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

(Incorporated with limited liability in the Kingdom of Sweden)

€10 billion

Euro Medium Term Covered Note Programme

Under this €10 billion Euro Medium Term Covered Note Programme (the **Programme**), AB Sveriges Sakerstallda Obligationer (publ) (the **Issuer**) may from time to time issue notes (the **Notes**) in accordance with Lag (2003: 1223) *om utgivning av sakerstallda obligationer* (the **Act on Sakerstallda 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 billion (or its equivalent in other currencies calculated as described in the Programme Agreement), subject to increase as described herein.

The Notes may be issued on a continuing basis to the Dealer specified under “*Summary of the Programme and Terms and Conditions of the Notes*” and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this 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 Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority** and the **FSMA**, respectively) for Notes issued during the period of 12 months from the date of this 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 Gilt-Edged and Fixed Interest Market. References in this Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange’s Gilt-Edged and Fixed Interest Market and have been admitted to the Official List. The London Stock Exchange’s Gilt-Edged and Fixed Interest Market is a regulated market for the purposes of Directive 93/22/EEC (the **Investment Services Directive**). The Issuer may also request that the UK Listing Authority delivers a certificate of approval to the competent authority of the Kingdom of Sweden and other European Economic Area Member States, pursuant to Article 18 of Directive 2003/71/EC (the **Prospectus Directive**) in order for Notes to be admitted to trading on Stockholmsbörsen AB (the **Stockholm Stock Exchange**) or any other stock exchange or market in such other European Economic Area Member State. **The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue Notes which are not listed or admitted to trading on any stock exchange or market.**

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*” below) of Notes will be set out in a final terms document (the **Final Terms**) which, with respect to Notes to be listed on the London Stock Exchange will be delivered to the UK Listing Authority and the London Stock Exchange and, with respect to Notes to be listed on the Stockholm Stock Exchange or any other stock exchange or market will be delivered to the Stockholm Stock Exchange or such other stock exchange or market, in each case 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 Notes issued under the Programme are expected on issue to be assigned an “AAA” rating by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies Inc. (**Standard & Poor’s** or **S&P**) and an “Aaa” rating by Moody’s Investors Service Limited (**Moody’s** and, together with Standard & Poor’s, the **Rating Agencies** and each a **Rating Agency**). 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 agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event a supplemental prospectus or further prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Issuer may also issue Swedish Benchmark Bonds (as defined herein) and other securities pursuant to the Act on Sakerstallda 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 20 June 2006

This document comprises a base prospectus (the Prospectus) for the purposes of Article 5.4 of 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 (the Responsible Person for the purposes of the Prospectus Directive) accepts responsibility for the information contained in this Prospectus. 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 officer(s) of each Paying Agent (as defined below).

Neither the Arranger, nor any of the Dealers have independently 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 and SBAB (as defined below). 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 or SBAB 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 and/or SBAB 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 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, SBAB, 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, SBAB, the Arranger or the Dealers which would permit a public offering of any Notes outside the United Kingdom 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 United Kingdom, Italy and France) and Japan. See “*Subscription and Sale and Selling Restrictions*”.

This Prospectus prepared in connection with the Notes has not been submitted to the clearance procedures of the *Autorité des marchés financiers* in France.

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” are to the currency introduced at the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended (the Treaty), to “Sterling”, “GBP” and “£” refer to the currency of the United Kingdom, to “SFR” refer to the currency of Switzerland, to “CAD” refer to the currency of Canada, to “DKK” refer to the currency of Denmark, to “AUD” refer to the currency of Australia and to “NZD” refer to the currency of New Zealand.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes (provided that, in the case of any Tranche of Notes to be admitted to trading on a regulated market in the European Economic Area, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) 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.

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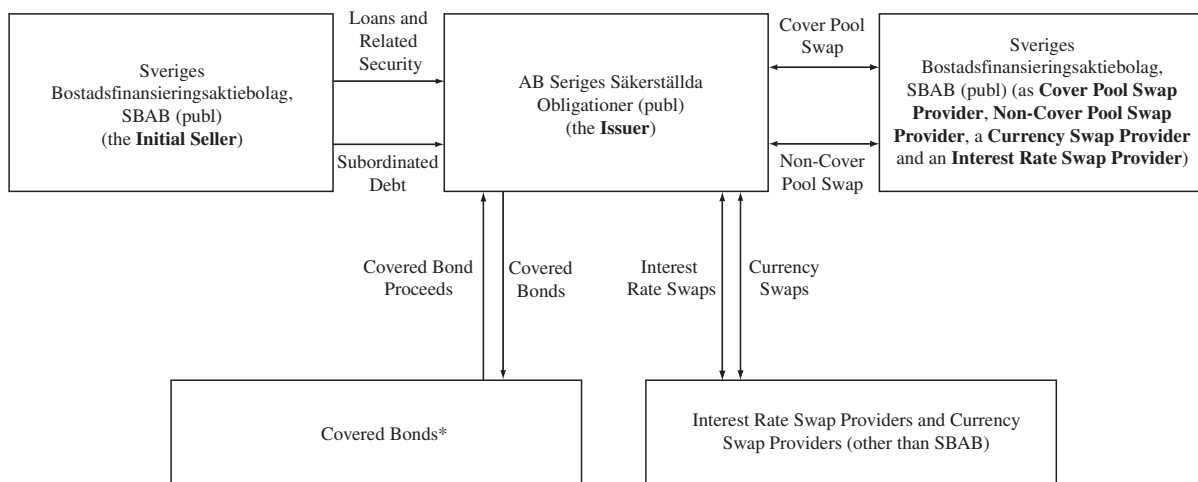
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SUMMARY OF THE PROGRAMME AND TERMS AND CONDITIONS OF THE NOTES

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

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

Structure Diagram



* Covered Bonds may be issued under the Programme, the Swedish Benchmark Bonds Programme or on a stand-alone basis.

Issuer:	<p>AB Sveriges Säkerställda Obligationer (publ) (the Issuer).</p> <p>The Issuer is a public limited liability company and is a wholly owned subsidiary of Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ) (SBAB). The Issuer was registered in the Kingdom of Sweden on 24 June 2003. The Issuer’s organisation number is 556645-9755.</p> <p>The Issuer holds a licence from the Swedish Financial Supervisory Authority (<i>Finansinspektionen</i>) (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 Act on Säkerställda Obligationer.</p> <p>In addition to the Programme, the Issuer has established a programme (the Swedish Benchmark Bonds Programme) for the issuance of Swedish benchmark bonds (Swedish Benchmark Bonds and the holders thereof the Swedish Benchmark Bondholders). The initial issuance under the Swedish Benchmark Bonds Programme comprises four series with various maturities and interest rates matching the maturities and interest rates under SBAB’s four existing Swedish benchmark bonds (the Existing Bonds) which were subject to an exchange offer by the Issuer (the Offer).</p> <p>For a more detailed description of the Issuer, see “<i>Information Relating to the Issuer</i>”, below.</p>
SBAB:	<p>SBAB is a wholly state-owned public limited liability company. The interest of the Swedish State is represented by the Swedish Ministry of Industry, Employment and Communications. SBAB is regulated by the Swedish Act on Banking and Financing Activities (<i>Lag (2004: 297) om bank- och finansieringsrörelse</i>) and is subject to the supervision of the Swedish FSA.</p> <p>SBAB was registered in the Kingdom of Sweden on 21 December 1984. SBAB’s organisation number is 556253-7513.</p>
Sellers:	<p>Initially SBAB (in such capacity, the Initial Seller).</p> <p>For a more detailed description of SBAB, see “<i>Information Relating to SBAB</i>”, below.</p> <p>The Issuer may, from time to time, enter into new sale agreements to purchase loans and related security from entities other than the Initial Seller.</p>
Servicer:	<p>Pursuant to the terms of the Outsourcing Agreement (as defined below), SBAB (in such capacity, the Servicer) has been appointed by the Issuer to service the Loans (as defined below) and their related security.</p>

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 acting through its offices at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB has been appointed pursuant to the Agency Agreement as issuing and principal paying agent and agent bank.
Cover Pool Swap Provider:	SBAB (in such capacity, the Cover Pool Swap Provider) has agreed to act as swap provider to the Issuer to convert SEK interest payments (less a client margin) 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 (the Cover Pool Swap).
Non-Cover Pool Swap Provider:	SBAB (in such capacity, the Non-Cover Pool Swap Provider) has agreed to act as swap provider to the Issuer by 30 September 2006 to hedge all of the SEK interest payments (less a client margin) received by the Issuer in respect of assets not registered to the Cover Pool into floating payments linked to 3-month STIBOR (the Non-Cover Pool Swap).
Currency Swap Providers:	In addition to the Cover Pool Swap, the Issuer may enter into currency swaps (each a Currency Swap) from time to time with SBAB and other third party counterparties (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:	<p>In addition to the Cover Pool Swap, the Issuer may enter into single currency interest rate swaps (each, an Interest Rate Swap) from time to time with SBAB and other third party counterparties (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 the Cover Pool Swap or a Currency Swap.</p> <p>The Cover Pool Swap Provider, the Currency Swap Providers and the Interest Rate Swap Providers are together referred to as the Eligible Swap Providers; the 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 Provider are together referred to as the Swap Providers and the Eligible Swaps and the Non-Cover Pool Swap are together referred to as the Swaps.</p>
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. Notes may also be issued to third parties.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time including the following restrictions applicable at the date of this Prospectus. Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent.
Programme Size:	Up to €10 billion (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 “ <i>Subscription and Sale and Selling Restrictions</i> ” below.
Currencies:	Euro, Sterling, U.S. dollars, SEK, Yen, SFR, CAD, DKK, AUD, NZD and any other currency agreed between the Issuer and the relevant Dealer, subject to any applicable legal or regulatory restrictions.
Redenomination:	The applicable Final Terms may provide that certain Notes may be redenominated in euro. If so, the redenomination provisions will be set out in the applicable Final Terms.
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to or premium over par.
Form of Notes:	The Notes will be issued in bearer form and may be issued initially in temporary global form or permanent global form depending on TEFRA designation. The global notes may or may not be issued in new global note (NGN) form.

The Issuer may issue Notes to be cleared through the Swedish Central Depository & Clearing Organisation (**VPC AB**), in which case amendments to the Conditions of such Notes will be made at the relevant time.

Fixed Rate Notes:

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

Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined in the manner specified in the applicable Final Terms.

The margin (if any) relating to such Floating Rate Notes will be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms).

Index Linked Notes:

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both (as indicated in the applicable Final Terms).

Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period 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 (as indicated in the applicable Final Terms).

Dual Currency Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies and based on such rates of exchange as the Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment.

Redemption:

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments and the amounts and dates for such redemption.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution.

Optional redemption:

Early redemption of the Notes will only be permitted to the extent specified in the applicable Final Terms and subject to applicable laws and regulations.

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, 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 equivalent body) or any laws or regulations applicable to the relevant Specified Currency and that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

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 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 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 2 per cent. (the Overcollateralisation Test).
Listing and admission to trading:	<p>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 Gilt-Edged and Fixed Interest Market.</p> <p>Any Series of Notes may also be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or relevant listing authority as may be agreed between the Issuer and the relevant Dealer including the Stockholm Stock Exchange. Notes which are neither listed nor admitted to trading on any stock exchange or market may also be issued.</p> <p>The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.</p>
Governing Law:	The Notes will be governed by and construed in accordance with English law, save for Condition 2 of the Terms and Conditions of the Notes (the Conditions) which will be governed by and construed in accordance with Swedish law.
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 United Kingdom, 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 (as indicated in the applicable Final Terms).
United States Selling Restrictions:	Regulation S, category 2. TEFRA C or D/TEFRA not applicable (as indicated in the applicable Final Terms).
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under " <i>Risk Factors</i> " below and include risks relating to the Swedish mortgage market.

SUPPLEMENTS TO THE PROSPECTUS

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. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of 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 (as defined in “*Subscription and Sale and Selling Restrictions*”) 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. A summary 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 modified and supplemented 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 billion 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 Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes, described under “*Form of the Notes*”, below) 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;
- (b) the euro equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Final Terms in relation to the relevant Notes, described under “*Form of the Notes*”, below) shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the amount of the subscription price paid); and
- (c) the euro equivalent of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the relevant Notes, described under “*Form of the Notes*”, below) 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.

RISK FACTORS

The Issuer believes that the risks described below represent the main risks when investing in Notes issued under the Programme. However, the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons. Thus, the Issuer does not make any representation that the statements below regarding the risks associated with holding any Notes are exhaustive. Furthermore, the risk factors are not ranked in any particular order. Potential investors should also read the detailed information set out elsewhere in this Prospectus and form an opinion of the risks prior to making any investment decision.

Economic and business risks affecting the Notes

Set out below is a brief description of certain economic and business risks relating to the Notes.

Risks relating to the Kingdom of Sweden

Financial instruments issued by the State 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. Comparatively healthy public finances, a declining national debt and a competitive export sector, combined with a well educated labour force and a high standard of living are circumstances that support the creditworthiness of Sweden. High tax rates and rigidities in labour and product markets are factors that may negatively influence the creditworthiness of Sweden. Although Sweden has an ageing population, already implemented pension system reforms are considered to help insulate costs related thereto from the rest of the state finances.

Risks relating to the Swedish mortgage market

The Swedish mortgage market is dominated by a few bank owned and one state owned mortgage institution. In recent years, low interest rates, low inflation, higher house prices and increased disposable income for the households have led to a continued strong growth in demand for loans, especially in the residential mortgage market. One of the main risks related to the Swedish residential mortgage market is the credit risk associated with borrowers’ creditworthiness and their ability to pay under the mortgage loan as well as with the value of the mortgaged properties. The relatively low risk profile among Swedish mortgage institutions reflects the high degree of lending to single-family homes and low loan to value ratios.

Risks relating to the Issuer’s business

The Issuer is a newly acquired subsidiary of SBAB without any established business operations. The Issuer has acquired the Completion Portfolio (as defined below) from the Initial Seller and may acquire additional loan portfolios from the Initial Seller and other parties the Issuer enters into sale agreements with. Accordingly, the Issuer is dependent on the business of the Initial Seller and such other parties to originate loans to be acquired by it. The Issuer will therefore be affected by general economic and business conditions which affect the Initial Seller and such other parties, including changes in the economic climate, both nationally and internationally, changes regarding taxation, interest rate developments, inflation and political changes.

Risks relating to the Issuer’s collateral

Given that a considerable part of the Issuer’s loans are granted with mortgages or tenant-owners rights as collateral, the credit risk is partly related to the performance of the real estate and housing market. There can be no guarantees regarding the future development of the value of the collateral. When collateral is made use of, a court order may be needed to establish the borrower’s obligation to pay and to enable a sale by executive measures. The Issuer’s ability to make use of the collateral without the consent of the borrower is thus dependent on the above mentioned decisions from a court and the executive 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.

Concentration of location of mortgaged properties

At the date of this Prospectus, the Cover Pool consists of loans which are secured by mortgage certificates (Sw. *pantbrev*) in properties located in Sweden, pledges of shares in housing co-operations (Sw: *bostadsrättsföreningar*) or loans guaranteed by the State of Sweden or municipalities. The value of the Cover Pool may therefore decline in the event of a general downturn in the value of property in Sweden.

Limited description of the Portfolio

It is expected that the assets comprising the Cover Pool will change from time to time. However, certain limited statistical information in relation to the Loans comprising the Completion Portfolio transferred to the Issuer on 8 May 2006 and the assets of the Issuer is set out in “*Characteristics of the Portfolio*”, below. In addition, the Issuer will make portfolio information available to investors on a regular basis from 30 September 2006.

No due diligence

None of the Dealers, the Arranger or the Issuer has or will undertake any investigations, searches or other actions in respect of the loans and other assets comprising the Cover Pool, but will instead rely on the representations and warranties provided by the Initial Seller under the Master Sale Agreement and other parties the Issuer enters into sale agreements with and, in the case of the Dealers, the obligations of the Issuer under the Act on Säkerställda Obligationer.

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 State 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 State 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 by SBAB on behalf of the Issuer under the SBAB group account structure held with Skandinaviska Enskilda Banken, AB (**SEB**). Payments will be credited to the relevant Issuer Sub-Ledgers (as defined below). The Issuer is therefore exposed to the credit risk of SEB. 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 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.

In the event that SBAB’s short-term unsecured, unsubordinated debt obligations cease to be rated at least “P-1” by Moody’s or “A-1+” or (if the amount standing to the credit of the Cover Pool Sub-Ledger does not exceed 20 per cent. of the nominal amount of the total Covered Bonds outstanding) “A-1” by S&P. SBAB will open and maintain an account with an account bank which has a rating of at least “A-1+” by S&P and “P-1” by Moody’s (the **Issuer Collection Account**). See “*Summary of Transaction Documents – Outsourcing Agreement – Cash Management Services*” below for further details.

Legal and regulatory risks relating to the Notes

Set out below is a brief description of certain legal and regulatory risks relating to Notes.

Legal risks

The Issuer's business operations are governed by law and regulations and are subject to authority supervision. Any changes to the current legislation might affect the Issuer's business operations and its operating result. Furthermore, competition and other factors might also affect the Issuer's business.

Basel Capital Requirements Directive

The Basel Committee on Banking Supervision has published a framework which is proposed to place enhanced emphasis on market discipline and sensitivity to risk. The Issuer cannot predict the precise effects of changes that might result from an implementation of the framework, whether on its own financial performance or on the pricing of the Notes. Prospective investors of the Notes should consult their own advisers as to the consequences of a potential implementation of the new Basel capital framework.

Change of law and establishment of case law

The Terms and Conditions of the Notes (the **Conditions**) are based on English law and, in respect of Condition 2, Swedish law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law, Swedish law or administrative practice after the date of this Prospectus.

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 it 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 rules*" 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.

A breach of the matching requirements following the Issuer's bankruptcy (other than minor and temporary breaches) would result in the administrator-in-bankruptcy of the Issuer ceasing to maintain the Cover Pool as a separate unit. As a result, the Noteholders would no longer continue to be paid out of the Cover Pool in accordance with the terms of the Notes. Rather, the Noteholders would be treated as creditors of the Issuer with rights of priority in respect of the assets comprising the Cover Pool and would be entitled to receive payment in the form of dividends (advance and/or final). This may result in the Noteholders not being paid in a timely manner and/or not receiving payment in full of the Notes then outstanding from the proceeds of the liquidation of the assets comprising the Cover Pool.

However, to the extent that the Noteholders are not fully paid from the proceeds of the liquidation of the assets comprising the Cover Pool, the Noteholders will be able to prove for the balance of their claims as unsecured creditors of the Issuer and will be entitled to receive payment from the proceeds of the liquidation of the other assets of the Issuer not comprising the Cover Pool. The Noteholders would in such case rank *pari passu* with any other Covered Bondholders, the Eligible Swap Providers and the other

unsecured, unsubordinated creditors of the Issuer. As the Issuer will not be engaging in any activity except for the issuance of Covered Bonds, the entry into derivative 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), it is likely that there would only be a few other creditors (other than SBAB) competing with the Noteholders, any other Covered Bondholders and the Eligible Swap Providers regarding the proceeds from the other assets of the Issuer not comprising the Cover Pool. Further, SBAB has agreed, pursuant to the Subordination Agreement (as defined below), 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.

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 include (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.

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, as the Issuer will not be engaging in any activity except for the issuance of Covered Bonds, the entry into derivative 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), it is likely that there would only be a few 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 the Subordination Agreement, 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 such 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, the Initial Seller 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 the Initial Seller 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.

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 Bankruptcy Act 1987 (as amended) (*Sw. konkurslagen (1987:672)*).

As the Issuer will not be engaging in any activity except for the issuance of Covered Bonds, the entry into derivative agreements and ancillary activities reasonably related thereto (including, without limitation, purchasing, owning, selling and managing loans and their related security and other any substitute assets), it is likely that there would only be a few other creditors (other than SBAB) that would consider requesting any advance dividend from the assets of the Cover Pool. Further, SBAB has agreed 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 case of bankruptcy of the Issuer.

Liquidity

Upon the Issuer's insolvency neither the Issuer nor its estate would be allowed to issue further Covered Bonds. It would therefore not be possible for an administrator-in-bankruptcy to raise finance in the market by the issuance of further Covered Bonds following the Issuer's bankruptcy. Further, neither the Act on Säkerställda Obligationer, the preparatory works nor regulations of the Swedish FSA stipulate that the administrator-in-bankruptcy or the Issuer's estate may contract debt obligations of any kind in order to service the timely payment under the terms of the Notes. The Bankruptcy Act 1987 (as amended) (*Sw: konkurslagen (1987:672)*) has not been amended to allow the administrator-in-bankruptcy or the Issuer's estate to raise loans or enter into any such agreements in order to service the timely payment of interest and principal on the Notes. However, liquidity could be raised either by (i) selling the loans and other assets registered to the Cover Pool in the market or (ii) accelerating the loans on a reset date (being the date on which interest and other terms may be varied) or pursuant to the terms of the loans provided to borrowers who are not consumers, in each case, provided that the Issuer is unable to refinance the relevant mortgage loan.

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 guidelines on liquidity, which are not binding on the Issuer. However, any serious or systematic deviations from such guidelines may lead to the Swedish FSA determining that the Issuer's business does not satisfy the statutory soundness requirement for credit institutions and result in the Swedish FSA imposing sanctions against the Issuer.

Risk related to the market in general

Set out below is a brief description of certain market risks, including liquidity risk and currency exchange rate risk.

Trading in the clearing systems

In relation to any issue of Notes which have a minimum denomination and are tradeable in the clearing systems in amounts above such minimum denomination which are smaller than it, should definitive Notes be required to be issued, a holder who does not have an integral multiple of the minimum denomination in his account with the relevant clearing system at the relevant time may not receive all of his entitlement in the form of definitive Notes unless and until such time as his holding becomes an integral multiple of the minimum denomination.

Liquidity risk

Insufficient liquidity in the secondary market for the Notes may have a negative impact on their market value. If the market places concerned are closed, or if temporary restrictions are imposed, it may be difficult or impossible to dispose of an investment in the Notes.

No Notes have been issued under the Programme at the date of this Prospectus. Thus it is impossible to offer any guarantees as to the development of a secondary market for the Notes. Even if a secondary market would develop, its liquidity for the term of the Notes cannot be guaranteed, which may result in an inability for an investor in the Notes to sell its holding or at the price sought.

Currency exchange rate risk and currency exchange control

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 basis for assets and liabilities do not coincide. The Issuer will enter into the Cover Pool Swap and Interest Rate Swaps to ensure that the risks do not exceed the limit values approved by its board of directors and to ensure that matching is maintained in accordance with the Act on Säkerställda Obligationer.

Credit rating may not reflect all risks

S&P and Moody's will assign credit ratings of "AAA" and "Aaa" respectively to 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 Notes and may be revised or withdrawn by the relevant Rating Agency at any time.

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 affect on an investment in Notes denominated in SEK.

Reliance on Swap Providers

A brief description of certain risks relating to the Swaps is set out below.

Reliance on Currency Swaps

The Issuer may rely on the Currency Swap Providers under the Currency Swaps to provide payments on Covered Bonds denominated in currencies other than SEK. If the Issuer fails to make timely payments of amounts due or certain other events occur in relation to the Issuer under a Currency Swap and any applicable grace period has expired, then the Issuer will have defaulted under that Currency Swap. If the Issuer defaults under a Currency Swap due to non-payment or otherwise, the relevant Currency Swap Provider will not be obliged to make further payments under that Currency Swap and may terminate that Currency Swap. If a Currency Swap Provider is not obliged to make payments, or if it exercises any right of termination it may have under the relevant Currency Swap Agreement, or if it defaults in its obligations to make payments under a Currency Swap, the Issuer will be exposed to changes in currency exchange rates and in the associated interest rates on the currencies. Unless a replacement swap is entered into, the Issuer may have insufficient funds to make payments due on the Covered Bonds.

Reliance on Interest Rate Swaps

In order to hedge the Issuer's interest rate risks in SEK and/or other currencies to the extent that these have not already been hedged by the Cover Pool Swap or a Currency Swap, the Issuer may enter into Interest Rate Swaps. If the Issuer fails to make timely payments of amounts due or certain other events occur in relation to the Issuer under an Interest Rate Swap and any applicable grace period has expired, then the Issuer will have defaulted under that Interest Rate Swap. If the Issuer defaults under an Interest Rate Swap due to non-payment or otherwise, the relevant Interest Rate Swap Provider will not be obliged to make further payments under that Interest Rate Swap and may terminate that Interest Rate Swap. If an Interest Rate Swap Provider is not obliged to make payments, or if it exercises any right of termination it may have under the relevant Interest Rate Swap Agreement, or if it defaults in its obligations to make payments under an Interest Rate Swap, the Issuer will be exposed to 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.

Reliance on Cover Pool Swap and Non-Cover Pool Swap

In order to hedge the possible variance between 3-month STIBOR and the various rates of interest payable in respect of certain assets registered to the Cover Pool, the Issuer has entered into the Cover Pool Swap. If the Issuer fails to make timely payments of amounts due or certain other events occur in relation to the Issuer under the Cover Pool Swap and any applicable grace period has expired, then the Issuer will have defaulted under that Cover Pool Swap. If the Issuer defaults under the Cover Pool Swap due to non-payment or otherwise, the Cover Swap Provider will not be obliged to make further payments under the Cover Pool Swap and may terminate the Cover Pool Swap. If the Cover Pool Swap Provider is not obliged to make payments, or if it exercises any right of termination it may have under the Cover Pool Swap Agreement, or if it defaults in its obligations to make payments under the Cover Pool Swap, the Issuer will be exposed to 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 will, not later than 30 September 2006, enter into the Non-Cover Pool Swap in respect of assets owned by the Issuer from time to time which are not registered to the Cover Pool. If the Non-Cover Pool Swap Provider is not obliged to make payments, or if it exercises any right of termination it may have under the Non-Cover Pool Swap Agreement, or if it defaults in its obligations to make payments under the 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. As at the date of this Prospectus, the terms of the Non-Cover Pool Swap Agreement have not yet been finalised.

Termination payments for Swaps

If any of the Interest Rate Swaps, Currency Swaps, Cover Pool Swap or (when entered into) the Non-Cover Pool Swap are terminated, the Issuer may as a result be obliged to make a termination payment to the relevant Swap Provider. The amount of the termination payment will be based on the cost of entering into a replacement Interest Rate Swap, Currency Swap, Cover Pool Swap or Non-Cover Pool Swap, as the case

may be. 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. As at the date of this Prospectus, the terms of the Non-Cover Pool Swap Agreement have not yet been finalised.

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:

- (a) have 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) have 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) have sufficient financial resources and liquidity to bear the risks of an investment in the relevant Note, including possible currency exchange rate risks;
- (d) thoroughly understand the Terms and Conditions and the Final Terms of the relevant Note and be familiar with the behaviour of the financial markets (in particular with the Swedish financial market); and
- (e) be able to evaluate (either alone or with the assistance of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the associated risks.

Risks related to the structure of a particular issue of Notes

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

Notes subject to optional redemption by the Issuer

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

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

Index Linked Notes and Dual Currency Notes

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

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

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

Partly-paid Notes

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

Variable rate Notes with a multiplier or other leverage factor

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

Inverse Floating Rate Notes

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

Fixed/Floating Rate Notes

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

Notes issued at a substantial discount or premium

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

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 (the **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 (the **Extended Final 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 fall one year after the Maturity Date. 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 and with any other covered bonds which may be issued by the Issuer in accordance with the Act on Säkerställda Obligationer.

Meetings of Noteholders

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

Principal Paying Agent may agree to modifications without Noteholders', Receiptholders' or Couponholder's prior consent

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

- any modification to the Notes, the Receipts, the Coupons or Agency Agreement which, in the opinion of the Issuer, is not materially prejudicial to the interests of the Noteholders; or
- any modification to the Notes, the Receipts, the Coupons, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

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

FORM OF THE NOTES

The Notes of each Series will be in bearer form, with or without interest coupons (**Coupons**) attached. The Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**).

Each Tranche of 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 S.A./N.V., as operator of the Euroclear System (**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.

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

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

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

Notes which are represented by a 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.

General

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.

Any reference herein 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.

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 on or about the date of this Prospectus and executed by the Issuer.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.

[Date]

THE SWEDISH COVERED BOND CORPORATION
(AB SVERIGES SÄKERSTÄLLDA OBLIGATIONER (PUBL))
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €10 billion
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 Conditions set forth in the Prospectus dated [date] which constitutes a base prospectus for the purposes of Directive 2003/71/EC (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing at [address] and [website] and copies may be obtained from [address].

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

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

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

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

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

1. (a) Series Number: []
(b) Tranche Number: []

(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)

2. Specified Currency or Currencies: []

3. Aggregate Nominal Amount:
- Tranche: []
 - Series: []
4. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]
5. Specified Denominations: []
- (N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the €1,000 minimum denomination is not required.)*
6. (a) Issue Date: []
- (b) Interest Commencement Date: []
7. Maturity Date: *[Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month]]*
8. Extended Final Maturity Date: *[Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month]; in each case falling one year after the Maturity Date]*
- [If an Extended Final Maturity Date is specified and the Final Redemption Amount is not paid in full on the Maturity Date, payment of the unpaid amount will be automatically 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. See Condition 5(a)]*
9. Interest Basis: [[] per cent. Fixed Rate]
 [[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Dual Currency Interest]
 [Other (specify)]
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 [Dual Currency Redemption]
 [Partly Paid]
 [Instalment]
 [Other (specify)]
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the*

requirements of Annex XII to the Prospectus Directive Regulation will apply.)

11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12. Put/Call Options: [Issuer Call]
[(further particulars specified below)]
13. (a) Status of the Notes: [Säkerställda Obligationer]
- (b) [Date [Board] approval for issuance of Notes obtained:] [N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes.]
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Rate(s) of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
- (b) Interest Payment Date(s): [[] in each year up to and including the Maturity Date or the Extended Final Maturity Date, as applicable]/[specify other]
- (N.B. This will need to be amended in the case of long or short coupons)*
- (c) Fixed Coupon Amount[(s)]: [] per [] in nominal amount
- (d) Broken Amount(s): [Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]
- (e) Day Count Fraction: [30/360 or Actual/Actual – ISMA or specify other]
- (f) Determination Date(s): [] in each year [insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.
- N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration*
- N.B. Only relevant where Day Count Fraction is Actual/Actual (ISMA)]*
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/give details]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Specified Period(s)/Specified Interest Payment Dates: []

NB: Specify the Specified Period(s)/Specified Interest Payment Date(s) up to and including the Extended Final Maturity Date, if applicable

- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (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/*specify other*]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): []
- (f) Screen Rate Determination:
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)

NB: Specify the Interest Determination Date(s) up to and including the Extended Final Maturity Date, if applicable
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Moneyline Telerate page 248 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (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
- (j) Maximum Rate of Interest: [] per cent. per annum
- (k) Day Count Fraction: []

- (l) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []

17. **Zero Coupon Note Provisions**¹ [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (a) Accrual Yield: [] per cent. per annum
- (b) Reference Price: []
- (c) Any other formula/basis of determining amount payable: []
- (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions [5(d)(iii) and 5(i)] apply/specify other]
(Consider applicable day count fraction if not U.S. dollar denominated)

18. **Index Linked Interest Note Provisions** [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Index/Formula: [give or annex details]
- (b) Calculation Agent responsible for calculating the interest due: []
- (c) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [Include a description of market disruption or settlement disruption events and adjustment provisions]
- (d) Specified Period(s)/Specified Interest Payment Dates: []
- (e) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (f) Additional Business Centre(s): []
- (g) Minimum Rate of Interest: [] per cent. per annum
- (h) Maximum Rate of Interest: [] per cent. per annum
- (i) Day Count Fraction: []

¹ Zero Coupon Notes not to be issued with an Extended Final Maturity Date unless otherwise agreed with the Dealers.

19. **Dual Currency Interest Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (b) Calculation Agent, if any, responsible for calculating the interest payable: []
- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [Include a description of market disruption or settlement disruption events and adjustment provisions]
- (d) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20. **Issuer Call** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s): [] per Note of [] Specified Denomination
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (d) Notice period (if other than as set out in the Conditions): []
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*
21. **Final Redemption Amount of each Note** [[] per Note of [] Specified Denomination/other/see Appendix]
- (N.B. In relation to any issue of Notes which are expressed at paragraph 5 above to have a minimum denomination and tradable amounts above such minimum denomination which are smaller than it the following wording should be added:*

“For the avoidance of doubt, in the case of a holding of Notes in an integral multiple of [] in excess of [] as envisaged in paragraph [5] above, such holding will be redeemed at its nominal amount”..)

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

22. Early Redemption Amount of each Note payable on redemption for taxation reasons and/or the method of calculating the same (if required or if different from that set out in Condition 5(d)): []

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. 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].]
(Ensure that this is consistent with the wording in the “Form of Notes” section of the Prospectus and the Notes themselves)
24. New Global Note: [Yes] [No]
25. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details]
(Note that this item relates to the place of payment and not Interest Period end dates to which items 16(c) and 18(f) relate)
26. Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
(N.B. A new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues)
28. Details relating to Instalment Notes; amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]

- 29 Other final terms: [Not Applicable/give details]
(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)
- 30 Redenomination: Redenomination [not] applicable *(if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)*

DISTRIBUTION

- 31 (a) If syndicated, names [and addresses]** of Managers [and underwriting commitments]**: [Not Applicable/give names [and addresses and underwriting commitments]**]
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers)***
- (b) Date of [Subscription] Agreement**: []**
- (c) Stabilising Manager(s) (if any): [Not Applicable/give name]
- 32 If non-syndicated, name [and address]** of Dealer: [Name [and address]**]
- 33 Total commission and concession**: [] per cent. of the Aggregate Nominal Amount**
- 34 Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable]
- 35 Additional selling restrictions: [Not Applicable/give details]

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €10 billion Euro Medium Term Covered Note Programme of The Swedish Covered Bond Corporation (*AB Sveriges Säkerställda Obligationer (publ)*).

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[] 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].

Signed on behalf of the Issuer:

By: _____

Duly authorised signatory

PART B – OTHER INFORMATION

1. LISTING

- (a) Listing: [London Stock Exchange/Stockholm Stock Exchange/other (specify)/None]
- (b) Admission to trading: [Application has been made for the Notes to be admitted to trading on [] with effect from [].]
[Not Applicable.]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.) ***
- (c) Estimate of total expenses related to admission to trading: []*

2. [RATINGS]

- Ratings: The Notes to be issued have been rated:
- [S & P: []]
[Moody's: []]
[[Other]: []]
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]***
- [(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)]*

3. [NOTIFICATION]

The Financial Services Authority [has been requested to provide/has provided – *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the [names of competent authorities of host Member States] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]]

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

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

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

- (a) [Reasons for the offer []]
- (See “Use of Proceeds” wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)***
- (b) [Estimated net proceeds]: []
- (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds*

*insufficient to fund all proposed uses state amount and sources of other funding.)***

- (c) [Estimated total expenses]: []. [*Expenses are required to be broken down into each principal intended “use” and presented in order of priority of such “uses”.*]**

(N.B.: If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (a) above is required where the reasons for the offer are different from making profit and/or hedging certain risks regardless of the minimum denomination of the securities and where this is the case disclosure of net proceeds and total expenses at (b) and (c) above are also required.)

6. [YIELD (Fixed Rate Notes only)

Indication of yield: []

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

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

7. [HISTORIC INTEREST RATES (Floating Rate Notes only)**

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

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

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

*[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]***

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

[Need to include a description of any market disruption or settlement disruption events that affect the underlying.]

[Need to include adjustment rules in relation to events covering the underlying.]

[Where the underlying is a security the name of the issuer of the security and its ISIN or other such security identification code.]

[Where the underlying is an interest rate a description of the interest rate.]

[Where the underlying is a basket of underlyings disclosure of the relevant weightings of each underlying in the basket.]

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

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

*[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]**]*

10. OPERATIONAL INFORMATION

- (a) ISIN Code: []
- (b) Common Code: []
- (c) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme (together with the address of each such clearing system) and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (d) Delivery: Delivery [against/free of] payment
- (e) Names and addresses of additional Paying Agent(s) (if any): []
- (f) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No].
[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][include this text if “yes” selected in which case the Notes must be issued in NGN form]

Notes

* Delete if the minimum denomination is less than €50,000

** Delete if the minimum denomination is €50,000

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 applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

The Notes are 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 pursuant to the Agency Agreement (as defined below).

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**) and (b) 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; and
- (iii) any definitive Notes issued in exchange for a Global Note.

The Notes, the Receipts (as defined below) 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 27 June 2006, 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).

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

The Final Terms for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References to the **applicable Final Terms** are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

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, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to

Couponholders shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

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

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the **Deed of Covenant**) dated 27 June 2006 and made by the Issuer. The original of the Deed of Covenant is held by Citibank, N.A., London branch as the common depositary or, as the case may be, the common service provider 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 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 either admitted to trading on the London Stock Exchange's Gilt-Edged and Fixed Interest Market or offered in the United Kingdom in circumstances where a prospectus is required to be published under Directive 2003/71/EC (the **Prospectus Directive**) will be available on the website of the London Stock Exchange. Copies of each Final Terms relating to Notes which are admitted to trading on any other regulated market in the European Economic Area or offered in any other Member State of the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will be available for viewing in accordance with Article 14(2) of the Prospectus Directive and the rules and regulations of the relevant regulated market. Copies of each Final Terms relating to any other Notes will only be available for inspection by a holder of such Notes upon production of evidence satisfactory to the Issuer or Paying Agent as to the identity of such holder. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant 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.

Words and expressions defined in the Agency 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 and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

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

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

Definitive 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, Receipts 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 Note, Receipt 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 S.A./N.V., as operator of the Euroclear System (**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.

2. STATUS OF THE NOTES

The Notes of each Tranche constitute unconditioned and unsubordinated obligations of the Issuer and rank *pari passu* with all other outstanding unsubordinated obligations of the Issuer that have been provided equivalent priority of claim to Säkerställda Obligationer issued in accordance with the terms of the Act on Säkerställda Obligationer or converted into Säkerställda Obligationer.

3. INTEREST

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) 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.

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.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, 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.

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 (ISMA)*” 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 (ISMA)” 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 and Index Linked Interest Notes*

(i) *Interest Payment Dates*

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) 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 any Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and 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 (TARGET) System (the **TARGET System**) is open.

(ii) *Rate of Interest*

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

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this 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 2000 ISDA Definitions, as amended and updated as at the Issue Date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the **ISDA Definitions**) under which:

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

For the purposes of this 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 11.00 a.m. (London time, in the case of LIBOR, and Brussels time, in the case of EURIBOR) 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. 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 for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

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

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

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

If the applicable Final Terms 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, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes or Index Linked Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, 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.

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

- (i) if “*Actual/365 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 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (A) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (B) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (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 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of an Interest Period ending on

the Maturity Date or, as the case may be, the Extended Final Maturity Date or any earlier Interest Payment Date occurring after the Extended Final Maturity Date on which the Notes are redeemed in full, the Maturity Date or, as the case may be, the Extended Final Maturity Date or such earlier date, is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

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

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and 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 or Index Linked Interest 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.

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

(c) *Interest on Dual Currency Interest Notes*

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

(d) *Interest on Partly Paid Notes*

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

(e) *Accrual of interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, 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 and notice to that effect has been given in accordance with Condition 12.

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, its territories, its possessions and other areas subject to its jurisdiction)) 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 any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6.

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

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

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

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined 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 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, Dual Currency Note, Index Linked Interest 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 and otherwise in the manner specified in the relevant Global Note 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 against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

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

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) the relevant place of presentation;
 - (B) London;
 - (C) any 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 (if other than the place of presentation, London and any Additional Financial Centre and 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 TARGET System is open.

In these Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended (the **Treaty**).

(f) *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 Notes redeemable in instalments, the Instalment Amounts;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 5); and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

(g) *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, or determined in the manner 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.

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 the Rating Agencies, 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 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, Receipts and Coupons (other than because the relevant holder has some connection with the Kingdom of Sweden other than the holding of such Note, Receipt 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 Interest Rate Swap Provider, the Currency Swap Provider, the Cover Pool Swap Provider, or as the case may be, the Non-Cover Pool Swap Provider would be required to deduct or withhold from any payment under the Interest Rate Swap Agreement, the Currency Swap Agreement, the Cover Pool Swap Agreement or, as the case may be, the 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 neither Floating Rate Notes, Index Linked Interest Notes nor Dual Currency Interest Notes) or on any Interest Payment Date (in the case of Floating Rate Notes, Index Linked Interest Notes or Dual Currency Interest Notes), having given not less than 30 or more than 60 days' notice to the 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 (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 Interest Rate Swap Provider, the Currency Swap Provider, the Cover Pool Swap Provider or the 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, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Maximum Redemption Amount. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg 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, 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. The aggregate nominal amount of Redeemed Notes represented by definitive Notes or represented by a Global Note shall in each case bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding and Notes outstanding represented by such Global Note, respectively, bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that, if necessary, appropriate adjustments shall be made to such nominal amount to ensure that each represents an integral multiple of the Specified Denomination. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 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 with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount set out in, or determined in the manner set out in, the applicable Final Terms or, if no such amount or manner is set out in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

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

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

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

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

(e) *Instalments*

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

(f) *Partly Paid Notes*

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

(g) *Purchases*

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

(h) *Cancellation*

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

(i) *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)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and 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, Receipts and Coupons by the Issuer will be made without withholding or deduction for, or on account of, any present or future taxes or duties of whatever nature imposed or levied by, or on behalf of, the Kingdom of Sweden (or any political subdivision or any authority in the Kingdom of Sweden having power to tax) unless the withholding or deduction of such taxes is required by law, in which case such withholding or deduction will be made by the Issuer.

7. PRESCRIPTION

The Notes, Receipts and Coupons will become void unless presented for payment 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, RECEIPTS, COUPONS AND TALONS

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

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) the Issuer will ensure that it maintains 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) there will at all times be a Paying Agent in a jurisdiction within continental Europe other than the Kingdom of Sweden.

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, 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 Receipt or Coupon.

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

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

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 Gilt-Edged and Fixed Interest Market or any other stock exchange (or any other relevant authority) on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

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 Gilt-Edged and Fixed Interest Market or a stock exchange (or any other relevant authority) and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day 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.

13. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

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

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

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

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

14. FURTHER ISSUES

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

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, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law except that 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.

(b) *Submission to jurisdiction*

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

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

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

(c) *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 *Advokatfirman Vinge* at its office at 42 New Broad Street, London EC2M 1JD, United Kingdom as its agent for service of process, and undertakes that, in the event of *Advokatfirman Vinge* 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, the Receipts and the Coupons any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any proceedings.

(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 in terms substantially similar to those set out above.

16. DEFINITIONS

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

Cover Pool Swap Agreement means the ISDA Master Agreement, schedule and confirmation(s) (as amended and supplemented from time to time) relating to the Cover Pool Swap entered into on 2 June 2006 between the Issuer and the Cover Pool Swap Provider;

Cover Pool Swap Provider means Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ) in its capacity as swap provider under the Cover Pool Swap Agreement or any other entity providing such Cover Pool Swap;

Cover Pool Swap means the cover pool swap which enables the Issuer to convert SEK interest payments (less a client margin) 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 means the cover pool of eligible assets maintained by the Issuer in accordance with the Act on Sakerstallda Obligationer;

Currency Swap Agreement means the 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 Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ) and other third party counterparties in their respective capacities as currency swap provider under a Currency Swap Agreement;

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;

Interest Rate Swap Agreement means the 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 Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ) and other third party counterparties in their respective capacities as interest rate swap provider under an Interest Rate Swap Agreement;

Interest Rate Swap means each single currency 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 the Cover Pool Swap or a Currency Swap;

Non-Cover Pool Swap Agreement means the ISDA Master Agreement, schedule and confirmation(s) (as amended and supplemented from time to time) relating to the Non-Cover Pool Swap to be entered into no later than 30 September 2006 between the Issuer and the Non-Cover Pool Swap Provider;

Non-Cover Pool Swap Provider means Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ) in its capacity as swap provider under the Non-Cover Pool Swap Agreement or any other entity providing such Non-Cover Pool Swap;

Non-Cover Pool Swap means the non-cover pool swap which enables the Issuer to hedge all of the SEK interest payments (less a client margin) received by the Issuer in respect of assets not registered to the Cover Pool into floating payments linked to 3-month STIBOR;

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 the Cover Pool Swap Provider, the 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 the Initial Seller in accordance with the terms of the Master Sale Agreement or (ii) loans and their related security and other assets from any other entities 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); and/or
- (e) towards the Issuer's general corporate purposes as outlined in this Prospectus.

If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

SUMMARY OF THE SWEDISH LEGISLATION REGARDING SÄKERSTÄLLDA OBLIGATIONER

Introduction

The Act on Säkerställda Obligationer obtained force of law in Sweden on 1 July 2004. This legislation enables Swedish banks and credit market companies (individually referred to in this section as an **issuer**) to issue covered bonds as defined therein.

The following summary contains a summary of the Act on Säkerställda Obligationer, but should not be construed as being an exhaustive presentation or description of all aspects regarding the Act on Säkerställda Obligationer.

Covered Bonds

The Act on Säkerställda Obligationer defines covered bonds (Sw. *Säkerställda Obligationer*) as bonds and other comparable debt instruments coupled with a right of priority over the cover pool of the issuer. The cover pool consists primarily of mortgage credits, public sector credits and some qualified supplementary collateral. These assets are to be kept separated from the other business operations of the issuer, as further described under “*The Register*” below. The counterparties to the issuer under derivative agreements related to the covered bonds or the assets in the cover pool are also entitled to rights of priority over the cover pool.

The Act on Säkerställda Obligationer requires the value of the assets in the cover pool must always exceed the total value of the claims that can be asserted against the issuer on account of the covered bonds. The present value of the assets of the cover pool shall at any given time exceed the present value of the debts regarding the covered bonds. Such calculation shall take into account the present value of the related derivative agreements (see further “*Matching rules*” below).

The Financial Supervisory Authority

The issue of covered bonds requires a licence from the Swedish FSA, which is also the supervisory authority for the business operations of the issuer conducted in connection with the issue of covered bonds. A licence from the Swedish FSA requires that bonds and other similar comparable debt instruments that have already been issued for the purpose of financing credits that are eligible to be included in the cover pool are exchanged for covered bonds or are handled in an equivalent manner for the creditors. Furthermore, the issuer shall, with a financial plan, present that its financial situation is stable enough not to jeopardise the interests of other creditors.

The Swedish FSA has the right to issue regulations. Such regulations and guidelines have been issued and entered into force on 15 October 2004. Where appropriate this summary also summarises the relevant regulations and guidelines.

The Register

The rights of priority that holders of covered bonds or that counterparties to the derivative agreements related to the covered bonds or the assets in the cover pool have over the cover pool arises from a registration being made in a register kept by the issuer (referred to herein as the **register**). The register shall list covered bonds, assets that form part of the cover pool and the related derivative agreements. The register shall always show, among other things, the nominal value of the covered bonds and the cover pool and detailed information, such as interest rates, fixed interest periods and maturity dates. Furthermore, the register shall show the market value of the real properties that form collateral for mortgage credits comprising the cover pool. Should the market value of any such real property decline significantly, the mortgage credit may only be included to the extent that the credit in relation to the collateral is in accordance with the set limits (see “*Credits eligible for the cover pool*” below).

Cover Pool Monitor

The Swedish FSA shall supervise the issuer to ensure that the issuer acts in accordance with the Act on Säkerställda Obligationer and other applicable legislation and regulations that govern the issuer's operations. In addition, the Swedish FSA shall appoint a cover pool monitor who shall have the right to a reasonable fee payable by the issuer. The cover pool monitor is assigned the task of monitoring that the register is kept correctly and in accordance with the provisions of the Act on Säkerställda Obligationer. The cover pool monitor shall report regularly to the Swedish FSA on his observations.

Credits eligible for the cover pool

The cover pool consists primarily of credits issued against collateral in the form of pledged real property or public credit (i.e. credits to creditors with high credit worthiness, such as the State of Sweden, Swedish municipalities and foreign central banks). Collateral for mortgage credits shall consist of (a) pledged real property designated for residential agricultural, office or business purposes, (b) pledged site-leasehold rights designated for residential-, office- or business purposes, (c) pledged tenant-owners rights or (d) pledges in corresponding foreign collateral from within the European Economic Area (EEA) that meet the eligibility requirements set by the Act on Säkerställda Obligationer. The collateral may form part of the cover pool only to the extent the mortgage credit in relation to the collateral does not exceed (a) 75 per cent. of the market value for real property, site-leasehold rights and tenant-owners rights designated for residential purposes, (b) 70 per cent. of the market value for real property designated for agricultural purposes and (c) 60 per cent. of the market value for real property, site-leasehold rights and tenant-owners rights designated for business or office purposes. Furthermore, the percentage of the mortgage credits granted against mortgages in commercial real property may not exceed 10 per cent. of the cover pool.

The cover pool may also include a limited part of other sorts of collateral (**supplementary collateral**) that are considered particularly secure and liquid as defined in the Capital Adequacy and Large Exposures Act (1994:2004) (Sw: *lag (1994:2004) om kapitaltäckning och stora exponeringar för kreditinstitut och värdepappersbolag*). The supplementary collateral may constitute no more than 20 per cent. of the cover pool. Under special circumstances, the Swedish FSA may, however, approve that the supplementary collateral constitutes no more than 30 per cent. of the cover pool for a limited period of time.

Matching rules

The issuer must ensure that the nominal value of the cover pool always exceeds the total nominal value of the claims that may be asserted against the issuer under the covered bonds. The guidelines issued by the Swedish FSA stipulate that when making this calculation the issuer should take into consideration any differences in exchange rates and the effect of any derivative agreements. Additionally, the issuer must ensure that the conditions for the assets in the cover pool regarding currency exchange rates, interest rates, fixed interest periods and maturity dates are such that a good balance is maintained between the terms and conditions for the covered bonds and the terms and conditions for the cover pool. Such a balance is considered to be obtained if the present value of the assets in the cover pool at all times exceeds the present value of the covered bonds. When conducting the calculation, the present value of the derivative agreements related to the covered bonds shall also be taken into consideration. The issuer must also ensure that the cash flows regarding the assets in the cover pool and derivative agreements are such that the issuer at any given time can perform its financial obligations towards holders of covered bonds and towards counterparties to derivative agreements.

Rights of Priority

In the event of bankruptcy of the issuer, the holders of covered bonds and the counterparties to derivative agreements are entitled to rights of priority over the assets registered in the register as part of the cover pool, as well as over the funds that, both before and after the decision to file for bankruptcy have been received by the issuer and originate from the cover pool in accordance with the Act on Säkerställda Obligationer and the Rights of Priority Act (Sw: *Förmånsrättslagen (1970:979)*) (see further "Risk Factors – Change of law and establishment of case law" above).

Handling of assets in the event of bankruptcy of the issuer

If the cover pool of the issuer meets with the criteria prescribed by the Act on Säkerställda Obligationer at the time of the bankruptcy, the cover pool shall be kept pooled and separated from the other assets and liabilities of the issuer. In such case, the bankruptcy does not result in early repayment or suspension of payments to holders of covered bonds or to counterparties to derivative agreements as long as the cover pool meets with the requirements of the Act on Säkerställda Obligationer. Consequently, the holders of covered bonds and counterparties to derivative agreements have a right to continuously receive payments in accordance with the agreed terms and conditions. However, should the cover pool no longer meet with the requirements of the Act on Säkerställda Obligationer, for instance with the matching rules, the cover pool shall no longer be kept pooled and separated. Instead, regular bankruptcy rules shall apply. This means that the continuous payment under the terms and conditions of the covered bonds and derivative agreements will cease. The rights of priority of the holders of covered bonds and the counterparties to the derivative agreements are, however, not affected and they shall in such case receive dividend in the bankruptcy in accordance with regular bankruptcy rules. To the extent the cover pool does not suffice to cover the covered bonds and derivative agreements, the holders may continue to file claims as non-preferential creditors and receive dividends from the other assets of the issuer. They shall thereby be ranked *pari passu* with other, general and non-prioritised non-preferential claims.

An issuer's bankruptcy will be handled by at least two bankruptcy administrators, one of which shall be appointed by the Swedish FSA. The part of the bankruptcy administration costs that concerns the cover pool is paid from the cover pool. Dividends may be paid in advance or as a final dividend upon the termination of the bankruptcy proceedings. The timeframe and the dividend percentage are, among other things, dependant on the time it takes to liquidate the assets and on the price they can be liquidated at.

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. Following SBAB's acquisition of the Issuer, SBAB applied for a licence for the Issuer from the Swedish FSA to conduct financing operations and to issue covered bonds under the Act on Säkerställda Obligationer. On 31 March 2006 the Issuer was granted the licence by the Swedish FSA to conduct financing operations and to issue covered bonds under the Act on Säkerställda Obligationer. 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-102 54 Stockholm, Sweden. Since its establishment date, the Issuer's principal place of business has been in Stockholm, Sweden.

Relevant Legislation

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

The Issuer will undertake financing operations and is therefore governed by the Banking and Financing Business Act (2004:297) and is under the supervision of the Swedish FSA.

The Capital Adequacy and Large Exposures Act (1994:2004) (Sw: *lag (1994:2004) om kapitaltäckning och stora exponeringar för kreditinstitut och värdepappersbolag*) also imposes certain requirements on the Issuer regarding capital adequacy based on the regulations of the Bank for International Settlements.

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 issued debt instruments. The main debt instruments issued by SBAB have been Swedish mortgage bonds, bonds under its EMTN programme and certificates/commercial paper. Following the introduction of the Act on Säkerställda Obligationer, SBAB has decided to diversify its debt raising by also issuing covered bonds under the Act on Säkerställda Obligationer. After careful consideration of the available options SBAB has chosen, instead of issuing covered bonds under the Act on Säkerställda Obligationer in its own name, to acquire a subsidiary (being the Issuer) through which the covered bonds may be issued. There are several reasons for this, but a key reason is that SBAB can restrict, to the greatest possible extent, the number of competing creditors to the issuer of covered bonds (i.e. the Issuer) and thus creating a stronger position for the Covered Bondholders.

The Issuer does not intend to itself conduct any lending operations, but will acquire loans primarily from SBAB (in its capacity as Initial Seller) and potentially also from others. The Issuer and the Initial Seller have 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 a portfolio of loans (the **Completion Portfolio**) from the Initial Seller for a purchase price of SEK 64,338,449,644, being an amount equal to the aggregate principal amount outstanding of the acquired Loans (plus accrued interest) (See further, "*Summary of Transaction Documents – Master Sale Agreement*" below).

The purchase price for the Completion Portfolio has been paid by the Issuer issuing a subordinated vendor note in favour of the Initial Seller (the **Completion Subordinated Vendor Note**). The Completion Subordinated Vendor Note will be partially repaid by a set off against the value of the Existing Bonds that

the Issuer acquires through the Offer. Subsequently, the Issuer intends to repay the balance of the Completion Subordinated Vendor Note and any other subordinated vendor notes (each an **Additional Subordinated Vendor Note**, and, together with the Completion Subordinated Vendor Note, the **Subordinated Notes**) issued by the Issuer in consideration for the acquisition of further Loans from the Initial Seller pursuant to the Master Sale Agreement concurrently with the issue of Covered Bonds. Accordingly, the Issuer intends that any part of a Subordinated Note that remains unpaid will be equal to the nominal outstanding value of the assets acquired from the Initial Seller that do not qualify for use as part of the Cover Pool under the Act on Säkerställda Obligationer. (See further, “*Summary of Transaction Documents – Subordinated Notes*” below.)

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

The Issuer will raise the necessary funds to repay the Initial Seller and any other entity it acquires assets from in the future through the issuance of Covered Bonds, subject to the Issuer only being entitled to issue Covered Bonds in an amount not exceeding the value of the Cover Pool.

Where the Issuer intends to acquire assets from entities other than the Initial Seller it will enter into a new mortgage sale agreement with such entity.

Outsourcing Agreement concerning certain Services

For the purpose of achieving efficiency benefits SBAB and the Issuer have agreed that SBAB (in such capacity, the **Servicer**) 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 the Servicer (the **Outsourcing Agreement**) (which took effect as of 5 May 2006) pursuant to which the Servicer shall perform all services that the Issuer, from time to time, may need to carry out its business operations. (See further, “*Summary of Transaction Documents – Outsourcing Agreement*” below).

Financial Information

The Issuer was established on 24 June 2003 as a limited liability company with the minimum share capital, SEK 100,000.

The Issuer’s first financial year encompassed the period from 24 June 2003 to (and including) 31 August 2004. The annual audited accounts are appended to this Prospectus as Appendix A. The Issuer did not conduct any business during this time. The accounts of profit and loss for this period of time, that were accepted at the Issuer’s annual shareholder’s meeting on 23 September 2004, did therefore not include any information in excess of what necessarily follows from the Issuer’s then status as a dormant company.

The Issuer’s second financial year encompassed the period from 1 September 2004 to (and including) the 31 December 2005. The annual audited accounts are appended to this Prospectus as Appendix B. At the Issuer’s annual shareholder’s meeting on 24 March 2006, the accounts of profit and loss set out in the Issuer’s annual accounts were accepted. No business operations were conducted in the Issuer during the relevant financial year. The Issuer was made a public company on 31 March 2006 and therefore its share capital was increased to SEK 500,000.

Information on changes after the reporting period

At the Issuer’s annual shareholder’s meeting on 24 March 2006 SBAB resolved to increase the Issuer’s share capital by SEK 49.5 million. The present share capital is therefore SEK 50 million. The Issuer’s entire share capital has been fully paid. Each share carries one vote.

SBAB (as the Issuer’s sole shareholder) resolved, on 2 May 2006 to make a conditional shareholder’s contribution to the Issuer in the amount of SEK 2.8 billion. This contribution was duly made on 8 May 2006.

On 8 May 2006 the Seller transferred Loans to the Issuer in accordance with the Master Sale Agreement for a purchase price of SEK 64,338,449,644 (being an amount equal to the aggregate principal amount outstanding of the acquired Loans plus accrued interest thereon).

Apart from the abovementioned events, (a) no material adverse change in the prospects of the Issuer nor (b) any significant change in the financial position of the Issuer, has occurred since the financial year ending 31 December 2005.

Board of Directors

The Issuer's Board of Directors consists of four members elected at the annual shareholder's meeting. During the annual shareholder's meeting on 24 March 2006, the following members were elected:

Per Balazsi	Chairman of the Issuer; Chief Financial Controller of SBAB
Johanna Clason	Member of the board of FriSpar Bolån AB; Chief Financial Officer of SBAB
Peter Gertman	Member of the board of Telge Energi and of FriSpar Bolån AB; Deputy Chief Executive Officer of SBAB
Bengt-Olof Nilsson Lalér	Credit Manager of SBAB

The address of the members of the board and the executive management (see below) 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

Per Tunestam is the Issuer's Chief Executive Officer.

Auditors

The annual shareholders' meeting will, every four years, 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 extraordinary shareholders' meeting held on 13 October 2005, the registered public accounting firm KPMG Bohlins AB was elected as auditors. The auditor in charge is Per Bergman. In addition, the Swedish FSA appoints an auditor for the Issuer. On 24 April 2006, the Swedish FSA appointed Lars-Ola Andersson, SET Revisionsbyrå AB as auditor of the Issuer.

The above mentioned accountants are members of FAR.

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. There are no potential conflicts of interest of the directors set out above between any duties to the Issuer and their private interests and/or other duties.

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

SBAB is a wholly state-owned public limited liability company. The interest of the State of Sweden is represented by the Swedish Ministry of Industry, Employment and Communications. SBAB is an independent profit making company regulated by the Banking and Financing Business Act (2004:297) 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-102 54 Stockholm, Sweden.

SBAB's mandate by the state is to contribute to diversity and competition in the Swedish housing mortgage market by conducting an efficient and profitable mortgage granting operation and pursuing common economic objectives. SBAB's twofold objective is to operate a low-risk, profitable and cost-efficient business while maintaining ethically high standards and to achieve the rate of return set by the owner.

SBAB was founded for the purpose of raising capital for the financing of state managed mortgages and commenced its lending operations on 1 July 1985. Before that the state managed mortgages were financed directly through the state budget. The goal with granting state managed mortgages was to promote building and renovation projects approved by authorities on both local and national level.

SBAB, together with Sparbanken Finn and Sparbanken Gripen AB, owns the cooperation company FriSpar Bolån AB. References in this Prospectus to the **SBAB Group** are to SBAB and its subsidiaries FriSpar Bolån AB and the Issuer.

The financial information set out below has been taken from the consolidated annual accounts of SBAB for the financial year ended 31 December 2005 and SBAB's administration report as at 31 December 2005 (as set out in SBAB's annual report for the financial year ended 31 December 2005). The financial information reflects the SBAB Group's state of affairs as at the financial year ended 31 December 2005. Prospective investors should note that this information was prepared prior to, and does not reflect, the Issuer's acquisition of the Completion Portfolio. Prospective investors should note that the Issuer and the Initial Seller have made efforts to choose the Loans acquired by the Issuer so as to represent a cross-section of the Initial Seller's mortgage portfolio.

Lending

The total value of the SBAB Group's outstanding mortgages at 31 December 2005 amounted to SEK 156,020 million (SEK 130,907 million at 31 December 2004). The number of outstanding mortgages was 320,684 (243,448 in 2004). The SBAB Group's share of the total Swedish housing mortgage market was about 11.0 per cent. at 31 December 2005 (11.1 per cent. at 31 December 2004).

Loan portfolio per category of borrower

The table below shows the lending by type of borrower as at 31 December 2004 and as at 31 December 2005:

	31 December 2004	Securitized Loans	31 December 2005	Securitized Loans	Change including Securitized Loans
	(SEK Billion)	(SEK Billion)	(SEK Billion)	(SEK Billion)	
Single-family dwellings and holiday houses	46.6	11.9	69.3	4.2	+15.0
Tenant-owned apartments	14.3	3.8	24.2	2.8	+8.9
Tenant-owner Associations	28.7	8.4	28.7	8.1	-0.3
Private property companies	22.3	-	19.8	-	-2.5
Municipal property companies	17.8	1.0	13.2	-	-5.6
Commercial Properties	1.2	-	0.8	-	-0.4
Total.....	130.9	25.2	156.0	15.1	+15.1

Note: The financial information set out above is taken from SBAB's 2005 annual report.

The SBAB Group's lending portfolio increased in 2005 by SEK 15.1 billion and totalled SEK 171.1 billion, out of which SEK 15.1 billion consisted of securitised loans. Despite the increased volume, the SBAB Group's market share of the total mortgage market diminished by 0.1 per cent. to 11.0 per cent. The SBAB Group's market share, however, increased on the consumer market from 8.4 to 9.4 per cent. For several years this trend has led to an increased share of the consumer market loans and the trend continued during 2005. As the immediate margins on the consumer market are higher than on other markets, this trend regarding the composition of the portfolio is positive for the SBAB Group. The investment in the consumer market led to an increase of volume during 2005 by SEK 23.9 billion and at the end of 2005 the consumer market loans represented SEK 100.5 billion, which equals 59 per cent. of the SBAB Group's total lending portfolio. This is a substantial change from 1999, when the consumer market loans equaled only 21 per cent. and represented a residential mortgage market loan volume of SEK 31 billion. As at 31 December 2005, securitised consumer market loans made up SEK 4.2 billion in single family dwellings and holiday house mortgages and SEK 2.8 billion in tenant-owned apartment mortgages.

The lending to corporate customers has decreased continuously since 1998 and continued to decline during 2005. The market share at the end of 2005 amounted to 14.8 per cent. (16.5 per cent. for 2004). The securitised loans at the end of 2005 amounted to SEK 8.1 billion in mortgages to tenant-owner associations. The primary explanation to the decline in market share is the high degree of competition on the municipal mortgage market and on the market for privately owned real estate and the strategic measures taken by SBAB to minimize the risk and to improve the quality of the mortgage portfolio. The decrease in lending to municipalities and municipal housing companies is clearly visible in the composition of the collateral of the lending portfolio where the volume for municipal mortgage guarantees and direct mortgages to municipalities are steadily declining.

Funding

Short term funding 2005

SBAB's short term need for funding is primarily financed through three established certificates/commercial paper programmes: a Swedish certificates programme (**SVCP**); European commercial paper programme (**ECP**); and US commercial paper programme (**USCP**). The USCP-programme was increased in December 2005 from USD 2 billion to USD 4 billion. SBAB is also active in the repo and deposits markets for its short term liquidity needs on a day to day basis.

Long term funding 2005

SBAB's supply of products for long term funding included in 2005 both Swedish benchmark bonds and tailor made securities. The supply was customised according to pricing and demand in the financial markets. Sales are conducted mainly via "private placements" under SBAB's Euro Medium Term Note Programme (**EMTN programme**). On the Swedish bond market SBAB's bond loans (loan no. 118, loan no. 121 and loan no. 122) were traded in the Swedish bond market. SBAB's bond loan no. 120 matured in June 2005.

SBAB's long term funding will, however, change as a consequence of the establishment of the Issuer's Swedish Benchmark Bonds Programme and the Programme. Four of SBAB's existing Swedish benchmark bonds (i.e. the Existing Bonds) were included in the Offer and almost all the holders of Existing Bonds accepted the Offer.

Net loan loss and doubtful loan claims

Net loan losses continued to be low in 2005 and amounted to a net positive result of SEK 36 million (SEK 7 million for 2004). Doubtful loan claims decreased from SEK 214 million to SEK 144 million in 2005. The specific reserves for individually assessed loan receivables amounted to SEK 95 million (SEK 118 million for 2004) and the doubtful loan claims less any individually assessed loan receivables amounted to SEK 49 million (SEK 96 million for 2004). The degree of reservation regarding the specifically reserved doubtful loan claims was 66 per cent. (55 per cent. for 2004).

Capital adequacy

At the end of 2005 the capital adequacy ratio of the SBAB Group was 9.0 per cent. (10.0 per cent. at the end of 2004). The capital base was SEK 7,507 million and has increased since 2004 (SEK 6,386 million), *inter alia*, through SBAB's issue of a subordinated loan in the amount of SEK 500 million. SBAB had a capital adequacy ratio of 9.6 per cent. at the end of 2005 (10.6 per cent. for 2004) and a capital base of SEK 7,171 million (SEK 6,120 million for 2004).

CHARACTERISTICS OF THE PORTFOLIO

The statistical and other information contained in this section has been compiled by reference to the Loans in the Completion Portfolio as at 18 May 2006.

Portfolio Summary:

	<u>Issuer Total</u>	<u>Cover Pool</u>
Loan Amount	64,3 bn SEK	61,0 bn SEK
Number of Loans	140,495	140,495
Average Loan Amount	458 019 SEK	434 354 SEK
Weighted Average Seasoning	4,3 years	4,3 years

Security Type:

	<u>Issuer Total</u>			<u>Cover Pool</u>		
	<u>Guarantee¹</u>	<u>Pantbrev²</u>	<u>Total</u>	<u>Guarantee¹</u>	<u>Pantbrev²</u>	<u>Total</u>
<i>Single Family Dwellings</i>						
<i>and Holiday Houses</i>	0.7%	45.5%	46.2%	0.7%	45.4%	46.1%
<i>Tenant Owned Apartments</i>	0.0%	17.7%	17.7%	0.0%	17.1%	17.1%
<i>Tenant Owner Associations</i> ..	1.6%	14.8%	16.4%	1.7%	14.9%	16.6%
<i>Private and Municipal</i>						
<i>Property Companies</i>	9.4%	10.2%	19.7%	9.9%	10.3%	20.2%
Total	11.7%	83.3%	100.0%	12.3%	87.7%	100.0%

1 Consists of Municipal and State Guarantees, (BKN, KFA and Municipal).

2 Includes pledges on shares in tenant owned association.

Weighted Average Loan to Value:

	<u>Issuer Total³</u>	<u>Cover Pool³</u>
<i>Single Family Dwellings and Holiday Houses</i>	65.2%	59.4%
<i>Tenant Owned Apartments</i>	74.8%	66.4%
<i>Tenant Owner Associations</i>	65.3%	60.3%
<i>Private and Municipal Property Companies</i>	60.7%	57.7%
Total	66.6%	60.7%

3 Includes Municipal and State Guarantees, (BKN, KFA and Municipal) and Pantbrev (including pledges to tenant owner loans).

SUMMARY OF TRANSACTION DOCUMENTS

Master Sale Agreement

General

Pursuant to the terms of a master sale agreement entered into by the Issuer and the Initial Seller on 2 June 2006 (the **Master Sale Agreement**) (which took effect as of 5 May 2006), the Initial Seller (i) assigned and transferred and the Issuer purchased the Completion Portfolio on 8 May 2006 (the **Completion Date**); and (ii) agreed to offer to assign and transfer to the Issuer additional loans and related security from time to time during the term of the agreement. The Issuer is not obliged to accept any such offer from the Initial Seller, however, it is the intention of the Issuer and the Initial Seller that such offers will be accepted. Any additional loan offered by the Initial Seller (in accordance with the Master Sale Agreement), and accepted by the Issuer, is referred to herein as a **Qualifying Additional Loan**.

The Issuer may, from time to time, purchase further loans and related security from entities other than the Initial Seller. In such circumstances, the Issuer will enter into a new mortgage sale agreement with such seller.

Consideration

The initial purchase consideration payable on the Completion Date by the Issuer to the Initial Seller was SEK 64,338,449,644, being an amount equal to the aggregate principal amount outstanding of the Loans comprising the Completion Portfolio plus accrued interest thereon as at the Completion Date and was paid by the issuance of the Completion Subordinated Vendor Note on the Completion Date. The purchase price payable by the Issuer in respect of each Qualifying Additional Loan shall be an amount equal to the aggregate principal amount outstanding of the relevant Qualifying Additional Loan plus accrued interest thereon as at the date on which it is acquired by the Issuer. The aggregate consideration for all Qualifying Additional Loans acquired during any quarter after the Completion Date shall be paid by the issuance of an Additional Subordinated Vendor Note by the Issuer no later than 5 business days after end of the relevant quarter. Claims by the Initial Seller for consideration payable under the Master Sale Agreement shall, in the event of the bankruptcy, liquidation proceedings and company reorganisations of the Issuer, be subordinated to the Issuer's non-subordinated creditors.

Registration and transfer of legal title

The Loans in the Completion Portfolio and any Qualifying Additional Loans assigned and transferred, or to be assigned and transferred, to the Issuer pursuant to the Master Sale Agreement are herein referred to as the **Loans** and each, a **Loan**.

The transfer and assignment of each Loan shall be effected by the relevant Loan being registered in the loan register (*Sw. Lånereskontra*) of the Issuer and deregistered in the loan register (*Sw. Lånereskontra*) of the Initial Seller or vice versa in the case of any Loan repurchased by the Initial Seller.

Eligibility Criteria and representations and warranties

All Loans sold to the Issuer must (in whole or in part) be eligible for inclusion in the Cover Pool in accordance with the Act on Säkerställda Obligationer (the **Eligibility Criteria**).

The Issuer has not made (nor will it make) any of the enquiries, searches or investigations which a prudent purchaser would normally make in relation to the Loans or the related security purchased under the Master Sale Agreement. In addition, the Issuer has not made (nor will it make) any enquiry, search or investigation at any time in relation to compliance by any party with respect to the provisions of the Master Sale Agreement or in relation to any applicable laws or the execution, legality, validity, perfection, adequacy or enforceability of the Loans or the related security purchased under the Master Sale Agreement.

In relation to all of the foregoing matters concerning the Loans and the related security, the Issuer will rely entirely on the representations and warranties (the **Warranties**) to be given by the Initial Seller to the Issuer. The Warranties to be given by the Initial Seller under the Master Sale Agreement are:

- (a) the Initial Seller is the absolute owner of each Loan assigned and transferred by the Initial Seller and the Initial Seller has the benefit of each Loan and any related security to each Loan to be sold to the Issuer and that no such Loan or its related security is subject to any encumbrance or transfer restriction;
- (b) each Loan assigned and transferred by the Initial Seller and its related security constitutes a valid and binding obligation of the borrower enforceable in accordance with its terms and the related security to each Loan secures the repayment of all advances, interest, costs and expenses payable by the relevant borrower;
- (c) no registration or other action is required to perfect or create the interest of the Initial Seller in mortgage certificates (*Sw. pantbrev*) which provides security for any Loan transferred by the Initial Seller under the Master Sale Agreement;
- (d) the terms of each Loan (including the rate of interest payable by each borrower under each Loan) constitute legal, valid, binding and enforceable obligations of the borrowers;
- (e) each Loan transferred by the Initial Seller and its related security complies with the Eligibility Criteria;
- (f) the mortgage certificate (*Sw. pantbrev*) for each Loan does not serve as shared security (*Sw. gemensam säkerhet*) for any other mortgage loan, except where the creditor under that other mortgage loan is the Initial Seller or has entered into a subordination agreement with the Issuer on substantially the same terms as the Subordination Agreement; and
- (g) the Loan does not impose an obligation upon the lender to make further advances.

The Initial Seller undertakes to notify the Issuer of the breach of any Warranty immediately upon becoming aware of such breach.

Purchase by Initial Seller on breach of Warranty

If there is a breach of any Warranty given by the Initial Seller, the Initial Seller will be required to repurchase the relevant Loan from the Issuer for a consideration equal to the aggregate of the then current principal amount outstanding of the relevant Loan plus any accrued interest thereon.

If the relevant Loan is not, for any reason, retransferred and reassigned back to the Initial Seller, that Loan shall not, for the purposes of all calculations and tests in relation to the Cover Pool, be assigned any value.

Governing law

The Master Sale Agreement will be governed by Swedish law.

Outsourcing Agreement

General

Pursuant to the terms of the outsourcing agreement entered into between the Servicer and the Issuer on or about 2 June 2006 (the **Outsourcing Agreement**) (which took effect as of 5 May 2006), the Servicer has agreed (among other things) to service on behalf of the Issuer the Loans and their related security sold by it to the Issuer (in its capacity as the Initial Seller).

Servicing of the Loans

Servicing procedures will include (among other things) administration of all Loans in accordance with the Issuer's and Initial Seller's credit policy and credit instructions. In addition, the Servicer undertakes to manage insurance matters in relation to the Loans and the safe handling and custody of promissory notes, mortgage certificates and other security documents. The services to be provided by the Servicer will also include, but are not limited to, accounting services, assisting in the drawing up of documents to certain authorities (for example, the Swedish FSA), providing services in respect of the Issuer's derivative transactions and such supplementary services as may be requested by the Issuer that may from time to time be necessary or desirable for the operations of the Issuer.

The Servicer must also ensure that the Cover Pool is administered in accordance with the provisions of the Act on Säkerställda Obligationer applicable from time to time, the regulations and general guidelines governing covered bonds issued by the Swedish FSA (*Sw. FFFS 2004:11*), the Issuer's articles of association, the terms and condition for the Covered Bonds and the policies and instructions set by the Issuer.

Further, the Servicer undertakes to monitor whether the Cover Pool complies with the Act on Säkerställda Obligationer and perform all tests required by the Act on Säkerställda Obligationer and/or for the Outsourcing Agreement. The monitoring function to be undertaken by the Servicer will be in addition to that undertaken by the cover pool monitor appointed by the Swedish FSA. See "*Summary of the Swedish Legislation Regarding Säkerställda Obligationer – Cover Pool Monitor*" above.

Collection and enforcement procedures

The Servicer will manage and collect all payments due under the Loans on behalf of the Issuer in accordance with the applicable conditions in respect of the Loans. The Servicer will also be responsible for the supervision and monitoring of payments falling due in respect of the Loans. On the occurrence of an event of default under the Loans, the Servicer will implement enforcement procedures.

Cash management services

The Servicer will also provide certain cash management services to the Issuer pursuant to the Outsourcing Agreement. Among other things, the Servicer will be required to manage the Issuer's book accounts within the framework of SBAB's group account structure and will ensure that the Issuer's funds will, at all times, be capable of separate identification from the funds of SBAB under the SBAB group account structure. All funds collected by SBAB on behalf of the Issuer will be credited to the Issuer's sub-ledgers in the SBAB group account structure. The Issuer will have (a) a sub-ledger to which all funds related to assets in the Cover Pool and funds received under Eligible Swaps will be credited (the **Cover Pool Sub-Ledger**) and (b) a sub-ledger to which all other funds of the Issuer will be credited (the **Non-Cover Pool Sub-Ledger** and, together with the Cover Pool Sub-Ledger, the **Issuer Sub-Ledgers**). The Issuer will have a claim against SBAB for any amount credited to the Issuer Sub Ledgers under the SBAB group account structure and SBAB will be obliged to fully repay the Issuer upon first demand by the Issuer. In addition, SBAB waives any circumstances which could release SBAB from its obligation to repay such funds to the Issuer.

For as long as SBAB's short-term unsecured and unsubordinated rating is at least (a) "P-1" by Moody's and (b) "A-1+" or (as long as the amounts outstanding on the Cover Pool Sub-Ledger do not exceed twenty (20) per cent. of the nominal amount of the total Covered Bonds outstanding) "A-1" by S&P, SBAB shall maintain its existing cash account structure.

If the short-term, unsecured and unsubordinated debt obligations of the SBAB cease to be rated at least (a) "P-1" by Moody's or (b) "A-1+" or (if the amount standing to the credit of the Cover Pool Sub-Ledger does not exceed 20 per cent. of the nominal amount of the total Covered Bonds outstanding) "A-1" by S&P, then SBAB undertakes to open and maintain an account with an account bank which has a rating of at least "A-1+" by S&P and "P-1" by Moody's (the **Issuer Collection Account**). All income collected by SBAB on behalf of the Issuer following such downgrade, and until SBAB's rating is at least (a) "P-1" by Moody's and (b) "A-1+" or (as long as the amounts outstanding on the Cover Pool Sub-Ledger do not exceed

twenty (20) per cent. of the nominal amount of the total Covered Bonds outstanding) “A-1” by S&P, will be treated by SBAB as funds to be accounted for (*Sw. redovisningsmedel*) pursuant to the Swedish Funds Accounting Act (*Sw. Lagen om redovisningsmedel (1944:181)*) and SBAB will, on a daily basis, transfer all income collected on behalf of the Issuer to the Issuer Collection Account and SBAB will take all other necessary steps in order to satisfy the requirement of the Swedish Funds Accounting Act (*Sw. Lagen om redovisningsmedel (1944:181)*) for funds to be accounted for.

Fees

The Issuer will pay to the Servicer a fee based on the fair market value of the services provided by the Servicer under the Outsourcing Agreement which shall be considered on a yearly basis. No later than 1 December of each year, the Issuer and the Servicer shall adopt a budget for the costs of the performance of the services for the forthcoming year. The estimated fee for the services shall be divided into 12 equal instalments and paid by the Issuer on a monthly basis. No later than by the end of February in each year, an adjustment of the actual cost of the services provided by the Servicer for the previous year shall be made against the cost budget for that year.

Claims for consideration and any other amount payable under the Outsourcing Agreement shall in the event of the bankruptcy, liquidation proceedings or company reorganisation of the Issuer be subordinated to the Issuer’s non-subordinated creditors. Prior to any bankruptcy, liquidation proceedings or company reorganisation of the Issuer, the Servicer may set-off such consideration and other amounts due under the Outsourcing Agreement against amounts the Servicer receives on behalf of the Issuer.

Additional Monitoring upon SBAB Downgrade

If the unsecured, unsubordinated short-term rating of SBAB falls below “A-1+” by S&P or if the beneficial ownership of the share capital of the Issuer changes so that SBAB ceases to be entitled to exercise at least 51 per cent. of the votes conferred thereby (where such change in ownership has not been pre-approved by S&P), the Issuer will within 30 days apply the most recent version of S&P’s desk-top modelling tool called the ‘covered bond monitor’, with such adjustments to this modelling tool as are needed for the Swedish market (the **Covered Bond Monitor**). In such case the Issuer will, to the extent legally possible, overcollateralise the Cover Pool with respect to the Covered Bonds issued by the Issuer at a level sufficient to ensure the Cover Pool satisfies in all respects the Relevant Eligibility Tests (as defined in the Outsourcing Agreement) using such appropriate input assumptions that S&P has notified to the Issuer. Alternatively, the Issuer will take such other action which S&P may deem necessary in order to maintain the rating of the Covered Bonds. Should the Issuer start using the Covered Bond Monitor, the Servicer will ensure that the model is applied and used in the Issuer’s business.

For the avoidance of doubt, the Issuer does not commit to ensure that any specific rating of the Covered Bonds will be upheld. Furthermore, the satisfaction of the Relevant Eligibility Tests in Covered Bond Monitor does not mean in any way that S&P will necessarily uphold any such rating.

Removal or resignation of the Servicer

The appointment of the Servicer may be terminated (a) if the Servicer breaches any of its obligations (other than minor breaches) under the Outsourcing Agreement and such breach is not remedied within 30 days from the date of receipt by the Servicer of a written notice of such default or (b) upon the expiry of not less than 3 months’ notice of termination by the Issuer in accordance with the Outsourcing Agreement.

In addition, subject to the fulfilment of certain conditions including, without limitation, that a substitute servicer satisfactory to the Issuer has been appointed by the Issuer, the Servicer may voluntarily resign by giving not less than 12 months’ notice of termination to the Issuer.

Governing law

The Outsourcing Agreement will be governed by Swedish law.

Subordinated Notes

General

The consideration payable by the Issuer from time to time in respect of Loans assigned and transferred to it by the Initial Seller under the Master Sale Agreement shall be payable by the issuance of Subordinated Notes.

The Issuer and SBAB entered into the Completion Subordinated Vendor Note in respect of the Completion Portfolio on or about 2 June 2006 (taking effect from 5 May 2006). Pursuant to the Completion Subordinated Vendor Note, SBAB agreed to lend the Issuer SEK 64,338,449,644. In respect of Qualifying Additional Loans acquired by the Issuer in each quarter after the Completion Date, the Issuer and SBAB will enter into an Additional Subordinated Vendor Note in respect of such Qualifying Additional Loans no later than five business days after the end of the relevant quarter. Under each Additional Subordinated Vendor Note, SBAB will agree to lend to the Issuer an amount equal to the aggregate consideration due for each Qualifying Additional Loan acquired in the relevant quarter.

Interest shall accrue in respect of each Subordinated Note at the interest rate set out in the relevant Subordinated Note and shall be payable monthly in arrears. The Issuer may prepay a Subordinated Note (in whole or in part) at any time without penalty. Any claim by SBAB under the Subordinated Notes shall in the event of bankruptcy, liquidation or company reorganisation of the Issuer rank after the Issuer's non-subordinated obligations.

SBAB cannot assign any Subordinated Note (in whole or in part) without the prior written consent of the Issuer and the proposed assignee must first enter into a subordination agreement with the Issuer on substantially the same terms as the Subordination Agreement prior to any such assignment taking effect.

Governing law

The Subordinated Notes shall be governed by Swedish law.

Subordination Agreement

General

Pursuant to a subordination agreement made between Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ) (in such capacity, the **Subordinated Creditor**) and the Issuer dated on or about 2 June 2006 (the **Subordination Agreement**) (which took effect as of 5 May 2006), the Subordinated Creditor agrees to subordinate all present or future claims that it has or may have against the Issuer (including, without limitation, any claims that it may have under the Master Sale Agreement, each Subordinated Note, the Non-Cover Swap Agreement (when entered into) and the Outsourcing Agreement but excluding any claims due to the Subordinated Creditor under any Eligible Swaps) (the **Subordinated Debt**) after the Issuer's non-subordinated obligations in the event of the bankruptcy, liquidation or company reorganisation of the Issuer.

Should a mortgage certificate (*Sw. pantbrev*) serve as collateral for two different mortgage loans, one held by the Subordinated Creditor and one held by the Issuer, the Issuer shall be entitled to the amount of the mortgage loan held by it in priority to the Subordinated Creditor in the event of bankruptcy or enforcement proceedings with respect to the borrower under the mortgage loans.

The Subordinated Creditor will not sue, claim or bring proceedings, nor join any third party's request in that respect, against the Issuer for breach of any undertaking by the Issuer under or in connection with any Subordinated Debt.

In the event of the bankruptcy, liquidation or company reorganisation of the Issuer, the Subordinated Creditor may not set-off any Subordinated Debt against the obligation of the Subordinated Creditor to the Issuer.

Governing law

The Subordinated Agreement will be governed by Swedish law.

Cover Pool Swap Agreement

The Issuer and the Cover Pool Swap Provider have entered into an interest rate swap transaction governed by an ISDA Master Agreement (including a schedule and confirmation) in respect of the assets registered to the Cover Pool (respectively, the **Cover Pool Swap** and the **Cover Pool Swap Agreement**).

On each monthly payment date under the Cover Pool Swap, the Issuer will pay to the Cover Pool Swap Provider all revenue payments (i.e. excluding principal payments) received in respect of the assets (other than Eligible Swaps) registered to the Cover Pool (but excluding amounts corresponding to the client margin) and the Cover Pool Swap Provider will pay to the Issuer an amount calculated on the nominal amount of the assets (other than Eligible Swaps) which are registered to the Cover Pool, based on 3-month STIBOR plus a margin.

The matching requirements referred to in “*Summary of the Swedish Legislation Regarding Säkerställda Obligationer - Matching rules*” above will apply in respect of the Cover Pool Swap.

Ratings downgrade

Under the Cover Pool Swap Agreement, in the event that the relevant rating(s) of the Cover Pool Swap Provider are downgraded by a Rating Agency below the rating(s) specified in the Cover Swap Agreement (in accordance with the requirements of the Rating Agencies) for the Cover Pool Swap Provider, the Cover Pool Swap Provider will, in accordance with the Cover Pool Swap Agreement, be required to take certain remedial measures which may include providing additional collateral for its obligations under the Cover Pool Swap, arranging for its obligations under the Cover Pool Swap to be transferred to an entity with rating(s) required by the relevant Rating Agency as specified in the Cover Pool Swap Agreement (in accordance with the requirements of the relevant Rating Agency), procuring another entity with rating(s) required by the relevant Rating Agency as specified in the Cover Pool Swap Agreement (in accordance with the requirements of the relevant Rating Agency) to become a co-obligor or guarantor, as applicable, in respect of its obligations under the Cover Pool Swap or taking some other action as it may agree with the relevant Rating Agency.

Termination events

The Cover Pool Swap Agreement will or may be terminated under certain circumstances, including the following:

- at the option of the Cover Pool Swap Provider, if the Issuer is in breach of representations contained in the Cover Pool Swap Agreement to register the Cover Pool Swap Agreement and the Cover Pool Swap thereunder in the Cover Pool register;
- at the option of the Cover Swap Provider, if the assets in the Cover Pool are not kept together as a unit and separated from the other assets of the Issuer’s bankruptcy estate;
- at the option of either party, if there is a change of law which adversely affects or is materially prejudicial to the rights of either the Issuer or the Cover Pool Swap Provider;
- at the option of one party to the Cover Pool Swap Agreement, if there is a failure by the other party to pay any amounts due under the Cover Pool Swap Agreement and any applicable grace period has expired;
- at the option of the Issuer, upon the occurrence of an insolvency of the Cover Pool Rate Swap Provider or its guarantor, or the merger of the Cover Pool Swap Provider without an assumption of its obligations under the Cover Pool Swap Agreement, or if a material misrepresentation is made by the Cover Pool Swap Provider under the Cover Pool Swap Agreement, or if the Cover Pool Swap Provider defaults under an over-the-counter derivatives transaction under another

agreement between the Issuer and the Cover Pool Swap Provider or if a breach of a provision of the Cover Pool Swap Agreement by the Cover Pool Swap Provider is not remedied within the applicable grace period;

- if a change in law results in the obligations of one party becoming illegal;
- at the option of the Cover Pool Swap Provider, if withholding taxes are imposed on payments made by the Issuer or by the Cover Pool Swap Provider under the Cover Pool Swap due to a change in law; and
- if the Cover Pool Swap Provider or its guarantor, as applicable, is downgraded and fails to comply with the requirements of the ratings downgrade provisions contained in the Cover Pool Swap Agreement and described above under *Ratings downgrade*.

Upon the occurrence of a swap early termination event, the Issuer or the Cover Pool Swap Provider may be liable to make a termination payment to the other. The amount of any termination payment will be based on the market value of the terminated swap as determined on the basis of quotations sought from leading dealers as to the cost of entering into a swap with terms and conditions that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties (or based upon a good faith determination of total losses and costs (or gains) if an insufficient number of quotations can be obtained or if basing the valuation on quotations would not produce a commercially reasonable result) and will include any unpaid amounts that became due and payable prior to termination. Any such termination payment could be substantial and may affect the funds available to pay amounts due to the Covered Bondholders.

Covered Bondholders will not receive extra amounts (over and above interest and principal payable on the Covered Bonds) as a result of the Issuer receiving a termination payment from the Cover Pool Swap Provider.

Transfer

The Cover Pool Swap Provider may, subject to certain conditions specified in the Cover Pool Swap Agreement, including the satisfaction of certain requirements of the Rating Agencies, transfer its obligations under the Cover Pool Swap to another entity.

Taxation

The Issuer is not obliged under the Cover Pool Swap Agreement to gross up payments made by it if withholding taxes are imposed on payments made under the Cover Pool Swap.

The Cover Pool Swap Provider will generally be obliged to gross up payments made by it to the Issuer if withholding taxes are imposed on payments made under the Cover Pool Swap. However, if, due to a change in law, the Cover Swap Provider is required to gross up a payment under the Cover Pool Swap or to receive a payment under the Cover Pool Swap from which an amount has been deducted or withheld, the Cover Pool Swap Provider may terminate the Cover Pool Swap.

The Cover Pool Swap Provider will rank *pari passu* with the Covered Bondholders in respect of its claims against the Issuer in respect of assets registered to the Cover Pool.

The margins over 3-month STIBOR applicable the Cover Pool Swap will be determined on the effective date of such swap and may be varied from time to time by the Issuer and the Cover Pool Swap Provider, subject to written confirmation from the Rating Agencies that the proposed amendment will not adversely effect the then current ratings of the Notes.

The Cover Pool Swap Agreement will be governed by English law.

Non-Cover Pool Swap Agreement

The Issuer and the Non-Cover Pool Swap Provider will, not later than 30 September 2006, enter into an interest rate swap transaction governed by an ISDA Master Agreement (including a schedule and confirmation) in respect of the assets owned by the Issuer from time to time which are not registered to the Cover Pool (respectively, the **Non Cover Pool Swap** and the **Non-Cover Pool Swap Agreement**).

It is currently intended that, on each payment date under the Non-Cover Pool Swap, the Issuer will pay to the Non-Cover Pool Swap Provider all revenue payments (i.e. excluding principal payments) received in respect of the assets owned by it which are not registered to the Cover Pool (but excluding amounts corresponding to the client margin) and the Non-Cover Pool Swap Provider will pay to the Issuer an amount calculated on the nominal amount of assets owned by the Issuer but not registered the Cover Pool, based on 3-month STIBOR plus a margin.

The matching requirements referred to in “*Summary of the Swedish Legislation Regarding Säkerställda Obligationer - Matching rules*” above will not apply to the Non-Cover Pool Swap. The terms of the Non Cover Swap Agreement have not, as at the date of this Prospectus, been finalised.

The Non-Cover Pool Swap Provider will only have a claim against the assets of the Issuer which are not registered to the Cover Pool. The Non-Cover Pool Swap Provider has agreed, pursuant to the Subordination Agreement, that in the event of a bankruptcy, liquidation or company reorganisation of the Issuer, any claim it may have against the Issuer in respect of the Non-Cover Pool Swap will rank as to payment after the Issuer’s non-subordinated obligations (including, for the avoidance of doubt, amounts due in respect of the Covered Bonds and the Eligible Swaps).

Once executed, the Non-Cover Pool Swap Agreement will be governed by English law.

Until the Non-Cover Pool Swap is entered into, the assets of the Issuer which are not registered to the Cover Pool will be hedged as a part of the SBAB Group’s overall hedging arrangements.

Interest Rate Swap Agreements

The Issuer may also, from time to time, enter into additional interest rate swaps with Interest Rate Swap Providers by executing an ISDA Master Agreement (including schedules and confirmations) (each such agreement, an **Interest Rate Swap Agreement** and each of the transactions thereunder, an **Interest Rate Swap**), in order to hedge the Issuer’s interest rate risks in SEK and/or other currencies to the extent that these have not already been hedged by the Cover Pool Swap or a Currency Swap, subject always to the matching requirements as referred to in “*Summary of the Swedish Legislation Regarding Säkerställda Obligationer - Matching rules*” above.

Ratings downgrade

Under each of the Interest Rate Swap Agreements, in the event that the relevant rating(s) of an Interest Rate Swap Provider are downgraded by a Rating Agency below the rating(s) specified in the relevant Interest Rate Swap Agreement (in accordance with the requirements of the Rating Agencies) for such Interest Rate Swap Provider, the relevant Interest Rate Swap Provider will, in accordance with the relevant Interest Rate Swap Agreement, be required to take certain remedial measures which may include providing additional collateral for its obligations under the relevant Interest Rate Swap, arranging for its obligations under the relevant Interest Rate Swap to be transferred to an entity with rating(s) required by the relevant Rating Agency as specified in the relevant Interest Rate Swap Agreement (in accordance with the requirements of the relevant Rating Agency), procuring another entity with rating(s) required by the relevant Rating Agency as specified in the relevant Interest Rate Swap Agreement (in accordance with the requirements of the relevant Rating Agency) to become a co-obligor or guarantor, as applicable, in respect of its obligations under the relevant Interest Rate Swap or taking some other action as it may agree with the relevant Rating Agency.

Termination events

The Interest Rate Swap Agreements will or may be terminated under certain circumstances, including the following:

- at the option of each Interest Rate Swap Provider, if the Issuer is in breach of representations contained in the relevant Interest Rate Swap Agreement to register the relevant Interest Rate Swap Agreement and each Interest Rate Swap thereunder in the Cover Pool register;
- at the option of each Interest Rate Swap Provider, if the assets in the Cover Pool are not kept together as a unit and separated from the other assets of the Issuer's bankruptcy estate;
- at the option of either party, if there is a change of law which adversely affects or is materially prejudicial to the rights of either the Issuer or the relevant Interest Rate Swap Provider;
- at the option of one party to the relevant Interest Rate Swap Agreement, if there is a failure by the other party to pay any amounts due under that Interest Rate Swap Agreement and any applicable grace period has expired;
- at the option of the Issuer, upon the occurrence of an insolvency of the relevant Interest Rate Swap Provider or its guarantor, or the merger of the relevant Interest Rate Swap Provider without an assumption of its obligations under the relevant Interest Rate Swap Agreement, or if a material misrepresentation is made by the relevant Interest Rate Swap Provider under the relevant Interest Rate Swap Agreement, or if the relevant Interest Rate Swap Provider defaults under an over-the-counter derivatives transaction under another agreement between the Issuer and such Interest Rate Swap Provider or if a breach of a provision of the relevant Interest Rate Swap Agreement by the Interest Rate Swap Provider is not remedied within the applicable grace period;
- if a change in law results in the obligations of one party becoming illegal;
- at the option of the relevant Interest Rate Swap Provider, if withholding taxes are imposed on payments made by the Issuer or by the relevant Interest Rate Swap Provider under the relevant Interest Rate Swap due to a change in law; and
- if the relevant Interest Rate Swap Provider, or its guarantor, as applicable, is downgraded and fails to comply with the requirements of the ratings downgrade provisions contained in the relevant Interest Rate Swap Agreement and described above under "*Ratings downgrade*".

Upon the occurrence of a swap early termination event, the Issuer or the relevant Interest Rate Swap Provider may be liable to make a termination payment to the other. The amount of any termination payment will be based on the market value of the terminated swap as determined on the basis of quotations sought from leading dealers as to the cost of entering into a swap with terms and conditions that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties (or based upon a good faith determination of total losses and costs (or gains) if an insufficient number of quotations can be obtained or if basing the valuation on quotations would not produce a commercially reasonable result), and will include any unpaid amounts that became due and payable prior to termination. Any such termination payment could be substantial and may affect the funds available to pay amounts due to the Covered Bondholders.

Covered Bondholders will not receive extra amounts (over and above interest and principal payable on the Covered Bonds) as a result of the Issuer receiving a termination payment from an Interest Rate Swap Provider.

Transfer

Each Interest Rate Swap Provider may, subject to certain conditions specified in the relevant Interest Rate Swap Agreement, including the satisfaction of certain requirements of the Rating Agencies, transfer its obligations under any Interest Rate Swap to another entity.

Taxation

The Issuer is not obliged under any of the Interest Rate Swap Agreements to gross up payments made by it if withholding taxes are imposed on payments made under an Interest Rate Swap.

Each Interest Rate Swap Provider will generally be obliged to gross up payments made by it to the Issuer if withholding taxes are imposed on payments made under an Interest Rate Swap. However, if, due to a change in law, an Interest Rate Swap Provider is required to gross up a payment under an Interest Rate Swap or to receive a payment under an Interest Rate Swap from which an amount has been deducted or withheld, the relevant Interest Rate Swap Provider may terminate the relevant Interest Rate Swaps.

The Interest Rate Swap Agreements will be governed by English law.

The Interest Rate Swap Providers will rank *pari passu* with the Covered Bondholders in respect of their claims against the Issuer in respect of assets registered to the Cover Pool.

Currency Swap Agreements

The Issuer will enter into Currency Swaps from time to time with Currency Swap Providers by executing ISDA Master Agreements (including schedules and confirmations) (each such agreement, a **Currency Swap Agreement** and each of the transactions thereunder, a **Currency Swap**), in order to hedge currency risks arising between (a) Covered Bonds issued in currencies other than SEK and (b) assets (other than loans and Eligible Swaps) forming part of the Cover Pool but denominated in currencies other than SEK, subject always to the matching requirements as referred to in “*Summary of the Swedish Legislation Regarding Säkerställda Obligationer - Matching rules*” above.

Ratings downgrade

Under each of the Currency Swap Agreements, in the event that the relevant rating(s) of a Currency Swap Provider are downgraded by a Rating Agency below the rating(s) specified in the relevant Currency Swap Agreement (in accordance with the requirements of the Rating Agencies) for such Currency Swap Provider, the relevant Currency Swap Provider will, in accordance with the relevant Currency Swap Agreement, be required to take certain remedial measures which may include providing additional collateral for its obligations under the relevant Currency Swap, arranging for its obligations under the relevant Currency Swap to be transferred to an entity with rating(s) required by the relevant Rating Agency as specified in the relevant Currency Swap Agreement (in accordance with the requirements of the relevant Rating Agency), procuring another entity with rating(s) required by the relevant Rating Agency as specified in the relevant Currency Swap Agreement (in accordance with the requirements of the relevant Rating Agency) to become a co-obligor or guarantor, as applicable, in respect of its obligations under the relevant Currency Swap or taking some other action as it may agree with the relevant Rating Agency.

Termination events

The Currency Swap Agreements will or may be terminated under certain circumstances, including the following:

- at the option of each Currency Swap Provider, if the Issuer is in breach of representations contained in the relevant Currency Swap Agreement to register the relevant Currency Swap Agreement and each Currency Swap thereunder in the Cover Pool register;
- at the option of each Currency Swap Provider, if the assets in the Cover Pool are not kept together as a unit and separated from the other assets of the Issuer’s bankruptcy estate;
- at the option of either party, if there is a change of law which adversely affects or is materially prejudicial to the rights of either the Issuer or the relevant Currency Swap Provider;

- at the option of one party to the relevant Currency Swap Agreement, if there is a failure by the other party to pay any amounts due under that Currency Swap Agreement and any applicable grace period has expired;
- at the option of the Issuer, upon the occurrence of an insolvency of the relevant Currency Swap Provider or its guarantor, or the merger of the relevant Currency Swap Provider without an assumption of its obligations under the relevant Currency Swap Agreement, or if a material misrepresentation is made by the relevant Currency Swap Provider under the relevant Currency Swap Agreement, or if the relevant Currency Swap Provider defaults under an over-the-counter derivatives transaction under another agreement between the Issuer and such Currency Swap Provider or if a breach of a provision of the relevant Currency Swap Agreement by the Currency Swap Provider is not remedied within the applicable grace period;
- if a change in law results in the obligations of one party becoming illegal;
- at the option of the relevant Currency Swap Provider, if withholding taxes are imposed on payments made by the Issuer or by the relevant Currency Swap Provider under the relevant Currency Swap due to a change in law; and
- if the relevant Currency Swap Provider or its guarantor, as applicable, is downgraded and fails to comply with the requirements of the ratings downgrade provisions contained in the relevant Currency Swap Agreement and described above under “*Ratings downgrade*”.

Upon the occurrence of a swap early termination event, the Issuer or the relevant Currency Swap Provider may be liable to make a termination payment to the other. The amount of any termination payment will be based on the market value of the terminated swap as determined on the basis of quotations sought from leading dealers as to the cost of entering into a swap with terms and conditions that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties (or based upon a good faith determination of total losses and costs (or gains) if an insufficient number of quotations can be obtained or if basing the valuation on quotations would not produce a commercially reasonable result), and will include any unpaid amounts that became due and payable prior to termination. Any such termination payment could be substantial and may affect the funds available to pay amounts due to the Covered Bondholders.

Covered Bondholders will not receive extra amounts (over and above interest and principal payable on the Covered Bonds) as a result of the Issuer receiving a termination payment from a Currency Swap Provider.

Transfer

Each Currency Swap Provider may, subject to certain conditions specified in the relevant Currency Swap Agreement, including the satisfaction of certain requirements of the Rating Agencies, transfer its obligations under any Currency Swap to another entity.

Taxation

The Issuer is not obliged under any of the Currency Swap Agreements to gross up payments made by it if withholding taxes are imposed on payments made under a Currency Swap.

Each Currency Swap Provider will generally be obliged to gross up payments made by it to the Issuer if withholding taxes are imposed on payments made under a Currency Swap. However, if, due to a change in law, a Currency Swap Provider is required to gross up a payment under a Currency Swap or to receive a payment under a Currency Swap from which an amount has been deducted or withheld, the relevant Currency Swap Provider may terminate the relevant Currency Swaps.

The Currency Swap Agreements will be governed by English law.

The Currency Swap Provider will rank *pari passu* with the Covered Bondholders in respect of their claims against the Issuer in respect of assets registered to the Cover Pool.

Where the Issuer enters into both interest rate swap transactions and currency swap transactions with the same counterparty these may be entered into under the same ISDA Master Agreement.

Eligibility Criteria for Swap Providers

The Issuer will only enter into Eligible Swaps with entities which are “qualified counterparties” for the purposes of the Act on Säkerställda Obligationer.

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 27 June 2006 (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 to certain persons in offshore transactions in reliance on Regulation S under 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 U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (**Regulation S Notes**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Programme Agreement, it will not offer, sell or deliver such Regulation S Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Tranche of Notes of which such Notes are a part and the closing of the offering of the Tranche of Notes of which such Notes are a part, each as determined and certified by the relevant Dealer in the case of a non syndicated issue or, the relevant lead manager in the case of a syndicated issue and except, in either case, in accordance with Rule 903 of Regulation S under the Securities Act, within the United States or to, or for the account or benefit of U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each Dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, 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.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

European Economic Area

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 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 Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 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 includes any relevant implementing measure in each Relevant Member State.

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 that:

- (i) Offer to the public in France:

it has only made and will only make an offer of Notes to the public (*appel public à l'épargne*) 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 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, the 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*), all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1 of the French *Code monétaire et financier*.

Italy

The offering of the Notes has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1st July, 1998, as amended; or
- (b) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24th February, 1998 (the **Financial Services Act**) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14th May, 1999, as amended.

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

- (i) 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 and Legislative Decree No. 385 of 1st September, 1993 (the **Banking Act**); and
- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics; and
- (iii) in compliance with any other applicable laws and regulations.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the **Securities and Exchange Law**) and each Dealer has agreed, and each further Dealer appointed under

the Programme will be required to 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 (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law 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 (lag (1991:980) *om handel med finansiella instrument*).

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 and as shall be set out in the applicable Final Terms.

TAXATION

Swedish Taxation

The following summary outlines certain Swedish tax consequences relating to holders of Notes that are not considered to be Swedish residents for Swedish tax purposes, if not otherwise stated. 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 does not address the rules regarding reporting obligations for, among others, payers of interest. Investors should consult their professional tax advisors regarding the Swedish tax and other tax consequences (including the applicability and effect of double taxation treaties) of acquiring, owning and disposing of Notes in their particular circumstances.

Holders not resident in Sweden

Payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to the holder of any Notes should not be subject to Swedish income tax, provided that such holder is not resident in Sweden for Swedish tax purposes and provided that such holder does not have a permanent establishment or fixed base in Sweden to which the Notes are effectively connected.

Swedish withholding tax, or Swedish tax deduction, is not imposed on payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to a holder, except for certain payments of interest to a private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes, see below.

Holders resident in Sweden

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable. Specific tax consequences, however, may be applicable to certain categories of corporations, e.g. investment companies and life insurance companies.

If the Notes are registered with the Swedish Central Depository & Clearing Organisation, VPC AB or with a nominee in accordance with the Swedish Financial Instruments Act (1998:1479), preliminary taxes are withheld by the Swedish Central Depository & Clearing Organisation, VPC AB or by the nominee on payments of interest to a private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes.

EU Withholding Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July 2005, 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. However, for a transitional period, Belgium, 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 agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

United Kingdom

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

However, Noteholders who are individuals may wish to note that HM Revenue and Customs has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays interest to or receives interest for the benefit of an individual, or (in certain circumstances) who either pays amounts payable on the redemption of Notes to or receives such amounts for the benefit of an individual. Information so obtained may, in certain circumstances, be exchanged by HM Revenue and Customs with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

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.

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 Gilt-Edged and Fixed Interest 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 Gilt-Edged and Fixed Interest Market. The listing of the Programme in respect of the Notes is expected to be granted on or around 30 June 2006.

Listing of Notes on the Stockholm Stock Exchange and other regulated markets within the European Economic Area

Applications may also be made by the Issuer to the UK Listing Authority for the delivery of a certificate of approval by the UK Listing Authority to the competent authority of the Kingdom of Sweden and other European Economic Area Member States, pursuant to Article 18 of the Prospectus Directive in order for Notes to be admitted to trading on the Stockholm Stock Exchange or any other stock exchange or market in such other European Economic Area Member State.

This Prospectus prepared in connection with the Notes has not been submitted to the clearance procedures of the Autorité des marchés financiers.

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 offices of the Paying Agents for the time being in London:

- (i) the Articles of Association of the Issuer (with an English translation thereof);
- (ii) the annual financial statements of the Issuer for the financial years ended 31 August 2004 and 31 December 2005, in each case together with the audit reports thereon (with an English translation thereof);
- (iii) a copy of this Prospectus;
- (iv) the Programme Agreement, the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (v) any future offering circulars, prospectuses, information memoranda and supplements to this Prospectus and any other documents incorporated therein by reference; and
- (vi) in the case of each issue of Notes admitted to trading on the London Stock Exchange's Gilt-Edged and Fixed Interest Market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Copies of this Prospectus and each Final Terms relating to Notes which are either admitted to trading on the London Stock Exchange's Gilt-Edged and Fixed Interest Market or offered in the United Kingdom will also be available on the website of the London Stock Exchange.

Copies of each Final Terms relating to Notes which are either admitted to trading on any other regulated market in the European Economic Area or offered in any other Member State of the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will be available for viewing in accordance with Article 14(2) of the Prospectus Directive and the rules and regulations of the relevant regulated market. Copies of each Final Terms relating to any other Notes will only be available for inspection by a holder of such Notes upon production of evidence satisfactory to the Issuer or Paying Agent as to the identity of such holder.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system (including Sicovam or VCP AB) the appropriate information will be specified in the applicable Final Terms.

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

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.

Litigation

Neither the Issuer nor any member of the SBAB Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or any member of the SBAB Group is aware) in the 12 months preceding the date of this Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the SBAB Group.

Auditors

The annual shareholders' meeting will, every four years, 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 extraordinary shareholders' meeting held on 13 October 2005, the registered public accounting firm KPMG Bohllins AB was elected as auditors. The auditor in charge is Per Bergman. In addition, the Swedish FSA appoints an auditor for the Issuer. On 24 April 2006, the Swedish FSA appointed Lars-Ola Andersson, SET Revisionsbyrå AB as auditor of the Issuer.

The above mentioned accountants are members of FAR.

The most recent statutory accounts of the Issuer were drawn up to 31 December 2005 and are appended to this Prospectus as Appendix B.

The auditors have no material interest in the Issuer.

Post-issuance information

The Issuer will provide monthly post-issuance information in relation to its portfolio of assets to the Noteholders.

Such information will be available on a monthly basis from 30 September 2006 at the Initial Seller's website at www.sbab.se.

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.

APPENDIX A

Lagrummet Augusti nr 52 AB
556645-9755

Annual Report

The Board Directors of Lagrummet Augusti nr 52 AB hereby submits the Annual Report for the financial year June 24, 2003 – August 31, 2004, which is the company's first year in operation.

BOARD OF DIRECTOR'S REPORT

Operations in general

The purpose of the operations is to own and manage real property and chattels and to conduct operations related to the above.

The Company was registered on June 24, 2003. During the financial year, the Company has been dormant and no operations have been conducted.

The Company is a wholly-owned subsidiary of Lagrummet AB (corp. reg. no. 556499-3979).

Proposed appropriation of earnings

The Annual General Meeting of shareholders had no earnings at its disposal.

INCOME STATEMENT June 24, 2003 –August 31, 2004

Net sales	0
Costs.....	0
Profit for the year	0

BALANCE SHEET – August 31, 2004

ASSETS

Current assets

Receivable from Parent Company	100,000
	<u>100,000</u>

TOTAL ASSETS	100,000
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SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity

Restricted equity

Share capital, 1,000 shares at par value of SEK 100 each	100,000
	<u>100,000</u>

TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	100,000
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Pledged assets	None
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Contingent liabilities	None
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Note 1 - Personnel

The Company had no employees during the financial year and no salaries or other remunerations were paid out.

Stockholm, September 13, 2004

Stefan de Hevesy

Olof Wærn

Jan Widlund

My auditor's report was submitted on September 17, 2004

Hans Andersson

Authorized Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Shareholders in Lagrummet Augusti nr 52 AB

Corporate Registration Number 556645-9755

I have audited the annual accounts, the accounting records and the administration of the board of directors' of Lagrummet Augusti nr 52 AB for the financial year from June 24, 2003 to August 31, 2004. These accounts and the administration of the company are the responsibility of the board of directors. My responsibility is to express an opinion on the annual accounts and the administration based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Sweden. Those standards require that I plan and perform the audit in order to obtain reasonable assurance that the annual accounts are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and significant estimates made by the board or directors when preparing the annual accounts as well as evaluating the overall presentation of information in the annual accounts. As a basis for my opinion concerning discharge from liability, I examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member. I also examined whether any board member has, in any other way,

acted in contravention of the Companies Act, the Annual Accounts Act, or the Articles of Association. I believe that my audit provides a reasonable basis for my opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's financial position and results of operation in accordance with generally accepted accounting principles in Sweden.

The Annual General Meeting had no earnings at their disposal. I recommend to the Annual General Meeting of shareholders that the income statement and balance sheet be adopted and that the members of the board of directors be discharged from liability for the financial year.

Stockholm, September 17, 2004

Hans Andersson
Authorized Public Accountant

APPENDIX B

Lagrummet Augusti nr. 52 AB
Corp. Reg. No. 556645-9755

LAGRUMMET AUGUSTI NR 52 AKTIEBOLAG
(Name being changed to AB Sveriges Säkerställda Obligationer)
Corporation Registration Number 556645-9755

Annual Report for the financial year September 1, 2004 – December 31, 2005

The Board of Directors of Lagrummet Augusti nr 52 AB, under change of name to AB Sveriges Säkerställda Obligationer (The Swedish Covered Bond Corporation), hereby submits the annual report for the financial year September 1, 2004 –December 31, 2005.

BOARD OF DIRECTORS' REPORT

Operations

The purpose of the operations is to own and manage real property and chattels and to conduct operations related to the above.

The Company was registered on June 24, 2003.

Since October 13, 2005, the Company has been wholly owned by Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ), Corporation Registration Number 556253-7513. In future, the Company's operations shall be to originate, provide, transfer and acquire housing loans and to borrow the necessary funds for the operation through the issue of covered bonds and other comparable debt instruments.

During the fiscal year, the Company has been dormant and no business was conducted.

Proposed appropriation of earnings

The Annual General Meeting had no earnings at its disposal.

The Company's financial position and performance in general is presented in the following income statement and balance sheets with supplementary disclosures.

INCOME STATEMENT

	Note	Sept., 1 2004 Dec., 31. 2005	June 24, 2003 Aug., 31 2004
Net sales		0	0
Costs	1	0	0
PROFIT FOR THE YEAR		0	0
BALANCE SHEET			
		Dec., 31 2005	Aug., 31 2004
ASSETS			
Current assets			
Cash and bank balances		500,000	100,000
TOTAL ASSETS		500,000	100,000
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	2		
Restricted equity			
Share capital		100,000	100,000
New share issue in progress		400,000	–
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		500,000	100,000
Pledged assets		None	None
Contingent liabilities.....		None	None

Note 1 – Personnel

The Company had no employees during the financial year and no salaries or other remunerations were paid out.

Note 2 – Shareholders' equity

Share capital amounted to SEK 100,000 distributed among 1,000 shares at a par value of SEK 100 each. When the new share issue in progress is registered, the share capital will amount to SEK 500,000 distributed among 5,000 shares at a par value of SEK 100 each. All shares are owned by Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ), corporation registration number 556253-7513.

Lagrummet Augusti nr 52 (name being changed to AB Sveriges Säkerställda Obligationer) 556645-9755

	Share capital
Shareholders' equity at the beginning of the financial year	100,000
New share issue in progress.....	400,000
Shareholders' equity at the end of the financial year.....	500,000

Lagrummet Augusti nr 52 (name being changed to AB Sveriges Säkerställda Obligationer) 556645-9755

Stockholm, February 28, 2006

Per Balazsi
Chairman

Peter Gertman

Bengt-Olof Nilsson Lalér

Johanna Clason

Per Tunestam
President

Our auditor's report was submitted on March 2, 2006

KPMG Bohlins AB

Per Bergman
Authorized Public Accountant

Auditor's report

To the Annual General Meeting of Shareholders of Lagrummet Augusti nr 52 Aktiebolag (under change of name to AB Sveriges Säkerställda Obligationer)

Corporate Registration Number 556645-9755

We have audited the annual accounts, the accounting records and the administration of the board of directors of Lagrummet Augusti Nr 52 Aktiebolag (under change of name to AB Sveriges Säkerställda Obligationer) for the financial year from September 1, 2004 to December 31, 2005. These accounts and the administration of the company and the application of the Annual Accounts Act when preparing the annual accounts are the responsibility of the board of directors. Our responsibility is to express an opinion on the annual accounts and administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain high but not absolute assurance that the annual accounts are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and significant estimates made by the board of directors when preparing the annual accounts as well as evaluating the overall presentation of information in the annual accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member. We also examined whether any board member has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act, or the Articles of Association. We believe that our audit provides reasonable basis for the opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting practices in Sweden. The statutory administration report is consistent with the other parts of the annual accounts.

We recommend to the annual meeting of shareholders that the income statement and balance sheet be adopted and that the members of the board of directors be discharged from liability for the financial year.

Stockholm, March 2, 2006

KPMG Bohlins AB

Per Bergman

Authorized Public Accountant

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