

SUPPLEMENTARY OFFERING CIRCULAR 2011: 02 DATED 5 APRIL 2011



SBAB BANK AB (PUBL)

**(formerly Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ)
(The Swedish Housing Finance Corporation, SBAB))**

(Incorporated with limited liability in the Kingdom of Sweden)

€13,000,000,000

Euro Medium Term Note Programme

This Supplement (the “*Supplement*”) constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the “*FSMA*”) and is prepared in connection with the Euro Medium Term Note Programme (the “*Programme*”) established by SBAB Bank AB (publ) (formerly Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ) (The Swedish Housing Finance Corporation, SBAB)) (the “*Issuer*” or “*SBAB*”). This Supplement is supplemental to, and should be read in conjunction with, the Offering Circular (the “*Offering Circular*”) relating to the Programme dated 4th November, 2010, as previously supplemented by a Supplementary Offering Circular dated 4th February, 2011 (the “*First Supplement*”), which together comprise a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “*Prospectus Directive*”). Terms defined in the Offering Circular have the same meaning when used in this Supplement.

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

The Issuer has entered into a Supplemental Agency Agreement dated 5 April 2011 with the Principal Paying Agent, the Transfer Agent, the Registrar, the Exchange Agent and the Paying Agent named therein, supplemental to the amended and restated Agency Agreement dated 4th November, 2010 relating to the Programme, for the purpose of amending Condition 6(h) of the Terms and Conditions of the Notes issued under the Programme and amending the definition of “Capital Event” in Condition 6(l), in each case as set out herein. In addition, the Issuer also wishes to update the following sections of the Offering Circular: (i) “*Risk Factors*”, in light of recent announcements made by the Basel Committee on Banking Supervision; (ii) “*Information Relating to the Issuer*”, following recent announcements regarding SBAB’s ownership by the Swedish Government and the granting of a licence to SBAB to conduct banking operations and related change of name, and (iii) “*Board of Directors and Management*”, to reflect the resignation of a member from the Board of Directors, in each case as set out herein.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Offering Circular by this Supplement and (b) any other statement in, or incorporated by reference into, the Offering Circular, the statements in (a) above will prevail.

Save as disclosed in this Supplement and the First Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Offering Circular since the publication of the Offering Circular.

Investors should be aware of their rights under Section 87(Q)4 of the FSMA.

Amendments to “Risk Factors”

The section “Risk Factors” as set out in the Offering Circular shall with effect from the date hereof be amended as follows:

The second paragraph under “Changes to the Capital Requirements Directive” under “Risks related to Notes generally” on page 24 of the Offering Circular shall be deemed to be replaced by the following:

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

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

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

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

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

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

Furthermore, there can be no assurance that, prior to its implementation in 2013, the Basel Committee will not amend the package of reforms described above. The European Commission has published corresponding proposed changes at an EU level to the CRD (known as “*CRD IV*”) and has indicated that it expects to publish regulations or a directive reflecting Basel III in mid-2011 requiring implementation in the member states by the beginning of 2013. The European Commission and/or the Swedish FSA may implement the package of reforms, including the terms which capital securities are required to have, in a manner that is different from that which is currently envisaged, or may impose more onerous requirements on Swedish financial institutions.

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

Amendments to “*Terms and Conditions of the Notes*”

The Terms and Conditions of the Notes as set out in the Offering Circular and as set out in the Agency Agreement (as defined in the Terms and Conditions of the Notes) shall with effect from the date hereof be amended as follows:

- (i) Condition 6(h) shall be amended as follows:

The words “in the following paragraph and” shall be inserted in the first line of Condition 6(h) between the words “subject as provided” and “in Condition 6(k)”.

The following paragraph shall be inserted as a new second paragraph of Condition 6(h), immediately following the current paragraph (as amended above):

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

- (ii) The definition of “Capital Event” in Condition 6(l) shall be deemed to be deleted and replaced with the following:

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

Amendments to “Information Relating to the Issuer”

The section “*Information Relating to the Issuer*” as set out in the Offering Circular shall with effect from the date hereof be amended as follows:

- (i) The following paragraph shall be deemed to be inserted at the end of the section “*Government Bill relating to state ownership of companies*” under “*Recent Developments*” on page 112 of the Offering Circular:

“On 16th March, 2011, the Swedish Parliament (Sw. *Riksdag*) resolved to withdraw the previous authorisation from 20th June, 2007 given to the Swedish Government whereby the Government was authorised to reduce the Kingdom of Sweden’s ownership of SBAB as well as in certain other state-owned companies. The resolution from 16th March, 2011 by the Swedish Parliament effectively means that the Government has no current authorisation to reduce its ownership interest in SBAB.”

- (ii) The paragraph “*Application for banking licence*” under “*Recent Developments*” on page 112 of the Offering Circular shall be deemed to be deleted and replaced with the following:

“Application for banking licence

On 30th November, 2010, the Swedish FSA granted SBAB a licence to conduct banking operations. At an Extraordinary Shareholders’ Meeting of SBAB on 16th March, 2011, it was resolved to adopt new Articles of Association of SBAB thereby permitting the company to conduct banking operations. In connection therewith, the name of the company was amended to “SBAB Bank AB (publ)”. The new Articles of Association and the new name were registered with the Swedish Companies Registration Office with effect from 25th March, 2011.”

Amendments to “*Board of Directors and Management*”

The section “*Board of Directors and Management*” as set out in the Offering Circular shall with effect from the date hereof be amended as follows:

Lennart Francke shall be deleted from the table “*Board of Directors*” on page 113 of the Offering Circular. Mr. Francke resigned from the Board of Directors of SBAB in February 2011.