligations under the Notes

Following the failure by the Issuer to pay the Final Redemption Amount of a Series of Notes on their Maturity Date, payment of such amounts shall be automatically deferred. This will occur if the Final Terms for a relevant Series of Notes provides that such Notes are subject to an Extended Final Maturity Date on which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Maturity Date.

To the extent that the Issuer has sufficient moneys available to pay in part the relevant Final Redemption Amount in respect of the relevant Series of Notes, the Issuer shall make partial payment of the relevant Final Redemption Amount as described in Condition 4(g). Payment of all unpaid amounts shall be deferred automatically until the applicable Extended Final Maturity Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date thereafter up to (and including) the relevant Extended Final Maturity Date.

The Issuer is not required to notify the Noteholders of such automatic deferral. The Extended Final Maturity Date will be the date if any specified as such in the applicable Final Terms. Interest will continue to accrue on any unpaid amount and be payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date. In these circumstances, failure by the Issuer to make payment

in respect of the Final Redemption Amount on the Maturity Date shall not constitute a default in payment by the Issuer. However, failure by the Issuer to pay the Final Redemption Amount or the balance thereof on the Extended Final Maturity Date and/or interest on such amount on any Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date shall constitute a default in payment by the Issuer.

Furthermore, in relation to all amounts constituting accrued interest due and payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date, as provided in the applicable Final Terms, the Issuer may pay such interest pursuant to the Floating Rate set out in the applicable Final Terms notwithstanding that the relevant Note was a Fixed Rate Note as at its relevant Issue Date.

In addition, following deferral of the Maturity Date, the Interest Payment Dates and Interest Periods may change as set out in the applicable Final Terms.

Risks related to all Notes issued under the Programme

All Notes issued under the Programme will have a number of common features. Set out is a description of certain of those features.

Notes issued under the Programme

Notes issued under the Programme (save in respect of the first issue of Notes) will either be fungible with an existing Series of Notes or have different terms to an existing Series of Notes (in which case they will constitute a new Series). All Notes issued from time to time will rank *pari passu* with each other in all respects and will rank *pari passu* with the Swedish Benchmark Bonds issued under the Swedish Benchmark Bonds Programme, the Australian Covered Bonds issued under the Australian Covered Bond Issuance Programme and with any other securities which may be issued by the Issuer in accordance with the Act on Säkerställda Obligationer.

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

The Terms and Conditions of the Notes 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.

Reliance on Euroclear and Clearstream, Luxembourg and VPS procedures

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

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

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

Similarly, VPS Notes will be issued in uncertificated and dematerialised book-entry form registered in the VPS. A holder of a beneficial interest in a VPS Note must rely on the procedures of the VPS and its participants to receive payments under the VPS Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any VPS Note.

Modifications

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

(a) any modification to the Notes, the Coupons or Agency Agreement which, in the opinion of the Issuer, is not materially prejudicial to the interests of the Noteholders; or

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

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

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

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

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

Investors who purchase Notes in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts 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 Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

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

No events of default

The Terms and Conditions of the Notes do not include any events of default relating to the Issuer, the occurrence of which would entitle holders to accelerate repayment of the Notes, and holders will only be paid the scheduled interest payments under the Notes as and when they fall due under the Terms and Conditions of the Notes. The absence of any events of default from the Terms and Conditions of the Notes may make it less likely that holders will recoup their investment in full in the event that the Issuer experiences financial distress.

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) the audited annual financial statements for the financial year ended 31 December 2012 including the auditors' report thereon, as set out on pages 10-34 inclusive of the Issuer's Annual Report 2012;

(b) the audited annual financial statements for the financial year ended 31 December 2011 including the auditors' report thereon, as set out on pages 10-37 inclusive of the Issuer's Annual Report 2011; and

(c) the section "*Terms and Conditions of the Notes*" from each of the previous Prospectuses relating to the Programme as follows: (i) Prospectus dated 20 June 2006 (pages 38-57 inclusive); (ii) Prospectus dated 20 June 2007 (pages 40-59 inclusive); (iii) Prospectus dated 18 June 2008 (pages 57-79 inclusive); (iv) Prospectus dated 12 June 2009 (pages 58-83 inclusive); (v) Prospectus dated 11 June 2010 (pages 59-84 inclusive); (vi) Prospectus dated 10 June 2011 (pages 60-85 inclusive) and (vii) Prospectus dated 11 June 2012 (pages 59-83 inclusive).

Following the publication of this Prospectus 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 Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London and will be available for viewing on the Issuer's website at http://www.sbab.se.

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

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Notes. The Issuer has undertaken to the Dealers in the Programme Agreement that it will comply with section 87G of the FSMA.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. An overview of the terms and conditions of the Programme and the Notes appears above. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as completed by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under "*Form of the Notes*" below.

This Prospectus and any supplement will only be valid for listing Notes on the Official List during the period of 12 months from the date of this Prospectus in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €10,000,000,000 (subject to increase as described herein) or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

(a) the euro equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes) shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for general business in London, in each case on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation; and

(b) the euro equivalent of Zero Coupon Notes and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

FORM OF THE NOTES

The Notes of each Series will be either (i) in the case of Notes other than VPS Notes, in bearer form, with or without interest coupons (**Coupons**) attached or (ii) in the case of VPS Notes, in uncertificated and dematerialised book entry form registered in the VPS. The Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**).

Form of Notes other than VPS Notes

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

(i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated 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**); and

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

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

Whilst any Note is represented by a Temporary 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 Global Note if the Temporary Global Note is not intended to be issued in NGN 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 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 Global Note is issued, is 40 days after the Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) for definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of non-U.S. beneficial ownership as described above unless such certification has already been given. The holder of a Temporary 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 Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification. The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Principal Paying Agent as described therein or (b) only upon the occurrence of an Exchange Event.

For these purposes, **Exchange Event** means that (a) 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 (b) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 12 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 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 (b) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

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

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

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

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes 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 or interest coupons.

Notes which are represented by a 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.

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*" below), 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 which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a 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 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.

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 and 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 in accordance with the provisions of the Global Note holders of interest in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 11 June 2013 and executed by the Issuer.

In respect of Notes represented by a Global Note issued in NGN form, 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 that the Issuer may request be made eligible for settlement with the ICSDs (the **Issuer-ICSDs Agreement**). The Issuer-ICSDs Agreement sets out that the ICSDs will, in respect of any such Notes, *inter alia*, maintain records of their respective portion of the issue outstanding amount and will, upon the Issuer's request, produce a statement for the Issuer's use showing the total nominal amount of its customer holding of such Notes as of a specified date.

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

Alternative Clearing Systems

Any reference herein to Euroclear and/or Clearstream, Luxembourg 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.

FORM OF FINAL TERMS

[*Date*]

AB SVERIGES SÄKERSTÄLLDA OBLIGATIONER (publ)
(THE SWEDISH COVERED BOND CORPORATION)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €10,000,000,000
Euro Medium Term Covered 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 Prospectus dated [*date*] (the **Prospectus**) [as supplemented by the supplement[s] to it dated [*date*] [and [*date*]]] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (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 Prospectus [as so supplemented]. Full information on AB Svergies Säkerställda Obligationer (publ) (The Swedish Covered Bond Corporation) (the **Issuer**) and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the supplement[s]] [has] [have] been published on the website of [the Issuer at www.sbab.se] [and] [the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html] and copies may be obtained during normal business hours from the registered office of the Issuer at Löjtnantsgatan 21, P.O. Box 27308, SE-102 54 Stockholm and from the specified offices of the Principal Paying Agent at [ ].]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated [*original date*] which are incorporated by reference in the Prospectus dated [*current date*] (the **Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**) and must be read in conjunction with the Prospectus [as supplemented by the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on AB Svergies Säkerställda Obligationer (publ) (The Swedish Covered Bond Corporation) (the **Issuer**) and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the supplement[s]] [has] [have] been published on the website of [the Issuer at www.sbab.se] [and] [the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html] and copies may be obtained during normal business hours from the registered office of the Issuer at Löjtnantsgatan 21, P.O. Box 27308, SE-102 54 Stockholm and from the specified offices of the Principal Paying Agent at [ ].]

1.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [ ] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 19 below, which is expected to occur on or about [ ]] [Not Applicable]

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 [ ]]
5.	(a)	Specified Denomination(s):	[ ]
	(b)	Calculation Amount:	[ ]
6.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[[ ]/Issue Date/Not Applicable]
7.	Maturity Date:		[ ]
8.	Extended Final Maturity Date:		[ ]
9.	Interest Basis:		[[ ] per cent. Fixed Rate] [[ ] month [LIBOR/EURIBOR/STIBOR/NIBOR/ CIBOR] +/- [ ] per cent. Floating Rate] [Zero Coupon]
10.	Change of Interest Basis:		[ ]/[Not Applicable]
11.	Call Options:		[Issuer Call – see paragraph 16 below]/[Not Applicable]
12.	Date [Board] approval for issuance of Notes obtained:		[ ]/[Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	Fixed Rate Note Provisions		[Applicable/Not Applicable]
	(a)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[ ] [and [ ]] in each year up to and including the Maturity Date [or the Extended Final Maturity Date, as applicable]
	(c)	Fixed Coupon Amount(s):	[ ] per Calculation Amount
	(d)	Broken Amount(s):	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]]/[Not Applicable]
	(e)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
	(f)	Determination Date(s):	[[ ] in each year] [Not Applicable]

14.	Floating Rate Note Provisions		[Applicable/Not Applicable]
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ] / [[ ] [and [ ]] in each year, subject to adjustment in accordance with the Business Day Convention specified in paragraph 15(b) below]
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(c)	Additional Business Centre(s):	[ ]
	(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[Not Applicable]/[ ]/[ ] shall act as Calculation Agent]
	(f)	Screen Rate Determination:	
		– Reference Rate, Relevant Time and Relevant Financial Centre:	Reference Rate: [ ] month [LIBOR/EURIBOR/ STIBOR/NIBOR/CIBOR] Relevant Time: [ ] Relevant Financial Centre: [London/Brussels/Stockholm/ Oslo/Copenhagen]
		– Interest Determination Date(s):	[ ]
		– Relevant Screen Page:	[ ]
	(g)	ISDA Determination:	[ ]
		– Floating Rate Option:	[ ]
		– Designated Maturity:	[ ]
		– Reset Date:	[ ]
	(h)	Margin(s):	[+/-] [ ] per cent. per annum
	(i)	Minimum Rate of Interest:	[[ ] per cent. per annum] [Not Applicable]
	(j)	Maximum Rate of Interest:	[[ ] per cent. per annum] [Not Applicable]
	(k)	Day Count Fraction:	[Actual/Actual] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360]

			[30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]
15.	Zero Coupon Note Provisions		[Applicable/Not Applicable]
	(a)	Accrual Yield:	[ ] per cent. per annum
	(b)	Reference Price:	[ ]
	(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

16.	Issuer Call		[Applicable/Not Applicable]
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[ ] per Calculation Amount
	(c)	If redeemable in part:	
		(i) Minimum Redemption Amount:	[ ]/[Not Applicable]
		(ii) Maximum Redemption Amount:	[ ]/[Not Applicable]
17.	Final Redemption Amount:		[ ] per Calculation Amount
18.	Early Redemption Amount payable on redemption for taxation reasons:		[ ] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19.	Form of Notes:	[[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event].] [Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date.] [Permanent Global Note which is exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event].]] [VPS Notes issued in uncertificated and dematerialised book entry form. See further item [6] of Part B below.]
20.	New Global Note:	[Yes] [No]
21.	Additional Financial Centre(s):	[ ]/[Not Applicable]

22.	Talons for future Coupons to be attached to definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

Signed on behalf of the Issuer:

By: _____

Duly authorised signatory

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(a)	Listing and Admission to trading:	Application [is expected to be] [has been] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and for listing on the Official List of the UK Listing Authority with effect from [ ].
(b)	Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

[The Notes to be issued [[have been]/[are expected to be]] assigned the following ratings:

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

[Not Applicable]

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

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

4. TEFRA RULES

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

5. YIELD – FIXED RATE NOTES ONLY

Indication of yield:	[ ] per cent.

6. OPERATIONAL INFORMATION

(a)	ISIN Code:	[ ]
(b)	Common Code:	[ ]
(c)	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):	[ ]/[VPS Norway]/[Not Applicable]

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

7. THIRD PARTY INFORMATION

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

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 (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.

The Notes are Swedish covered bonds (**Säkerställda Obligationer**) issued by AB Sveriges Säkerställda Obligationer (publ) (with the parallel trade name The Swedish Covered Bond Corporation) (the **Issuer**) in accordance with the Swedish Act (2003: 1223) on Issuance of Covered Bonds (*Lag (2003: 1223) om utgivning av säkerställda obligationer*) (the **Act on Säkerställda Obligationer**). This Note is one of a Series (as defined below) of Notes issued by the Issuer. The Notes (other than VPS Notes) 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 18 June 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.

The Issuer may also issue (a) Säkerställda Obligationer governed by Swedish law pursuant to a programme (the **Swedish Benchmark Bonds Programme**) established by the Issuer for the issuance of Swedish benchmark bonds (**Swedish Benchmark Bonds**), (b) Säkerställda Obligationer governed by the laws of New South Wales, Australia pursuant to a programme (the **Australian Covered Bond Issuance Programme**) established by the Issuer for the issuance of Australian covered bonds (**Australian Covered Bonds**) and (c) other Säkerställda Obligationer on a stand-alone basis (together with the Notes of each Series, the **Covered Bonds**).

References herein to the **Notes** shall be references to the Notes of this Series 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 VPS Notes, save to the extent provided therein) and the Coupons (as defined below) have the benefit of an Agency Agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 11 June 2013, and made between the Issuer, Citibank N.A., 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).

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 Notes 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. Global Notes do not have 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. 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 the holders of the Notes and shall, in relation to any Notes represented by a Global Note and in relation to any VPS Notes, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

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

The Noteholders (other than holders of VPS Notes) and the Couponholders are entitled to the benefit of the Deed of Covenant (the **Deed of Covenant**) dated 11 June 2013 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent and the other Paying Agents (together referred to as the **Agents**). Copies of the VPS Agency Agreement and the VPS Trustee Agreement will be available for inspection during normal business hours at the specified office of the VPS Agent and at the registered office for the time being of the VPS Trustee. Copies of the applicable Final Terms are available from the registered office of the Issuer and the specified office of each of the Agents. In addition, copies of each Final Terms relating to Notes which are admitted to trading on the London Stock Exchange's regulated market will be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant, the VPS Agency Agreement, the VPS Trustee Agreement and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement and, in the case of VPS Notes, the VPS Agency Agreement and the VPS Trustee Agreement.

Words and expressions defined in the Agency Agreement, the VPS Agency Agreement, 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 either (i) in the case of Notes other than VPS Notes, in bearer form which, in the case of definitive Notes, will be serially numbered, or (ii) in the case VPS Notes, in uncertificated and dematerialised book entry form, as specified in the applicable Final Terms, in each case in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. Notes (other than VPS Notes) may not be exchanged for VPS Notes and vice versa.

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive 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 Notes (other than VPS Notes) and Coupons will pass by delivery. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any such Note or Coupon 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 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 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.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to 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, Couponholders, Global Notes and Notes in definitive form (or, in each case, similar expressions) shall not apply to VPS Notes.

2. STATUS OF THE NOTES

The Notes constitute unconditional and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves. The Notes are Säkerställda Obligationer issued in accordance with the Act on Säkerställda Obligationer and rank *pari passu* with all other outstanding Säkerställda Obligationer and other obligations of the Issuer which benefit from the same priority right in the Cover Pool as Säkerställda

Obligationer under the Swedish Rights of Priority Act (Sw: *Förmånsrättslagen (1970:979)*) and the Act on Säkerställda Obligationer.

3. 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 or, if the applicable Final Terms specifies that an Extended Final Maturity Date applies, the Extended Final Maturity Date or any earlier Interest Payment Date on which the Notes are redeemed in full, provided that any amounts representing interest payable after the Maturity Date shall be paid at such rate and on such dates specified in the applicable Final Terms.

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 a 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:

(A) 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;

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

(C) 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 3(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 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); and

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*

(i) *Interest Payment Dates*

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

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

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

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

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in 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 3(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 in 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 each 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 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 subparagraph (A), **ISDA Rate** for

an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as amended and updated as at the Issue Date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the **ISDA Definitions**) under which:

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

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

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

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

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

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

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

(1) the offered quotation; or

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

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

For the purposes of these Terms and Conditions:

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

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

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

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

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

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

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

"*Reference Rate*" shall mean (i) LIBOR, (ii) EURIBOR, (iii) STIBOR, (iv) NIBOR or (v) CIBOR, in each case for the relevant period, as specified in the applicable Final Terms.

"*Relevant Financial Centre*" shall mean (i) London, in the case of a determination of LIBOR, (ii) Brussels, in the case of a determination of EURIBOR, (iii) Stockholm, in the case of a determination of STIBOR, (iv) Oslo, in the case of a determination of NIBOR or (v) Copenhagen, in the case of a determination of CIBOR, as specified in the applicable Final Terms.

"*Relevant Time*" shall mean (i) in the case of LIBOR, 11.00 a.m., (ii) in the case of EURIBOR, 11.00 a.m., (iii) in the case of STIBOR, 11.00 a.m., (iv) in the case of NIBOR, 12.00 noon, (v) in the case of CIBOR, 11.00 a.m., (vi) in the case of TIBOR, 11.00 a.m., (vii) in the case of TRYIBOR, 11.15 a.m., and (viii) in the case of JIBAR, 11.00 a.m., in each case in the Relevant Financial Centre, as specified in the applicable Final Terms.

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

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

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

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

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

Rate Notes which are VPS Notes, the Calculation Agent will notify the VPS Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

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

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

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

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

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form 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:

$$\text{Day Count Fraction} = \frac{[306 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

$\mathbf{Y_1}$ 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:

$$\text{Day Count Fraction} = \frac{[306 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

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; and

(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:

$$\text{Day Count Fraction} = \frac{[306 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

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 (i) that day is the last day of February or (ii) 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 (i) that day is the last day of February but not the Maturity Date or (ii) 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, any stock exchange on which the relevant Floating Rate Notes are for the time being listed and, in the case of VPS Notes, the VPS, the VPS Trustee and the VPS Agent (by no later than the first day of each Interest Period) and notice thereof is to be published in accordance with Condition 12 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 12. 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 3(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 and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent, 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) *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 date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

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

(ii) 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 12.

(d) *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.

4. 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 (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee, 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.

In no event will payment be made by a cheque mailed to an address in the United States. All payments of interest will be made to accounts located outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)) except as may be permitted by United States tax law in effect at the time of such payment without detriment to the Issuer.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement).

(b) *Presentation of definitive Notes and Coupons*

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

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

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, 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 12.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date or, as the case may be, the Extended Final 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 or Long Maturity Note in definitive 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. A **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 Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

(c) *Payments in respect of Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive 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) *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 or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg 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 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 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.

(e) *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 7) is:

in the case of Notes other than VPS Notes:

(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; and

(B) each Additional Financial Centre specified in the applicable Final Terms; and

(ii) either (A) 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 (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open; or

in the case of VPS Notes:

(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 each Additional Financial Centre specified in the applicable Final Terms; and

(ii) either (A) 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 (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

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**).

(f) *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.

(g) *Interpretation of principal*

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

(i) the Final Redemption Amount of the Notes;

(ii) the Early Redemption Amount of the Notes;

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

(iv) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 5); and

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

(h) *Partial Payment*

If on the Maturity Date of a Series of Notes where an Extended Final Maturity Date is specified in the applicable Final Terms the Issuer has insufficient moneys to pay the Final Redemption Amount on that Series of Notes and any other amounts due and payable by the Issuer in respect of Covered Bonds on such date, then the Issuer shall apply available moneys, after having made payment of all other amounts due and payable by the Issuer in respect of Covered Bonds on such date, to redeem the relevant Series of Notes in part at par together with accrued interest *pro rata* and *pari passu* with any other Series of Notes for which an Extended Final Maturity Date is specified in the Final Terms.

5. REDEMPTION AND PURCHASE

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms, subject as provided below if an Extended Final Maturity Date is specified in the applicable Final Terms. The Final Redemption Amount of each Note will be equivalent to its principal amount.

If an Extended Final Maturity Date is specified as applicable in the Final Terms for a Series of Notes and the Issuer has failed to pay the Final Redemption Amount on the Maturity Date specified in the Final Terms, then (subject as provided below) payment of the unpaid amount by the Issuer shall be deferred until the Extended Final Maturity Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Final Maturity Date.

The Issuer shall confirm to any relevant Rating Agency, any relevant Swap Provider and the Principal Paying Agent as soon as reasonably practicable and in any event at least 4 business days in London prior to the Maturity Date of any inability of the Issuer to pay in full the Final Redemption Amount in respect of a Series of Notes on that Maturity Date. Any failure by the Issuer to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

Where the applicable Final Terms for a relevant Series of Notes provides that such Notes are subject to an Extended Final Maturity Date, such failure to pay by the Issuer on the Maturity Date shall not constitute a default in payment.

For the purposes of these Terms and Conditions:

Extended Final Maturity Date means, in relation to any Series of Notes, the date if any specified as such in the applicable Final Terms to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Maturity Date.

(b) *Redemption for tax reasons*

If:

(i) 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 deduct or withhold from any payment of principal or interest in respect of the Notes and Coupons (other than because the relevant holder has some connection with the Kingdom of Sweden other than the holding of such Note or Coupon) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Kingdom of Sweden (or any political subdivision or authority in the Kingdom of Sweden having power to tax); or

(ii) by reason of a change in law (or the application or official interpretation thereof), which change 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 any Interest Rate Swap Agreement, Currency Swap Agreement, Cover Pool Swap Agreement or, as the case may be, Non-Cover Pool Swap Agreement, the Issuer, the relevant Interest Rate Swap Provider, the relevant Currency Swap Provider, the relevant Cover Pool Swap Provider, or as the case may be, the relevant Non-Cover Pool Swap Provider would be required to deduct or withhold from any payment under the relevant Interest Rate Swap Agreement, the relevant Currency Swap Agreement, the relevant Cover Pool Swap Agreement or, as the case may be, the relevant Non-Cover Pool Swap Agreement any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature,

then the Issuer shall, if the same would avoid the effect of such relevant event described in subparagraph (i) or (ii) above, appoint a Paying Agent in another jurisdiction.

If one or more of the such events described in subparagraph (i) or (ii) above is continuing immediately before giving the notice referred to below and the appointment of a Paying Agent would not avoid the effect of the relevant event or, having used its reasonable endeavours, the Issuer is unable to arrange such an appointment, then the Issuer may at its option at any time (in the case of Notes which are not Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), having given not less than 30 nor more than 60 days' notice to the Principal Paying Agent and the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, each at its Early Redemption Amount referred to in this Condition 5 together with interest, if any, accrued to but excluding the date of redemption, provided that (in either case), prior to giving any such notice, the Issuer shall have provided to the Principal Paying Agent and, in the case of VPS Notes, to the VPS Agent (A) a certificate signed by two directors of the Issuer stating that the circumstances referred to in the paragraph immediately above prevail and setting out details of such circumstances, and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer, the relevant Interest Rate Swap Provider, the relevant Currency Swap Provider, the relevant Cover Pool Swap Provider or the relevant Non-Cover Pool Swap Provider (as the case may be) has or will become obliged to deduct or withhold amounts as a result of such change or amendment.

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

If Issuer Call is specified in the applicable Final Terms, the Issuer may, 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 12; and

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

(which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Maximum Redemption Amount. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg at their discretion as either a pool factor or a reduction in nominal amount) 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 12 not less than 30 days prior to the date fixed for redemption. 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 12 at least five days prior to the Selection Date.

(d) *Early Redemption Amounts*

For the purposes of Condition 5(b), each Note will be redeemed at an amount (the **Early Redemption Amount**) calculated as follows:

(i) in the case of a Note (other than a Zero Coupon Note) at the amount 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

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

(e) *Purchases*

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

(f) *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph 5(e) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(g) *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) or (c) above 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 (d)(ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and repayable 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 and notice to that effect has been given to the Noteholders in accordance with Condition 12.

6. TAXATION

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

7. PRESCRIPTION

The Notes 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 4(b)) 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 4 or any Talon which would be void pursuant to Condition 4.

8. COVENANT

So long as any Note remains outstanding, the Issuer shall not engage in any activity except for the issuance of Covered Bonds, entering into derivatives agreements and ancillary activities reasonably related thereto (including, without limitation, purchasing, owning, selling and managing loans and their related security and any other substitute assets).

9. REPLACEMENT OF NOTES, COUPONS AND TALONS

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

10. AGENTS

The names of the initial Agents are set out above.

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:

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

(b) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent 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);

(c) there will at all times be a Paying Agent in a Member State of the European Union that is not 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; and

(d) 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 4. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency or of a Paying Agent failing to become or ceasing to be a participating foreign financial institution for the purposes of the Code, 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 12 provided that no such variation, termination, appointment or change shall take effect (except in the case of insolvency) within 15 days before the due date for any payment in respect of any Note or any related 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 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.

11. 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 7.

12. NOTICES

(a) *Notes other than VPS Notes*

All notices regarding the 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 the London Stock Exchange's regulated market or any other stock exchange (or any other relevant authority) on which the Notes are for the time being listed or by which they have been admitted to trading. 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.

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, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on the London Stock Exchange's regulated market or any other stock exchange or are admitted to trading by any other relevant authority and the rules of that stock exchange (or other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

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. 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 through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, 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.

13. 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 sanctioning by Extraordinary Resolution of a modification of the Agency Agreement, the Deed of Covenant, the Notes, these Terms and Conditions or the Coupons. Such a meeting may be convened by the Issuer or shall be convened by the Issuer if required in writing by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being remaining outstanding. 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 or the Coupons, 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 Noteholders will be binding on all the Noteholders, whether or not they are present at the meeting, and on all the Couponholders. Any Notes which have been purchased and are held by or on behalf of the Issuer but have not been cancelled shall (unless and until resold) be deemed not to be outstanding for the purposes of the right to attend or participate in any way at any meeting of Noteholders.

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

(a) any modification (except as mentioned above) of the Notes, the Coupons or the Agency Agreement which, in the opinion of the Issuer, is not materially prejudicial to the interests of the Noteholders; or

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

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 12 as soon as practicable thereafter.

(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.

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 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.

14. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further Notes having terms and conditions the same as the Notes or the same in all respects save for the 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.

15. GOVERNING LAW, SUBMISSION TO JURISDICTION AND CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

(a) *Governing law*

The Agency Agreement, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes and the Coupons shall be governed by, and construed in accordance with, English law except that (i) the provisions of the Notes under Condition 2 are governed by, and shall be 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 13(b) are governed by, and shall be construed in accordance with, Norwegian law. The VPS Trustee Agreement is, and the VPS Agency Agreement shall be, governed by and construed in accordance with Norwegian law.

(b) *Submission to jurisdiction*

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

Proceedings relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons) may be brought in such courts.

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

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

(c) *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.

(d) *Appointment of Process Agent*

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

(e) *Waiver of immunity*

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

(f) *Other documents*

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

16. DEFINITIONS

In these Terms and Conditions the following words shall have the following meanings:

Cover Pool means the cover pool of eligible assets maintained by the Issuer in accordance with the Act on Säkerställda Obligationer;

Cover Pool Swap means each cover pool swap which enables the Issuer to convert SEK interest payments received by the Issuer in respect of assets (other than Eligible Swaps) registered to the Cover Pool into floating payments linked to 3-month STIBOR;

Cover Pool Swap Agreement means each ISDA Master Agreement, schedule and confirmation(s) (as amended and supplemented from time to time) relating to Cover Pool Swaps entered into from time to time between the Issuer and each Cover Pool Swap Provider;

Cover Pool Swap Provider means SBAB Bank AB (publ) in its capacity as swap provider under a Cover Pool Swap Agreement or any other entity providing such Cover Pool Swap;

Currency Swap means each currency swap which enables the Issuer to hedge currency risks arising from (a) Covered Bonds which are issued in currencies other than SEK and (b) assets (other than loans) which are registered to the Cover Pool and are denominated in currencies other than SEK;

Currency Swap Agreement means each ISDA Master Agreement, schedule and confirmation(s) (as amended and supplemented from time to time) relating to the Currency Swap(s) entered into from time to time between the Issuer and each Currency Swap Provider;

Currency Swap Provider means SBAB Bank AB (publ) and/or other third party counterparties in their respective capacities as currency swap provider under a Currency Swap Agreement;

Interest Rate Swap means each interest rate swap which enables the Issuer to hedge the Issuer's interest rate risks in SEK and/or other currencies to the extent that they have not been hedged by a Cover Pool Swap or a Currency Swap;

Interest Rate Swap Agreement means each ISDA Master Agreement, schedule and confirmation(s) (as amended and supplemented from time to time) relating to the Interest Rate Swap(s) entered into from time to time between the Issuer and each Interest Rate Swap Provider;

Interest Rate Swap Provider means SBAB Bank AB (publ) and/or other third party counterparties in their respective capacities as interest rate swap provider under an Interest Rate Swap Agreement;

Non-Cover Pool Swap means each non-cover pool swap which enables the Issuer to convert SEK interest payments received by the Issuer in respect of assets not registered to the Cover Pool into floating payments linked to 3-month STIBOR;

Non-Cover Pool Swap Agreement means each ISDA Master Agreement, schedule and confirmation(s) (as amended and supplemented from time to time) relating to Non-Cover Pool Swaps entered into from time to time between the Issuer and each Non-Cover Pool Swap Provider;

Non-Cover Pool Swap Provider means SBAB Bank AB (publ) in its capacity as swap provider under a Non-Cover Pool Swap Agreement or any other entity providing such Non-Cover Pool Swap;

Rating Agency means any credit rating agency that rates the Notes from time to time;

records of Euroclear and Clearstream, Luxembourg means the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of such customer's interest in the Notes; and

Swap Providers means each Cover Pool Swap Provider, each Non-Cover Pool Swap Provider, each Currency Swap Provider and each Interest Rate Swap Provider.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer:

(a) to purchase (i) loans and their related security and other assets from SBAB in accordance with the terms of the Master Sale Agreement (as defined under "*Information Relating to the Issuer*") or (ii) loans and their related security and other assets from any other entity who enter into mortgage sale agreements with the Issuer in accordance with the terms of the applicable mortgage sale agreement; and/or

(b) to acquire supplementary collateral up to the prescribed legislative limit set out in the Act on Säkerställda Obligationer; and/or

(c) if an existing Series or Tranche of Notes or, as the case may be, any other Covered Bond is being refinanced (by the issue of a further Series or Tranche of Notes), to repay the existing Series or Tranche of Notes or, as the case may be, that other Covered Bond; and/or

(d) to repay the Subordinated Debt (as defined in the Subordination Agreement (as defined under "*Information Relating to the Issuer*")); and/or

(e) towards the Issuer's general corporate purposes.

SUMMARY OF THE SWEDISH LEGISLATION REGARDING SÄKERSTÄLLDA OBLIGATIONER

The following is a brief summary of certain features of the Act on Säkerställda Obligationer as of the date of this Prospectus. The summary does not purport to be, and is not, a complete description of all aspects of the Swedish legislative and regulatory framework for covered bonds. Please also refer to the section "Risk Factors" above.

Introduction

The Act on Säkerställda Obligationer entered into force on 1 July 2004. It enables Swedish banks and credit market undertakings (**Institutions**), which have been granted a specific licence by the Swedish Financial Supervisory Authority (Sw: *Finansinspektionen*) (the **Swedish FSA**), to issue full-recourse debt instruments secured by a pool of mortgage credits and/or public sector credits.

The Swedish FSA has issued regulations and recommendations under the authority conferred on it by the Act on Säkerställda Obligationer (Sw: *Finansinspektionens föreskrifter och allmänna råd om säkerställda obligationer (FFFS 2004:11)* to be replaced by FFFS 2013:1 as from 1 July 2013) (the **SFSA Regulations**).

Swedish covered bonds may take the form of bonds and other comparable debt instruments, such as commercial paper.

In the event of an Institution's bankruptcy, holders of covered bonds (and certain eligible counterparties to derivative contracts entered into for the purpose of matching the financial terms of the assets in the cover pool with those of the covered bonds) benefit from a priority right in the pool of assets. The Act on Säkerställda Obligationer further enables such holders (and derivative counterparties) to continue to receive timely payments also following the Institution's bankruptcy, subject to certain conditions being met.

The cover pool is dynamic in the sense that an Institution may supplement or substitute assets in the cover pool at any time.

Registration

Information in respect of all covered bonds, assets in the cover pool and relevant derivative contracts must be entered into a special register (the **Register**), which is maintained by the Institution. The actual registration of the covered bonds and relevant derivative contracts in the Register is necessary to confer the priority right in the cover pool. Further, only assets entered into the Register form part of the cover pool.

At all times the Register must show the nominal value of the covered bonds, the cover pool and the relevant derivative contracts. As a result, the Register requires regular updating, including without limitation due to changes in interest rates, interest periods, outstanding debt and the composition of the cover pool. The value of the underlying collateral securing mortgage credits in the cover pool must also be entered into the Register.

Eligibility criteria for assets in the cover pool

The cover pool may consist of certain mortgage credits, public credits and supplemental assets.

Mortgage credits are defined as loans secured by (i) mortgages over real property (Sw: *fastigheter*) intended for residential, agricultural, office or commercial purposes or site leasehold rights (Sw: *tomträtter*) intended for residential, office or commercial purposes, (ii) pledges over tenant-owner rights (Sw: *bostadsrätter*), or (iii) comparable security interests over equivalent assets situated in other countries within the European Economic Area.

Public credits are defined as certain loans to (or guaranteed by) *inter alia* the Kingdom of Sweden, Swedish municipalities and comparable public bodies and the European Communities.

Supplemental assets consist primarily of government bonds and cash, although the Swedish FSA may also authorise the use of certain debt instruments issued by credit institutions and other bodies as supplemental assets.

Loan-to-value ratios and certain other restrictions

For mortgage credits, there is a maximum loan amount which may be included in the cover pool, depending on the value of the underlying collateral:

1. For residential collateral, a loan may be included in the cover pool only to the extent the loan amount does not exceed 75 per cent. of the market value of the collateral.

2. For agricultural collateral, a loan may be included in the cover pool only to the extent the loan amount does not exceed 70 per cent. of the market value of the collateral.

3. For office or commercial collateral, a loan may be included in the cover pool only to the extent the loan amount does not exceed 60 per cent. of the market value of the collateral.

Should a loan exceed the relevant ratio, only the part of the loan that falls within the permitted limit may be included in the cover pool (a **Partly Eligible Loan**). The Act on Säkerställda Obligationer does not explicitly regulate how proceeds in respect of a Partly Eligible Loan shall be distributed between the eligible and the non-eligible parts of the loan.

The most likely interpretation is that interest payments shall be allocated *pro rata* between the eligible and non-eligible parts of the loan and that amortisations shall be applied first towards the non-eligible part of the loan (absent enforcement of the security over the underlying collateral). However, proceeds from enforcement of the security should most likely be applied first towards the eligible part of the loan.

A similar situation arises if, for example, the same mortgage security serves as first-ranking security for two (or more) loans granted by an Institution and only one of these loans is included in the cover pool. The Act on Säkerställda Obligationer does not give clear guidance as to how proceeds shall be allocated between the two loans in case of the Institution's bankruptcy. The lack of guidance may give room for unsecured creditors of the Institution to argue that only a *pro rata* portion of such proceeds shall be allocated to the loan included in the cover pool.

The Act on Säkerställda Obligationer restricts the overall proportion of loans provided against security over real property (or site leasehold rights or tenant-owner rights) intended for office or commercial purposes to 10 per cent. of an Institution's cover pool.

Furthermore, the proportion of supplemental assets may not exceed 20 per cent. of the cover pool, although the Swedish FSA has the authority to raise this limit to 30 per cent. for a limited period in special circumstances.

Institutions are required to regularly monitor the market value of the mortgage assets that serve as collateral for loans included in the cover pool. If the market value of such a mortgage asset declines significantly (15 per cent. or more according to the preparatory works to the Act on Säkerställda Obligationer), then only such part of the loan that falls within the permitted loan-to-value ratio will be eligible for inclusion in the cover pool and will be subject to the priority right described below. However, a decline in the market value following an Institution's bankruptcy would not result in a reduction of the assets in which holders of covered bonds (and relevant derivative counterparties) have a priority right, but could result in the cover pool ceasing to meet the matching requirements.

Matching requirements

The Act on Säkerställda Obligationer prescribes that the nominal value of the cover pool shall at all times exceed the aggregate nominal value of claims that may be asserted against an Institution by reference to covered bonds. The calculation shall be made on the basis of current book values and shall take into account the effect of relevant derivative contracts.

Furthermore, an Institution must compose the cover pool in such a way as to ensure a sound balance between the covered bonds and the assets in the cover pool in terms of currencies, interest rates and interest fixation periods. Such sound balance is deemed to exist when the present value of the cover pool at all times exceeds the present value of the liabilities relating to the covered bonds. The present value of derivative contracts shall be taken into account for the purposes of such calculation. The calculations of present value shall withstand certain stress tests (changes in interest rates and/or currency exchange rates).

The payment flows relating to the assets in the cover pool, derivative contracts and covered bonds shall be such that an Institution is at all times able to meet its payment obligations towards holders of covered bonds and relevant derivative counterparties.

Non-performing assets in the cover pool which are more than 60 days overdue must be disregarded for the purposes of the matching tests.

Supervision by the Swedish FSA and the independent monitor

The Swedish FSA monitors that an Institution complies with the Act on Säkerställda Obligationer and other provisions of the legislative and regulatory framework which regulates the business of the Institution. In addition, the Swedish FSA appoints an independent monitor (Sw: *oberoende granskare*) for each Institution that issues covered bonds.

The independent monitor is responsible for monitoring the Register to assess whether or not it is being maintained correctly and in compliance with the Act on Säkerställda Obligationer and the SFSA Regulations. In particular, the independent monitor shall verify that (i) covered bonds and relevant derivative contracts are registered in the Register, (ii) only loans and supplemental assets that satisfy the eligibility criteria are included in the cover pool and registered in the Register, (iii) the valuations of the underlying collateral for loans in the cover pool are in accordance with the Act on Säkerställda Obligationer and the SFSA Regulations, (iv) mortgage loans the underlying collateral of which has decreased significantly in value are, for the purpose of the matching requirements, deducted from the cover pool to the extent necessary to comply with the relevant loan-to-value ratio and (v) the matching requirements are complied with.

The independent monitor is entitled to request information from the Institution, conduct site visits and is required to report regularly and at least once a year to the Swedish FSA. The Act on Säkerställda Obligationer does not provide for any change to the independent monitor's remit upon the bankruptcy of an Institution.

Benefit of a priority right in the cover pool

Pursuant to the Act on Säkerställda Obligationer and the Swedish Rights of Priority Act (Sw: *förmånsrättslagen (1970:979)*), holders of covered bonds benefit from a priority right in the cover pool should the Institution be declared bankrupt (Sw: *försatt i konkurs*). The same priority is awarded to the Institution's eligible counterparties to derivative contracts entered into for the purpose of matching the financial terms of the assets in the cover pool with those of the covered bonds. Such derivative counterparties and the holders of covered bonds rank *pari passu* with joint seniority in relation to the cover pool.

By virtue of the aforementioned priority, holders of covered bonds and relevant derivative counterparties rank ahead of unsecured creditors and all other creditors of the Institution in respect of assets in the cover pool (except the administrator-in-bankruptcy as regards fees for his administration of assets in the cover pool and

costs for such administration and obligations under liquidity loans and other agreements entered into by the administrator-in bankruptcy on behalf of the bankruptcy estate with a view to fulfilling the matching requirements for the cover pool (see further below)). The priority right also covers cash received by an Institution and deriving from the cover pool or relevant derivative contracts, provided that certain administrative procedures have been complied with.

Due to what is generally regarded as an oversight by the legislator, there is some uncertainty as to whether a creditor that obtains execution (Sw: *utmätning*) against an asset in the cover pool earlier than three months before an Institution's bankruptcy could defeat the priority afforded to holders of covered bonds and derivative counterparties as regards such asset. However, an execution that is levied less than three months before the Institution is being declared bankrupt will typically not defeat the priority.

Administration of the cover pool in the event of bankruptcy

Should an Institution be declared bankrupt, at least one administrator-in-bankruptcy would be appointed by the bankruptcy court and one administrator-in-bankruptcy would be appointed by the Swedish FSA. The administrators-in-bankruptcy would take over the administration of the bankruptcy estate, including the cover pool.

Provided that (and as long as) the cover pool meets the requirements of the Act on Säkerställda Obligationer (including the matching requirements), the assets in the cover pool, the covered bonds and any relevant derivative contracts that have been entered into the Register are required to be maintained as a unit and kept segregated from other assets and liabilities of the bankruptcy estate of the Institution. The administrators-in-bankruptcy are in such case required to procure the continued timely service of payments due under the covered bonds and any relevant derivative contracts. Consequently, the bankruptcy would not as such result in early repayment or suspension of payments to holders of covered bonds or to derivative counterparties, so long as the cover pool continues to meet the requirements of the Act on Säkerställda Obligationer.

Upon an Institution's bankruptcy, neither the Institution nor its bankruptcy estate would have the ability to issue further covered bonds. However, the Act on Säkerställda Obligationer gives the administrators-in-bankruptcy an explicit and broad mandate to enter into loan, derivative, repo and other transactions on behalf of the bankruptcy estate with a view to attaining matching of cash flows, currencies, interest rates and interest periods between assets in the cover pool, covered bonds and derivative contracts. Counterparties in such transactions will rank senior to holders of covered bonds and derivative counterparties. The administrators-in-bankruptcy may also raise liquidity by selling assets in the cover pool in the market for example.

If the cover pool ceases to meet the requirements of the Act on Säkerställda Obligationer, and the deviations are not just temporary and minor, the cover pool may no longer be maintained as a unit and the continuous payment under the terms and conditions of the covered bonds and derivative contracts will cease. The holders of covered bonds and derivative counterparties would in such case instead benefit from a priority right in the proceeds of a sale of the assets in the cover pool in accordance with general bankruptcy rules. This could result in the holders of covered bonds receiving payment according to a schedule that is different from that contemplated by the terms and conditions of the covered bonds (with accelerations as well as delays) or that the holders of covered bonds are not paid in full. However, the holders of covered bonds and derivative counterparties would retain the benefit of the right of priority in the assets comprising the cover pool. Any residual claims of the holders of covered bonds and derivative counterparties remain valid claims against the Institution, but will rank *pari passu* with other unsecured and unsubordinated creditors of the Institution.

INFORMATION RELATING TO THE ISSUER

Introduction

The Issuer was established with the trade name Lagrummet Augusti nr 52 Aktiebolag and registered in Sweden on 24 June 2003. The shares in Lagrummet Augusti nr 52 Aktiebolag were acquired by SBAB on 13 October 2005. The Issuer was acquired for the purpose of managing SBAB's issuance of covered bonds. On 31 March 2006 the Issuer was granted a licence by the Swedish FSA to conduct financing operations and to issue covered bonds under the Act on Säkerställda Obligationer (as defined below). On the same date, the change of name to AB Sveriges Säkerställda Obligationer (publ) with the parallel trade name The Swedish Covered Bond Corporation was registered with the Swedish Companies Registration Office (Sw: *Bolagsverket*).

The Issuer's corporate identification number is 556645-9755 and its postal address is Box 27308, SE-102 54 Stockholm, Sweden, telephone no. +46 8-614 43 00 and visiting address is Löjtnantsgatan 21, SE-115 50 Stockholm, Sweden. Since its establishment date, the Issuer's principal place of business has been in Stockholm, Sweden.

Relevant Legislation

The Issuer is a public limited liability company and is governed by the Swedish Companies Act (Sw: *Aktiebolagslagen (2005:551)*) and its Articles of Association.

The Issuer undertakes financing operations and is therefore governed by the Swedish Act on Banking and Financing Activities and is under the supervision of the Swedish FSA.

The Issuer has been granted a licence by the Swedish FSA to issue covered bonds in accordance with the Swedish Act (2003:1223) on Issuance of Covered Bonds (Sw: *Lag (2003:1223) om utgivning av säkerställda obligationer*) (the **Act on Säkerställda Obligationer**).

The Swedish Capital Adequacy and Large Exposures Act (Sw: *Lag (2006:1371) om kapitaltäckning och stora exponeringar*) also imposes certain requirements on the Issuer regarding capital adequacy.

Operations

The Issuer is a wholly-owned subsidiary of SBAB. SBAB has been undertaking lending operations for over 20 years and in order to finance these operations SBAB has historically mainly issued debt instruments. The main debt instruments issued by SBAB have been Swedish mortgage bonds, bonds under its EMTN programme and commercial paper. Following the introduction of the Act on Säkerställda Obligationer, SBAB decided to diversify its debt raising by also issuing covered bonds under the Act on Säkerställda Obligationer. SBAB chose, instead of issuing covered bonds in its own name, to issue the covered bonds through a subsidiary, namely the Issuer. In addition to the Programme, the Issuer has established the Swedish Benchmark Programme and the Australian Covered Bond Issuance Programme, and may from time to time establish other cover bond programmes.

The Issuer does not conduct any new lending operations, but acquires loans primarily from SBAB and will potentially also acquire loans from others. The Issuer and SBAB entered into a master sale agreement on the 2 June 2006 (the **Master Sale Agreement**) (which took effect as of 5 May 2006), pursuant to which the Issuer acquired an initial portfolio of loans from SBAB.

The Master Sale Agreement also provides for the continuous transfer of loans from SBAB to the Issuer on the terms and conditions stated in that agreement (including, a provision that the loan must (in whole or in part) be eligible to be used for the Cover Pool in accordance with the Act on Säkerställda Obligationer).

SBAB's claims for the purchase price of the loans acquired by the Issuer under the Master Sale Agreement are (fully or partially) repaid concurrently with the issue of covered bonds. Accordingly, any part of a subordinated note that remains unpaid is equal to the nominal outstanding value of the assets acquired from SBAB that either do not qualify for use as part of the Cover Pool under the Act on Säkerställda Obligationer or that do qualify but are included in the Cover Pool as overcollateralisation. Furthermore, SBAB's claims under the Master Sale Agreement are subordinated in case of the Issuer's bankruptcy pursuant to the Subordination Agreement.

If the Issuer intends to acquire assets directly from entities other than SBAB it will enter into a new mortgage sale agreement with such entity.

The assets of the Issuer that are not included in the Cover Pool will be available to satisfy the Noteholders' claims by Noteholders' seeking execution against the Issuer prior to the Issuer's bankruptcy or as dividends (advance and/or final) following the bankruptcy of the Issuer if the assets in the Cover Pool are not sufficient to pay the Noteholders claims against the Issuer in full. However, there may be other creditors (other than SBAB) competing with the Noteholders, any other Covered Bondholders and the Eligible Swap Providers in all or any part of the other assets of the Issuer not comprising the Cover Pool. Further, SBAB has agreed, pursuant to a subordination agreement made between SBAB and the Issuer dated 2 June 2006 (the **Subordination Agreement**) (which took effect as of 5 May 2006), that all its claims against the Issuer (except in relation to claims deriving from the Eligible Swaps) will be subordinated to all unsubordinated claims against the Issuer (including, without limitation, the claims of the Covered Bondholders and the Eligible Swap Providers) in the Issuer's bankruptcy.

Where one mortgage certificate serves as collateral for two loans and one of those loans is held by SBAB as creditor and the other loan is registered to the Cover Pool, SBAB has agreed with the Issuer to subordinate its claim to the benefit of the Issuer. Further, SBAB will represent to the Issuer pursuant to the Master Sale Agreement that at the time of the sale of any loans in respect of which the related mortgage certificate also serves as shared security (Sw: *gemensam säkerhet*) for a loan from a party other than the Issuer or SBAB that such party has entered into a subordination agreement with the Issuer which is substantially the same as the Subordination Agreement and to repurchase the relevant loan if such representation was breached at the time of sale.

Outsourcing Agreement concerning certain Services

For the purpose of achieving efficiency benefits, SBAB and the Issuer have agreed that SBAB shall undertake all services necessary for the Issuer to be able to carry out its business operations. An outsourcing agreement was entered into on 2 June 2006 between the Issuer and SBAB (the **Outsourcing Agreement**) pursuant to which SBAB shall perform all services that the Issuer, from time to time, may need to carry out its business operations such as cash management services, services relating to the loans, monitoring the matching requirements in the Cover Pool and other business activities services. SBAB must also ensure that the Cover Pool is administrated in accordance with the provisions of the Act on Säkerställda Obligationer applicable from time to time, regulations and general guidelines governing covered bonds issued by the FSA (Sw. FFFS 2004:11 to be replaced by FFFS 2013:1 as from 1 July 2013), as amended or superseded, the Issuer's Articles of Association, the terms and conditions of the Notes and the policies and instructions set by the Issuer.

Cover Pool Swap

The Issuer and SBAB have entered into interest rate swap transactions governed by an ISDA Master Agreement (including a schedule and confirmation(s)), and the Issuer may enter into additional interest rate swap transactions with SBAB or other third party counterparties, in respect of the assets registered in the Cover Pool (each, a **Cover Pool Swap**). The Cover Pool Swaps enable the Issuer to convert SEK interest payments received by the Issuer in respect of assets (other than Eligible Swaps) registered to the Cover Pool into floating payments linked to 3-month STIBOR.

Financial Information

The Issuer was established on 24 June 2003 as a limited liability company with the minimum share capital, SEK 100,000 and was made a public company on 31 March 2006.

The present share capital is SEK 50 million. The Issuer's entire share capital has been fully paid. Each share carries one vote.

The annual report of the Issuer for the financial year 2012 has been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies (Sw: *lag (1995:1559) om årsredovisning i kreditinstitut och värdepappersbolag*). SCBC applies statutory IFRS, which means that the annual report has been prepared in compliance with IFRS subject to the additions and exceptions that ensue from the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities, and the Swedish FSA's regulations and general guidelines on annual accounts for credit institutions and securities companies (FFFS 2008:25). The annual report has been prepared in accordance with the acquisition method, apart from derivative instruments and financial assets and liabilities measured at fair value through profit or loss, as well as hedge-accounted items.

Summary of financial information of the Issuer for 2012 and 2011

Income statement, in summary

	For the year ended	
	2012	**2011**
	(SEK, million)	
Net interest income	1,787	1,689
Total operating income	380	1,861
Total expenses before loan losses	(587)	(563)
Operating profit/loss	(194)	1,287
Income tax	52	(339)
Profit/loss for the year	(142)	948

Balance sheet, in summary

	31 December 2012	**31 December 2011**
	(SEK, million)	
Total assets	231,077	233,217
Total liabilities	220,286	222,284
Total equity	10,791	10,933
Total liabilities and equity	231,077	233,217
Assets pledged for own liabilities	203,010	209,954

Lending

The Issuer's total loans and advances to the public after provisions as at 31 December 2012 amounted to approximately SEK 208,875 million (SEK 210,478 million as at 31 December 2011) (excluding loans and advances to credit institutions).

The distribution of lending by type of property:	31 December 2012	31 December 2011
	(SEK, million)	
Municipal multi-family dwellings	4,439	5,904
Tenant-owner associations	46,668	47,920
Private multi-family dwellings	21,688	25,202
Single-family dwellings and holiday homes	84,471	82,730
Tenant-owned apartments	51,650	48,699
Commercial properties	80	183
Provisions for probable loan losses	(121)	(160)
Total	**208,875**	**210,478**

Funding

As at 31 December 2012, the total outstanding covered bonds debt was SEK 152,874 million (SEK 160,671 million as at 31 December 2011).

Capital Adequacy

At 31 December 2012, the capital adequacy ratio and the Tier 1 capital ratio of the Issuer was 10.3 per cent. (10.7 per cent.).

The amount for capital base net after deductible items and limit value was at 31 December 2012 SEK 10,724 million (SEK 10,813 million).

Board of Directors

The Issuer's Board of Directors may according to the Articles of Association consist of three to six members which are normally elected at the annual shareholder's meeting. At the annual shareholder's meeting on 17 April 2013, the following members were elected:

Carl-Viggo Östlund	Chairman of the Issuer; Chief Executive Officer of SBAB.
Sara Bucknell	Head of Business Development of SBAB
Per O. Dahlstedt	Head of the Corporate Business Area of SBAB
Christine Ehnström	Deputy CEO and Chief Legal Counsel of SBAB

The address of the members of the board is the registered address of the Issuer being Löjtnantsgatan 21, Box 27308, SE-102 54 Stockholm, Sweden.

The Board of Directors will conduct its work in accordance with the rules of procedure annually adopted at the Board of Director's inaugural meeting. The rules of procedure will also regulate the work allocation between the Board of Directors, the Chairman of the Board of Directors and the Chief Executive Officer of the Issuer.

Executive Management

Lennart Krän is the Issuer's Chief Executive Officer. He is also Chief Financial Officer of SBAB and Head of the Accounting and Controlling Department of SBAB.

The address of the Chief Executive Officer is the registered address of the Issuer being Löjtnantsgatan 21, Box 27308, SE-102 54 Stockholm, Sweden.

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 17 April 2013, the registered public accounting firm KPMG AB was elected as auditor. The auditor in charge is Hans Åkervall.

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.

Conflict of Interest within Administration, Management and Supervisory Bodies

All members of the Board of Directors and the Issuer's Chief Executive Officer are employed by SBAB. The Issuer's Chief Executive Officer is also employed by the Issuer. There are no potential conflicts of interest of the directors set out above and the Chief Executive Officer between any duties to the Issuer and their private interests and/or other duties.

Credit facility agreement between SBAB and the Issuer

In December 2008, a multicurrency revolving credit facility agreement was established between SBAB and the Issuer. Under the agreement SBAB makes available a committed credit facility to the Issuer up to an amount equal to the Issuer'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 the Issuer or if a default under the agreement is outstanding and SBAB gives the Issuer notice 30 days prior to the relevant termination date that the agreement should not be extended.

Jurisdiction

The Issuer is established under, and accordingly subject to, Swedish laws. Should the Issuer conduct operations outside Sweden the operations conducted will also be governed by the laws and regulations of the country in question.

INFORMATION RELATING TO SBAB

The Issuer's parent company, 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 is an independent profit making company regulated as a banking company by the Swedish Act on Banking and Financing Activities and subject to the supervision of the Swedish FSA.

The registered postal address of SBAB is P.O. Box 27308, SE-102 54 Stockholm, Sweden and the telephone number is +46 8 614 4300. The visiting address of SBAB is Löjtnantsgatan 21, SE-115 50 Stockholm, Sweden.

SBAB, together with Sparbanken Öresund AB (publ) and Sparbanken Syd, owns the cooperation company FriSpar Bolån AB.

On 16 March 2011, the Swedish Parliament (Sw: *Riksdag*) resolved to withdraw the previous authorisation from 20 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 16 March 2011 by the Swedish Parliament effectively means that the Government has no current authorisation to reduce its ownership interest in SBAB.

On 24 April 2012, SBAB was authorised by the Swedish FSA to conduct securities operations in the form of a permit to receive and forward orders in fund units and it began such activities in March 2013.

In the second quarter of 2012, SBAB decided to reduce and streamline its credit operations for corporate customers to facilitate a future divestment of this part of the business.

SUBSCRIPTION AND SALE AND SELLING RESTRICTIONS

The Dealer appointed as at the date of this Prospectus, being Citigroup Global Markets Limited, has in a programme agreement dated 11 June 2013 (such programme agreement as amended and/or supplemented and/or restated from time to time, 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 establishment and any future update of the Programme and 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.

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 are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

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 Notes (a) as part of their distribution at any time or (b) 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 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 Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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.

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 Prospectus 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) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) 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

(c) 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 (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and 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 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 any 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) Offer to the public in France:

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 such 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 approval of the base 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) Private placement in France:

it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) 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*.

Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-*ter*, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-*ter* of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**);

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

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 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 Swedish Financial Instruments Trading Act (Sw: *Lag (1991:980) om handel med finansiella instrument*).

The Kingdom of Norway

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, unless the Issuer has confirmed in writing to each Dealer that the Notes (if required) and the Prospectus have been approved by the Financial Supervisory Authority of Norway, it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Norway or to residents of Norway, other than to persons who are professional investors as defined in the Norwegian Securities Trading Regulation (FOR 2007-06-29 no. 876) or pursuant to another exemption from the obligation to prepare an offering prospectus as described in the Norwegian Securities Trading Act 2007. 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 Norwegian Central Securities Depository, the *Verdipapirsentralen* or VPS.

General

Each Dealer has agreed, and each other Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery 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, sales or delivers and neither the Issuer nor any other Dealer shall have any responsibility therefor.

Neither the Issuer nor the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

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.

TAXATION

Swedish Taxation

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

Resident holders of Notes

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

Generally, for Swedish corporations and 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. A capital gain or capital loss is calculated as the difference between the sales proceeds, after deduction for sales expenses, and the acquisition cost for tax purposes. The acquisition cost for all Notes of the same kind is determined according to the "average method" (Sw: *genomsnittsmetoden*).

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

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

If the Notes are registered with Euroclear Sweden AB or held by a Swedish nominee in accordance with the Swedish Financial Instruments Accounts Act (SFS 1998:1479), Swedish preliminary taxes 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 decease individual) that is a resident holder of any Notes.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code (**FATCA**) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a **Recalcitrant Holder**). The Issuer may be classified as an FFI.

The new withholding regime will be phased in beginning 1 January 2014 for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the **grandfathering date**, which is the later of (a) 1 January 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes (unless it has agreed to do so under the U.S. "qualified intermediary," "withholding foreign partnership," or "withholding foreign trust" regimes). The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Sweden have announced an intention to enter into an intergovernmental agreement (a **US-Sweden IGA**).

If the Issuer becomes a Participating FFI under FATCA, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

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

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

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

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

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 United Kingdom law and published HM Revenue & Customs (HMRC) practice relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers) to whom special rules may apply. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

Payment of interest on the Notes

Payments of interest on the Notes may be made without withholding on account of United Kingdom income tax.

HMRC has powers, in certain circumstances, to obtain information about: payments derived from securities (whether income or capital); certain payments of interest (including the amount payable on the redemption of a deeply discounted security); and securities transactions.

The persons from whom HMRC can obtain information include: a person who receives (or is entitled to receive) a payment derived from securities; a person who makes such a payment (received from, or paid on behalf of another person); a person by or through whom interest is paid or credited; a person who effects or is a party to securities transactions (which includes an issue of securities) on behalf of others; registrars or administrators in respect of securities transactions; and each registered or inscribed holder of securities.

The information HMRC can obtain includes: details of the beneficial owner of securities; details of the person for whom the securities are held, or the person to whom the payment is to be made (and, if more than one, their respective interests); information and documents relating to securities transactions; and, in relation to interest paid or credited on money received or retained in the United Kingdom, the identity of the security under which interest is paid. HMRC is generally not able to obtain information (under its power relating solely to interest) about a payment of interest to (or a receipt for) a person that is not an individual. This limitation does not apply to HMRC's power to obtain information about payments derived from securities.

HMRC has indicated that it will not use its information-gathering power on interest to obtain information about amounts payable on the redemption of deeply discounted securities which are paid before 6 April 2014.

In certain circumstances the information which HMRC has obtained using these powers may be exchanged with tax authorities in other jurisdictions.

EU Savings Directive

Under EC Council Directive 2003/48/EC (the **EU Savings Directive**) 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 EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

The Proposed Financial Transactions Tax

In September 2011, the EU Commission attempted to introduce an EU-wide financial transactions tax. However not all the Member States were in favour of such a tax and so the tax could not be implemented in all Member States. Subsequently, 11 Member States of the EU requested that the Commission develop a proposal for the introduction of a common financial transactions tax (**FTT**) for each of those Member States. The Commission developed such a proposal under the EU's enhanced cooperation procedure which allows 9 or more Member States to implement common legislation. In January 2013, the EU Council of Ministers authorised the Commission to proceed with enhanced cooperation for a common FTT and the Commission has now published a draft Directive containing proposals for the FTT. This FTT is intended to be introduced only in the 11 participating Member States (Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia).

The proposed FTT imposes a charge on financial transactions including purchases and sales of financial instruments; this charge will be levied at not less than 0.1 per cent. of the sale price.

A charge to FTT will arise if at least one party to a financial transaction is established in a participating Member State and a financial institution established in (or is treated as established in) a participating Member State is a party to the transaction, for its own account, for the account of another person, or if the financial institution is acting in the name of a party to the transaction.

It is important to be aware that a financial institution will be treated as established in a participating Member State if its seat is there, it is authorised there (as regards authorised transactions) or it is acting via a

branch in that Member State (as regards branch transactions), or for a particular transaction, merely because it is entering into the financial transaction with another person who is established in that Member State.

Furthermore, a financial institution will be treated as established in a participating Member State in respect of a financial transaction if it is a party (for its own account or for the account of another person) or is acting in the name of a party, to a financial transaction in respect of a financial instrument issued within a participating Member State. The other party to such a transaction will also be treated as established in a participating Member State.

There are limited exemptions to the proposed FTT; one important exemption is the "primary market transactions" exemption which should cover the issuing, allotting, underwriting or subscribing for shares, bonds and securitised.

Even though the FTT is to be introduced only in the participating Member States, it can be seen from what is said above that it could impact financial institutions operating inside and outside the 11 participating Member States, and the FTT could be payable in relation to Notes issued under this Prospectus if the FTT is introduced and the conditions for a charge to arise are satisfied.

The proposed FTT is still under review and it may therefore change before it is implemented. In particular, in April 2013, the UK Government announced that it is to challenge the legality of the way in which the proposed FTT will apply to financial institutions located in non-participating Member States. This challenge may lead to changes in the scope of the FTT.

It is currently proposed that the FTT should be introduced in the participating Member States on 1 January 2014. Prospective holders of Notes are strongly advised to seek their own professional advice in relation to the FTT.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes was duly authorised by a resolution of the Board of Directors of the Issuer passed on 31 March 2006. The update of the Programme was duly authorised by a resolution of the Board of Directors of the Issuer passed on 30 April 2013.

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 13 June 2013.

Documents Available

For the period of 12 months from the date of this Prospectus, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being in London:

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

(ii) the audited financial statements of the Issuer in respect of the financial years ended 31 December 2011 and 31 December 2012, in each case together with the audit reports thereon (with an English translation thereof);

(iii) a copy of this Prospectus;

(iv) the Agency Agreement, the Deed of Covenant, the Issuer-ICSDs Agreement and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons; and

(v) any future offering circulars, prospectuses, information memoranda and supplements to this Prospectus and any other documents incorporated therein by reference and any Final Terms.

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 Prospectus, any supplements to this Prospectus, any documents incorporated by reference and each Final Terms relating to Notes which are admitted to trading on the London Stock Exchange's regulated market will also be published on the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

Clearing Systems

The Notes (other than VPS 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.

The entities in charge of keeping the records in relation to each Tranche of Notes shall be Euroclear, Clearstream, Luxembourg and/or the VPS, as applicable. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brusssels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of VPS is Fred Olsens gate 1, 0152, Oslo, Norway.

In respect of any VPS Notes, the Issuer shall be entitled to obtain certain information from the register maintained by the VPS for the purpose of performing its obligations under any 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.

Issue price

The issue price and amount of the Notes of any Tranche will be determined at the time of the offering of such Tranche in accordance with prevailing market conditions.

Yield

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Litigation

There are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

Auditors

The financial statements of the Issuer in respect of the financial years ended 31 December 2011 and 31 December 2012 were audited by Öhrlings PricewaterhouseCoopers AB. The auditor in charge was Catarina Ericsson.

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 17 April 2013, the registered public accounting firm KPMG AB was elected as auditor. The auditor in charge is Hans Åkervall.

Each of the above-mentioned auditors in charge is a member of Far, the professional institute for authorised public accountants, approved public accountants and other highly qualified professionals in the accountancy sector in Sweden.

Each of the auditing firms referred to above have no material interest in the Issuer.

Dealers transacting with the Issuer

The Dealer appointed as at the date of this Prospectus, being Citigroup Global Markets Limited, 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.

Significant or Material Change

No material adverse change in the prospects of the Issuer, nor any significant change in the financial or trading position of the Issuer, has occurred since 31 December 2012.

Cover Pool

The assets comprising the Cover Pool will change from time to time. The Issuer makes portfolio information available to investors on a monthly basis. Such information will be available on the Issuer's website at http://www.sbab.se.

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